

ANNOUNCEMENT

The Board of Directors of Ahmad Zaki Resources Berhad (“AZRB” or “the Company”) would like to announce the following unaudited consolidated results for the 4th Quarter ended 31 December 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 YEAR ENDED 31 DECEMBER 2013

RM	Note	2013 Current quarter ended 31 December	2012 Comparative quarter ended 31 December	2013 12 months cumulative to date	2012 12 months cumulative to date
REVENUE		120,500,099	160,637,438	584,977,153	674,649,586
OPERATING EXPENSES	1	(113,781,824)	(150,650,626)	(560,739,774)	(626,317,910)
OTHER OPERATING INCOME		1,821,393	608,046	6,953,133	2,973,801
PROFIT FROM OPERATIONS		8,539,668	10,594,858	31,190,512	51,305,477
FINANCE COSTS		(4,171,258)	(3,657,121)	(14,387,969)	(13,529,167)
INVESTING RESULTS	2	-	(1,541)	-	(1,541)
PROFIT BEFORE TAXATION		4,368,410	6,936,196	16,802,543	37,774,769
TAX EXPENSE		(3,690,047)	(6,280,397)	(11,119,228)	(19,187,690)
PROFIT FOR THE YEAR	3	678,363	655,799	5,683,315	18,587,079
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Capital reserve		-	-	-	-
Foreign currency translation differences for foreign operations		907,772	10,051	4,692,661	(2,488,778)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,586,135	665,850	10,375,976	16,098,301

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

RM	Note	2013 Current quarter ended 31 December	2012 Comparative quarter ended 31 December	2013 12 months cumulative to date	2012 12 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		502,687	829,145	5,689,283	18,678,564
NON-CONTROLLING INTERESTS		175,676	(173,346)	(5,968)	(91,485)
PROFIT FOR THE YEAR		678,363	655,799	5,683,315	18,587,079
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		1,364,561	840,377	10,283,509	16,230,588
NON-CONTROLLING INTERESTS		221,574	(174,527)	92,467	(132,287)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,586,135	665,850	10,375,976	16,098,301
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		0.18	0.30	2.05	6.75
Diluted (sen)		NA	NA	NA	NA
Note 1 - Operating Expenses					
Operating expenses represents the followings:-					
Cost of sales		103,932,077	139,560,332	498,672,661	575,885,215
Other operating expenses		9,849,747	11,090,294	62,067,113	50,432,695
Total		113,781,824	150,650,626	560,739,774	626,317,910
Note 2 - Investing Results					
Investing results represents the followings:-					
Share of results from associated companies		-	-	-	-
Share of results from joint ventures		-	(1,541)	-	(1,541)
Total		-	(1,541)	-	(1,541)

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

RM	2013 Current quarter ended 31 December	2012 Comparative quarter ended 31 December	2013 12 months cumulative to date	2012 12 months cumulative to date
a) Interest income	(611,126)	(526,732)	(2,551,204)	(1,946,763)
b) Other income including investment income	(1,210,267)	(81,314)	(4,401,929)	(1,027,038)
c) Interest expense	3,943,960	2,636,755	13,173,594	9,385,557
d) Depreciation and amortisation	9,145,918	3,898,514	18,875,115	15,468,132
e) Provision for and write off of receivable	3,770	-	3,770	26,733
f) Foreign exchange (gain) or loss	2,103,892	320,834	3,000,459	411,834

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RM	(Not Audited) As at 31/12/2013	(Audited) As at 31/12/2012
Non-current assets		
Property, plant and equipment	80,898,188	86,113,177
Prepaid lease payment	8,398,950	9,190,342
Land held for development	8,958,539	8,657,433
Biological assets	123,323,285	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	192,115	159,115
Interest in joint ventures	(288,352)	(288,352)
Available-for-sale investments	115,500	115,500
Deferred tax assets	10,381,120	2,976,412
Trade receivable-Long term	11,573,208	8,722,322
Total non current assets	270,580,806	267,981,929
Current assets		
Inventories	15,401,037	14,654,961
Property development costs	8,908,146	8,823,623
Trade & other receivables	444,487,275	330,080,809
Current tax assets	4,763,722	4,899,797
Cash & cash deposits	102,844,025	98,101,075
Total current assets	576,404,205	456,560,265
Total assets	846,985,011	724,542,194
Equity attributable to equity holders of the parent		
Share capital	138,471,095	138,471,095
Reserves and treasury shares	75,384,310	69,232,762
Total equity	213,855,405	207,703,857
Minority interest	5,439,045	5,345,872
Total equity and minority interest	219,294,450	213,049,729
Non-current liabilities		
Long-term borrowings	226,773,860	145,959,332
Deferred tax	22,092,280	13,460,425
Total non-current liabilities	248,866,140	159,419,757
Current liabilities		
Short term borrowings	40,688,271	19,723,720
Current portion of long-term borrowings	23,227,349	19,760,453
Trade and other payables	310,684,013	304,052,901
Current tax liabilities	4,224,788	8,535,634
Total current liabilities	378,824,421	352,072,708
Total liabilities	627,690,561	511,492,465
Total equity and liabilities	846,985,011	724,542,194

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE YEAR ENDED 31 DECEMBER 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
Year ended 31 December 2013									
Balance at the beginning of the year	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 year									
Foreign currency translation differences for foreign operations	-	-	4,594,226	-	-	-	4,594,226	98,435	4,692,661
Profit for the year	-	-	-	-	5,689,283	-	5,689,283	(5,968)	5,683,315
Total comprehensive income for the year	-	-	4,594,226	-	5,689,283	-	10,283,509	92,467	10,375,976
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
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)
Balance at the end of the year	138,471,095	24,636	3,312,136	-	73,073,325	(1,025,787)	213,855,405	5,439,045	219,294,450
Year ended 31 December 2012									
Balance at the beginning of the year	138,381,722	13,910	1,165,886	-	52,837,439	(1,025,787)	191,373,170	5,903,135	197,276,305
Movements during the year									
Foreign currency translation differences for foreign operations	-	-	(2,447,976)	-	-	-	(2,447,976)	(40,802)	(2,488,778)
Profit for the year	-	-	-	-	18,678,564	-	18,678,564	(91,485)	18,587,079
Total comprehensive income for the year	-	-	(2,447,976)	-	18,678,564	-	16,230,588	(132,287)	16,098,301
Changes in ownership interests in subsidiaries								149,224	149,224
Dividend paid by subsidiary	-	-	-	-	-	-	-	(574,200)	(574,200)
Total transactions with non controlling interests	-	-	-	-	-	-	-	(424,976)	(424,976)
Share-based payment transactions	89,373	-	-	-	-	-	89,373	-	89,373
Total transactions with owners of the Company	89,373	-	-	-	-	-	89,373	-	89,373
Transfer to share premium for share options exercised		10,726					10,726	-	10,726
Balance at the end of the year	138,471,095	24,636	(1,282,090)	-	71,516,003	(1,025,787)	207,703,857	5,345,872	213,049,729

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



	Year ended 31 December 2013 RM	Year ended 31 December 2012 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,802,543	37,774,769
Adjustments for:-		
Amortisation of prepaid land lease payments	445,616	205,540
Amortisation of biological assets	8,524,807	5,349,434
Depreciation of property, plant & equipment	9,904,692	9,913,158
Provision for and write off of receivable	3,770	26,733
Negative goodwill recognised	(688,427)	-
Interest expenses	13,173,594	9,385,557
Interest revenue	(2,551,204)	(1,946,763)
Gain on disposal of property, plant & equipment	(1,283,947)	(423,317)
Property, plant & equipment written off	-	10,845
Dividend income	-	(3,900)
Gain on disposal of investment in associated company	119,503	-
Loss on foreign exchange -unrealised	3,000,459	411,834
Changes in fair value of investment properties	-	500,000
Share of results of associated companies	-	1,541
Operating profit before working capital changes	47,451,406	61,205,431
Increase in inventories	(746,076)	(4,703,151)
Increase in amount due from customers for contract work	(70,436,231)	(29,576,587)
Increase in property development expenditure	(84,523)	(2,544,585)
Increase in intangible	-	(5,002,546)
Increase in trade and other receivables	(47,442,474)	(89,452)
Decrease in amount due to customers for contract work	(4,411,807)	(2,089,640)
Increase in trade and other payables	8,736,816	3,832,613
Cash (used in)/generated from operations	(66,932,889)	21,032,083
Tax paid	(15,553,671)	(12,476,696)
Interest received	1,956,506	1,613,139
Interest paid	(12,484,393)	(8,632,807)
Net cash (used in)/generated from operating activities	(93,014,447)	1,535,719
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(6,389,273)	(9,907,216)
Purchase of land held for development	(301,106)	(8,657,433)
Effect of acquisition of subsidiaries , net of cash received	(108,417)	150,489
Purchase of property, plant & equipment	(1,881,044)	(26,438,551)
Proceeds from disposal of property, plant & equipment	1,384,130	484,662
Investment in associated company	(33,000)	-
Dividend received	-	3,900
Net cash generated from/(used in) investing activities	(7,328,710)	(44,364,149)
BALANCE CARRIED FORWARD	(100,343,157)	(42,828,430)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



	Year ended 31 December 2013 RM	Year ended 31 December 2012 RM
BALANCE CARRIED DOWN	(100,343,157)	(42,828,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(50,095)	(241,686)
Repayment to related companies	(500,347)	181,419
Decrease in pledged fixed deposits	18,306,682	3,342,062
Dividend paid	(4,131,961)	(191,400)
Proceeds from issuance of shares	-	100,099
Proceeds from trust receipts	36,089,518	16,599,770
Repayment of trust receipts	(13,378,296)	(27,676,456)
Payment for finance lease liabilities	(4,976,692)	(5,505,456)
Term loan drawdown	117,267,992	50,631,808
Term loan repayment	(30,463,346)	(12,190,364)
Net cash generated from/(used in) financing activities	118,163,455	25,049,796
Effects of exchange difference on cash & cash equivalents	6,976,003	(1,565,275)
Net decrease in cash and cash equivalents	17,820,298	(17,778,634)
Cash and cash equivalents at beginning of the year	15,946,953	35,290,862
Cash and cash equivalents at end of the year	40,743,254	15,946,953
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	39,351,328	27,947,651
Cash deposits with licensed banks	63,492,697	70,153,424
Bank overdrafts	(17,564,069)	(19,310,739)
Less: Pledged fixed deposits	(44,536,701)	(62,843,383)
	40,743,255	15,946,953

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 December 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 December 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
31-Dec-13	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	516,793,997	53,726,883	4,076,853	12,601,389	(2,221,969)	584,977,153
Inter – segment revenue	-	8,704,325	-	-	(8,704,325)	-
Total revenue	516,793,997	62,431,208	4,076,853	12,601,389	(10,926,294)	584,977,153
RESULT						
Segment results	40,855,712	20,580,034	(25,911,305)	(4,979,978)	(13,741,920)	16,802,543
Interest revenue	2,365,276	87,652	3,288	94,988	-	2,551,204
Interest expenses	(7,959,664)	(71,512)	(669,493)	(4,472,925)	-	(13,173,594)
Non cash expenses Note (i)	179,650	(3,770)	(12,680,635)	343,059	187,044	(11,974,652)
Depreciation	(7,068,311)	(1,026,632)	(908,352)	(901,397)	-	(9,904,692)

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

9 SEGMENT REPORTING (continued)

	Construction	Trading in oil and gas & other related services	Plantation	Other operations	Eliminations	Consolidated
31-Dec-12	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	596,987,181	69,505,668	2,472,340	5,684,397	-	674,649,586
Inter – segment revenue	-	15,374,138	-	2,200,000	(17,574,138)	-
Total revenue	596,987,181	84,879,806	2,472,340	7,884,397	(17,574,138)	674,649,586
RESULT						
Segment results	42,785,706	20,263,812	(12,377,640)	12,231,841	(25,128,950)	37,774,769
Interest revenue	1,585,245	201,631	1,613	158,274	-	1,946,763
Interest expenses	(4,524,516)	(73,979)	(28,222)	(4,758,840)	-	(9,385,557)
Share of results in associated co.	(1,541)				-	(1,541)
Non cash expenses Note (i)	(911,420)	(26,733)	(5,548,029)	(7,359)	-	(6,493,541)
Depreciation	(7,095,303)	(968,000)	(1,024,870)	(824,985)	-	(9,913,158)

Note (i) : Non cash expenses

	Group	
	2013 RM	2012 RM
Amortisation of planting expenditures	8,524,807	5,349,434
Amortisation of prepaid land lease payments	445,616	205,540
Loss on foreign exchange -unrealised	3,000,459	411,834
Provision for and write off of receivable	3,770	26,733
Change in fair value of investment property	-	500,000
	11,974,652	6,493,541

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 27 February 2014 (being the latest practicable date from the date of issuance of the 4th Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date except the following:

Acquisition of Residence Inn & Motel Sdn. Bhd (“RIM”)

On 25 February 2014, the Company entered into a Sale of Shares Agreement with Zaki Holdings (M) Sdn Bhd (“ZHSB”) to acquire 100% or 750,000 ordinary shares of RM1.00 each in RIM held by ZHSB for a cash consideration of RM1.0 million only. RIM has an authorised share capital of RM1,000,000 and a paid-up share capital of RM750,000. The acquisition will result in RIM becoming a wholly-owned subsidiary of AZRB. RIM’s principal activities are managing a Hotel, Resort, and Chalet chain and all activities related to the tourism industry.

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 :

(i) 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 RM1.00 each representing 100% of the issued and paid-up share capital of Peninsular Precast Sdn Bhd (“Peninsular Precast”) for a cash consideration of RM2.00 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.

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

12. CHANGES IN THE COMPOSITION OF THE GROUP (continued)

(ii) Joint – venture with Malaysian Harvest Sdn Bhd (“MHSB”)and Primary Horizon Sdn Bhd (“PHSB”) (the JV Agreement”)

On 2 October 2013, the Company entered into a Joint Venture Agreement with MHSB and PHSB to participate in a joint venture company named Peninsular IFM Sdn Bhd (“PIFM”) to provide integrated facilities management services for buildings or facilities or certain projects undertaken by the JV parties. Each of the JV parties shall participate in the equity of PIFM in the following percentage:

a) AZRB	-	34%
b) MHSB	-	33%
c) PHSB	-	33%

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 27 February 2014 (being the latest practicable date from the date of issuance of the 4th Quarter Report) save as disclosed in Part B item 8 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:

	2013 12 months cumulative to date RM	2012 12 months cumulative to date RM
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	6,677,542	18,952,970
- Chuan Huat Hardware Sdn Bhd	1,261,077	1,232,130
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	173,684	716,596
- Kemaman Quarry Sdn Bhd	111,410	1,674,511
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	120,000	90,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	894,863	652,035
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	34,150	35,719
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	36,000	36,000

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

1. REVIEW OF PERFORMANCE

The Group’s revenue for 12 months FY13 decreased by **RM89.7 million** (or 13.3%) year on year (“Y-o-Y”) to **RM585.0 million** mainly attributable to lower revenue derived from Construction Division.

The Group’s pre-tax profit declined by **RM21.0 million** (or 55.5%) Y-o-Y to **RM16.8 million** mainly due to losses from Plantation Division and further write off of non recoverable receivables. Nevertheless, Oil and Gas Division showed slightly higher pre-tax profit.

Overall, the balance order book in Construction Division stood at **RM1,842 million** mainly comprising Design and Build Complex Kerja Raya 2 at Jalan Sultan Salahuddin, KL (**RM14 million**), Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM65 million**) , The Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan (“UIAH”), Pahang through Private Finance Initiative (**RM327 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 (**RM452 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 (**RM652 million**), The Design and Build Students Accommodation Complex at University Technology Malaysia, Jalan Semarak, Kuala Lumpur (**RM170 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	120,500	195,607	(75,107)
Profit before tax	4,368	2,194	2,174

On a quarter to quarter basis, the Group’s revenue decreased with the lower revenue achieved in Construction Division for the quarter under review. However profit before tax was slightly higher mainly due to lower operating costs incurred in 4Q’13.

**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 better 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 31.12.2013 RM	Cumulative Current YTD 31.12.2013 RM
Based on results for the year	3,053,702	11,585,855
Origination of temporary differences	632,459	17,561
	<u>3,686,161</u>	<u>11,603,416</u>
Under/(Over) provision in prior years	3,886	(484,188)
Based on results for the year	<u>3,690,047</u>	<u>11,119,228</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 31.12.2013 RM	Cumulative Current YTD 31.12.2013 RM
Accounting profits before taxation	4,368,410	16,802,543
Tax at the statutory income tax rate of 25%	<u>1,092,103</u>	<u>4,200,636</u>
- Non deductible expenses	2,594,058	7,402,780
- Under/(Over) provision - income tax	3,886	(484,188)
Tax Expense	<u>3,690,047</u>	<u>11,119,228</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 31.12.2013 RM	Cumulative Current YTD 31.12.2013 RM
At beginning of the period/year	10,648,456	10,484,013
Transfer to income statement	632,459	17,561
Arising from acquisition of new subsidiary	-	34,100
Translation differences	430,245	1,175,486
At end of the year	11,711,160	11,711,160

Recognised deferred tax assets/(liabilities)

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	10,381,120	-	10,381,120
Taxable temporary differences	-	(14,235,647)	(14,235,647)
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)	10,701,113	(22,412,273)	(11,711,160)
Set off of tax	(319,993)	319,993	-
Net tax assets/(liabilities)	10,381,120	(22,092,280)	(11,711,160)

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 27 February 2014 (being the latest practicable date from the date of issuance of the 4th Quarter Report) except for the following :

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

6. CORPORATE PROPOSALS (continued)

On 15 January 2014, the Company announced the following corporate proposals (Collectively referred to as the “Proposals”):

- (i) proposed reduction of the issued and paid-up share capital of AZRB via the cancellation of RM0.25 of the par value of each existing ordinary share of RM0.50 each in AZRB (“Proposed Par Value Reduction”);
- (ii) proposed renounceable rights issue of up to 207,706,641 new ordinary shares of RM0.25 each in the Company (“AZRB Shares”) (“Rights Shares”) together with up to 103,853,320 free detachable warrants (“Warrants”) at an issue price of RM0.50 per Rights Share on the basis of six (6) Rights Shares together with three (3) free Warrants for every eight (8) existing AZRB Shares held after the Proposed Par Value Reduction (“Proposed Rights Issue With Warrants”);
- (iii) proposed establishment of an employees’ share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Directors of AZRB and its subsidiaries (“AZRB Group” or “Group”) which are not dormant at any point in time (“Proposed ESS”); and
- (iv) proposed amendments to the Company’s Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction (“Proposed Amendments to M&A”).

The Proposals are subject to the following approvals being obtained:-

- (a) the approval of Bursa Securities for:-
 - (i) the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants; and
 - (ii) the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue With Warrants as well as the new AZRB Shares to be issued pursuant to the Proposed ESS and the exercise of the Warrants on the Main Market of Bursa Securities;
- (b) the approval of shareholders of AZRB at an Extraordinary General Meeting (“EGM”) to be convened on 17 March 2014 for the Proposals;
- (c) the confirmation of the High Court of Malaya in respect of the Proposed Par Value Reduction; and
- (d) consent or approval of any other authorities and/or parties.

The Proposed Par Value Reduction and Proposed Amendments to M&A are inter-conditional upon one another but not conditional or inter-conditional upon the Proposed Rights Issue With Warrants or Proposed ESS.

The Proposed ESS is not conditional or inter-conditional upon the Proposed Rights Issue With Warrants. The Proposals are not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by the Company.

The Company obtained approval from Bursa on 19 February 2014.

**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 31 December 2013 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	17,564	-	17,564
Trust Receipts	RM	1,169	-	1,169
Revolving Credits	RM	21,955	-	21,955
Term Loans	RM	18,119	185,415	203,534
Term Loans	USD	-	22,603	22,603
Term Loans	IDR		12,155	12,155
Finance Lease Liabilities	RM	4,973	6,545	11,518
Finance Lease Liabilities	IDR	135	56	191
Total		63,915	226,774	290,689

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 Trial dates as follows:

- 9 to 13 June 2014
- 25 to 29 August 2014
- 27 to 31 October 2014

AZRB has also been served with an application to strike out its Counterclaim by SESB and Sinohydro Corporation. The Hearing date for such application has been fixed on 3rd March 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 (continued)

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. Currently, the Company’s Legal Counsel are in the midst of filing the award with the Commercial Court of Appeal for an enforcement order.

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 31/12/2013	Current Quarter ended 31/12/2012	Cumulative Quarters ended 31/12/2013	Cumulative Quarters ended 31/12/2012
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	502,687	829,145	5,689,283	18,678,564
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 31.12.2013	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	118,478	116,957
- Unrealised	(9,619)	(4,774)
	108,859	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	(34,880)	(40,427)
Total Group retained profits as per consolidated accounts	73,740	71,517