

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 and period ended 30 September 2014. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2013 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 2014

RM	Note	2014 Current quarter ended 30 Sept	2013 Comparative quarter ended 30 Sept	2014 9 months cumulative to date	2013 9 months cumulative to date
REVENUE		171,048,389	195,606,872	496,203,168	464,477,054
OPERATING EXPENSES	1	(163,378,499)	(192,203,364)	(467,040,819)	(446,957,953)
OTHER OPERATING INCOME		1,972,487	2,455,295	6,132,709	5,131,740
PROFIT FROM OPERATIONS		9,642,377	5,858,803	35,295,058	22,650,841
FINANCE COSTS		(6,285,778)	(3,664,977)	(16,727,488)	(10,216,712)
INVESTING RESULTS	2	151,270	-	151,270	-
PROFIT BEFORE TAXATION		3,507,869	2,193,826	18,718,840	12,434,129
TAX EXPENSE		(2,013,070)	(1,013,508)	(9,422,796)	(7,429,181)
PROFIT FOR THE PERIOD	3	1,494,799	1,180,318	9,296,044	5,004,948
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Capital reserve		-	-	-	-
Foreign currency translation differences for foreign operations		735,046	1,539,741	326,590	3,784,889
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,229,845	2,720,059	9,622,634	8,789,837

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

RM	Note	2014 Current quarter ended 30 Sept	2013 Comparative quarter ended 30 Sept	2014 9 months cumulative to date	2013 9 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		1,862,080	1,175,063	9,979,476	5,186,592
NON-CONTROLLING INTERESTS		(367,281)	5,255	(683,432)	(181,644)
PROFIT FOR THE PERIOD		1,494,799	1,180,318	9,296,044	5,004,948
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		2,591,631	2,657,718	10,292,371	8,918,944
NON-CONTROLLING INTERESTS		(361,786)	62,341	(669,737)	(129,107)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,229,845	2,720,059	9,622,634	8,789,837

**EARNINGS PER SHARE (SEN)
ATTRIBUTABLE TO OWNERS OF THE
COMPANY:**

Basic (sen)	0.48	0.42	2.55	1.87
Diluted (sen)	0.47	NA	2.52	NA

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	144,638,332	168,649,882	420,799,939	394,740,584
Other operating expenses	18,740,167	23,553,482	46,240,880	52,217,369
Total	163,378,499	192,203,364	467,040,819	446,957,953

Note 2 - Investing Results

Investing results represents the followings:-

Share of results from associated companies	-	-	-	-
Share of results from joint ventures	151,270	-	151,270	-
Total	151,270	-	151,270	-

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

RM	2014 Current quarter ended 30 Sept	2013 Comparative quarter ended 30 Sept	2014 9 months cumulative to date	2013 9 months cumulative to date
a) Interest income	(1,092,714)	(651,068)	(2,591,315)	(1,940,078)
b) Other income including investment income	(879,773)	(1,804,227)	(3,541,394)	(3,191,662)
c) Interest expense	5,988,964	3,118,687	15,592,191	9,229,634
d) Depreciation and amortisation	4,050,271	2,811,400	12,399,264	9,729,197
e) Provision for and write off of receivable	2,845	5,851,733	2,845	5,851,733
f) Foreign exchange (gain) or loss	236,437	619,255	782,524	896,567

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 SEPTEMBER 2014**

RM	(Not Audited) As at 30/09/2014	(Audited) As at 31/12/2013
Non-current assets		
Property, plant and equipment	96,812,711	80,897,559
Prepaid lease payment	8,067,904	8,398,951
Land held for development	8,958,539	8,958,539
Biological assets	127,469,328	123,251,574
Investment property	-	18,000,000
Goodwill	6,158,155	3,747,557
Intangible assets	2,796,085	2,796,085
Investments in associates	160,885	160,885
Interest in joint ventures	196,917	(254,352)
Available-for-sale investments	115,500	115,500
Deferred tax assets	21,387,396	10,911,561
Trade receivable-Long term	12,971,636	11,573,208
Total non current assets	285,095,056	268,557,067
Current assets		
Inventories	10,817,121	12,314,854
Property development costs	14,396,124	11,994,798
Trade & other receivables	676,900,986	450,548,485
Current tax assets	6,182,243	4,771,079
Cash & cash deposits	157,299,127	102,840,044
Total current assets	865,595,601	582,469,260
Total assets	1,150,690,657	851,026,327
Equity attributable to equity holders of the parent		
Share capital	120,885,064	138,471,095
Reserves and treasury shares	204,899,384	75,616,563
Total equity	325,784,448	214,087,658
Minority interest	4,656,938	5,326,675
Total equity and minority interest	330,441,386	219,414,333
Non-current liabilities		
Long-term borrowings	348,155,912	230,155,175
Retirement benefits	1,495,358	1,294,851
Deferred tax	40,136,253	23,663,382
Total non-current liabilities	389,787,523	255,113,408
Current liabilities		
Short term borrowings	55,439,103	40,688,271
Current portion of long-term borrowings	19,489,346	20,036,474
Trade and other payables	351,091,336	304,451,913
Current tax liabilities	4,441,963	11,321,928
Total current liabilities	430,461,748	376,498,586
Total liabilities	820,249,271	631,611,994
Total equity and liabilities	1,150,690,657	851,026,327

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

RM	Attributable to owners of the Company							Non-Controlling Interests	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Warrant Reserve	Capital Reserve	Retained Profits	Treasury Shares			Sub-total
Period ended 30 September 2014										
Balance at the beginning of the year	138,471,095	24,636	3,506,815	-	-	73,110,899	(1,025,787)	214,087,658	5,326,675	219,414,333
Movements during the period										
Profit for the period	-	-	-	-	-	9,979,476	-	9,979,476	(683,432)	9,296,044
Foreign currency translation differences for foreign operations	-	-	312,895	-	-	-	-	312,895	13,695	326,590
Total comprehensive income for the period	-	-	312,895	-	-	9,979,476	-	10,292,371	(669,737)	9,622,634
Changes in ownership interests in subsidiary	-	-	-	-	-	-	-	-	-	-
Dividend payable by subsidiary	-	-	-	-	-	-	-	-	-	-
Total transactions with non controlling interests	-	-	-	-	-	-	-	-	-	-
Par value reduction	(69,235,547)	-	-	-	7,667,034	61,568,513	-	-	-	-
Right issue with free warrants	51,649,516	23,758,778	-	27,890,739	-	-	-	103,299,033	-	103,299,033
Dividend to owner of the Company	-	-	-	-	-	-	-	-	-	-
Right issue expenses	-	(1,894,614)	-	-	-	-	-	(1,894,614)	-	(1,894,614)
Total transactions with owners of the Company	(17,586,031)	21,864,164	-	27,890,739	7,667,034	61,568,513	-	101,404,419	-	101,404,419
Balance at the end of the period	120,885,064	21,888,800	3,819,710	27,890,739	7,667,034	144,658,888	(1,025,787)	325,784,448	4,656,938	330,441,386
Period ended 30 September 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 period										
Profit for the period	-	-	-	-	-	5,186,592	-	5,186,592	(181,644)	5,004,948
Foreign currency translation differences for foreign operations	-	-	3,732,352	-	-	-	-	3,732,352	52,537	3,784,889
Total comprehensive income for the period	-	-	3,732,352	-	-	5,186,592	-	8,918,944	(129,107)	8,789,837
Changes in ownership interest in subsidiary	-	-	-	-	-	-	-	-	192,106	192,106
Dividend payable by subsidiary	-	-	-	-	-	-	-	-	(191,400)	(191,400)
Total transactions with non controlling interests	-	-	-	-	-	-	-	-	706	706
Dividend to owner 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 period	138,471,095	24,636	2,450,262	-	-	72,570,634	(1,025,787)	212,490,840	5,217,471	217,708,311

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	9 months ended 30 September 2014 RM	9 months ended 30 September 2013 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	18,718,840	12,434,129
Adjustments for:-		
Amortisation of prepaid land lease payments	327,175	148,460
Amortisation of biological assets	4,626,972	1,880,679
Depreciation of property, plant & equipment	6,945,442	7,700,058
Provision for and write off of receivable	2,845	5,851,733
Amortisation of transaction costs	499,675	-
Interest expenses	15,592,191	9,229,634
Interest revenue	(2,591,315)	(1,940,078)
Gain on disposal of property, plant & equipment	(203,540)	(1,165,509)
Property, plant & equipment written off	-	-
Employee benefits	108,505	-
Gain on disposal of investment in associated company	-	-
Impairment on finance assets	-	-
Loss on foreign exchange -unrealised	782,524	896,567
Negative goodwill recognised	-	(688,427)
Share of results in joint ventures	(151,270)	-
Share of results of associated companies	-	-
Operating profit before working capital changes	44,658,044	34,347,246
Decrease/(Increase) in inventories	1,540,073	(2,566,914)
Increase in amount due from customers for contract work	(200,270,840)	(77,706,323)
Increase in property development expenditure	(2,401,326)	(1,030,577)
Increase in trade and other receivables	(25,699,328)	(29,034,936)
Decrease in amount due to customers for contract work	(14,389,967)	(12,298,896)
Increase in trade and other payables	59,300,829	28,666,069
Cash used in operations	(137,262,515)	(59,624,331)
Tax paid	(11,782,503)	(13,039,663)
Interest received	2,022,858	1,484,179
Interest paid	(14,963,831)	(8,867,927)
Net cash used in operating activities	(161,985,991)	(80,047,742)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(9,410,154)	(988,185)
Purchase of land held for development	-	(301,106)
Effect of acquisition of subsidiaries, net of cash received	(41,975)	(108,417)
Purchase of property, plant & equipment	(2,476,724)	(604,259)
Proceeds from disposal of property, plant & equipment	271,696	1,200,339
Investment in joint controlled entity	(300,000)	-
Net cash (used in)/ generated from investing activities	(11,957,157)	(801,628)
BALANCE CARRIED FORWARD	(173,943,148)	(80,849,370)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	9 months ended 30 September 2014 RM	9 months ended 30 September 2013 RM
BALANCE CARRIED DOWN	(173,943,148)	(80,849,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(5,163,013)	(50,095)
Repayment to related companies	116,470	(503,499)
Decrease in pledged fixed deposits	6,423,977	(16,177)
Dividend paid	-	(4,131,961)
Proceeds from issuance of shares	101,404,419	-
Proceeds from trust receipts/revolving credits	25,861,169	26,164,030
Repayment of trust receipts/revolving credits	(15,819,105)	(9,045,881)
Payment for finance lease liabilities	(2,816,169)	(3,917,649)
Term loan drawdown	130,340,031	81,176,795
Term loan repayment	(11,404,924)	(26,686,636)
Net cash generated from financing activities	228,942,855	62,988,927
Effects of exchange difference on cash & cash equivalents	1,174,585	4,886,484
Net decrease in cash and cash equivalents	54,999,707	(17,860,443)
Cash and cash equivalents at beginning of the year	40,639,274	15,946,953
Cash and cash equivalents at end of the period	96,813,566	2,972,994
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	110,211,897	21,834,344
Cash deposits with licensed banks	47,087,230	69,248,052
Bank overdrafts	(22,272,837)	(25,249,842)
Less: Pledged fixed deposits	(38,212,724)	(62,859,560)
	96,813,566	2,972,994

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 2013 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 2013.

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 2013 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2014.

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 2013 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 2014.

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

Corporate Proposals

For the financial year to date, the Company has completed the following exercises pertaining to its equity shares:

- (i) cancellation of RM0.25 of its par value of each existing ordinary share of RM0.50 each in AZRB (“Proposed Par Value Reduction”);
- (ii) a total issue of 206,598,066 new ordinary shares of RM0.25 each (“Rights Shares”) together with 103,853,320 free detachable warrants (“Warrants”) at an exercise price of RM0.70 each in the Company pursuant its Rights issue exercise 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”). The Rights Shares and Warrants were listed on the Main Market of Bursa Malaysia on 16 May 2014.

Treasury Shares

There was no share buyback exercise during the financial quarter under review. The total treasury shares as at 30 September 2014 comprise 1,478,100 units at RM1,025,787.

Other than the above, 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 for the period under review .

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

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-Sep-14	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	452,716,169	32,386,400	3,993,621	7,106,978	-	496,203,168
Inter – segment revenue	-	4,778,327	-	-	(4,778,327)	-
Total revenue	452,716,169	37,164,727	3,993,621	7,106,978	(4,778,327)	496,203,168
RESULT						
Segment results	40,145,195	11,162,940	(20,174,479)	(12,112,277)	(302,539)	18,718,840
Interest income	1,716,815	97,747	6,809	769,944	-	2,591,315
Interest expenses	(9,778,315)	(40,839)	(2,760,053)	(3,012,984)	-	(15,592,191)
Share of results in joint ventures	151,270	-	-	-	-	151,270
Non cash expenses Note (i)	(239,991)	-	(5,448,614)	(86,886)	(463,700)	(6,239,191)
Depreciation	(4,412,349)	(761,092)	(1,004,550)	(767,451)	-	(6,945,442)
30-Sep-13	RM	RM	RM	RM	RM	RM
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 income	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)

Note (i) : Non cash expenses	Group	
	2014 RM	2013 RM
Amortisation of planting expenditures	4,626,972	1,880,679
Amortisation of prepaid land lease payments	327,175	148,460
Amortisation of transaction costs	499,675	-
Loss on foreign exchange -unrealised	782,524	896,567
Provision for and write off of receivable	2,845	5,851,733
	6,239,191	8,777,439

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 27 November 2014 (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.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial year-to-date except for the following :

(i) 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 . 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. The acquisition was completed in July 2014.

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

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

(ii) Incorporation of jointly controlled entity, Salcon MMCB AZSB JV Sdn Bhd

On 17 April 2014, the Group formed a jointly controlled entity with Salcon Berhad and MMC Corporation Berhad, namely Salcon MMCB AZSB JV Sdn Bhd to undertake the proposed development of Langat 2 Water Treatment Plant and Water Reticulation System in Selangor Darul Ehsan/Wilayah Persekutuan Kuala Lumpur (Langat 2 WTP and Water Reticulation – Phase 1) and Package 2A – Construction and Completion of 1130 MLD Langat 2 Water Treatment Plant for a total value of RM993.9 million. Salcon MMCB AZSB JV Sdn Bhd is a jointly controlled entity of Salcon Engineering Berhad (36%), a wholly-owned subsidiary of Salcon Berhad, MMC Corporation Berhad (34%) and Ahmad Zaki Sdn Bhd (30%), a wholly-owned subsidiary of AZRB.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 27 November 2014 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) save as disclosed in Part B item 8.

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:

	2014 9 months cumulative to date RM	2013 9 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	6,457,185	5,119,138
- Chuan Huat Hardware Sdn Bhd	256,266	1,208,907
Purchases from/(Sales to) 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	17,260	154,740
- Kemaman Quarry Sdn Bhd	(168,386)	111,410
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	568,356	699,360
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	11,422	23,707
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	330,655	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 posted higher revenue than the preceding year's period by RM32 million or 7% with pre-tax profit improved by RM6 million (51%). This was mainly attributable to better margin projects that achieved higher progress rate under its Construction Division during the period under review.

Overall, the balance order book in Construction Division stood at **RM1,956 million** mainly comprising Completion of the Remaining Works of Lebuhraya Pantai Timur Project, Phase 2, Terengganu [Package 2: From CH15100.00 to CH26100.00] (**RM13 million**), The Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan, Pahang through Private Finance Initiative (**RM211million**), 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 (**RM308 million**), 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 (**RM637 million**), The Design and Build Students Accommodation Complex at University Technology Malaysia, Jalan Semarak, Kuala Lumpur (**RM157 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 (**RM150 million**), The Proposed Construction and Completion of 2 Blocks of Office Buildings, Retails Spaces and External Works on Plots Z1 and Z2, 3 levels of Basement Parking and Access Road on Plots Z1, Z2, Z3 and Z4; and Upgrading Works to Jalan Alamanda with Associated Infrastructures and Landscaping Works at Precinct 1, Wilayah Persekutuan Putrajaya (**RM185 million**) and The Proposed Development of Langat 2 Water Treatment Plant and Water Reticulation System in Selangor Darul Ehsan/Wilayah Persekutuan Kuala Lumpur (Langat 2 WTP and Water Reticulation – Phase 1) and Package 2A – Construction and Completion of 1130 MLD Langat 2 Water Treatment Plant (**RM295 million** or 30% of joint venture).

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

	Current Qtr RM	Preceding Qtr RM	+/(-) RM
Revenue	171,048	171,360	(312)
Profit before tax	3,508	6,335	(2,827)

On a quarter to quarter basis, the Group's lower pre-tax profit was affected by lower profits posted by Construction operation mainly due to higher cost incurred during financial quarter review as compared to preceding quarter.

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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 30.09.2014 RM	Cumulative Current YTD 30.09.2014 RM
Current tax expense	1,061,942	3,586,068
Deferred tax expenses:		
- Origination of temporary differences	951,128	5,836,728
Total income tax expense	2,013,070	9,422,796

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 30.09.2014 RM	Cumulative Current YTD 30.09.2014 RM
Accounting profits before taxation	3,507,869	18,718,840
Tax at the statutory income tax rate of 25%	876,967	4,679,710
- Non deductible expenses	1,136,103	4,743,086
Tax Expense	2,013,070	9,422,796

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5. TAXATION (continued)

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

Movement of Deferred Tax Liabilities/(Assets)

	Current Qtr 30.09.2014 RM	Cumulative Current YTD 30.09.2014 RM
At beginning of the period/year	17,756,577	12,751,820
Transfer to income statement	951,128	5,836,728
Translation differences	41,152	160,309
At end of the period	18,748,857	18,748,857

Recognised deferred tax assets/(liabilities)

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	21,120,147	-	21,120,147
Taxable temporary differences	-	(30,609,812)	(30,609,812)
Employee benefits	267,249	-	267,249
Property, plant and equipment	319,993	(2,151,837)	(1,831,844)
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)	21,707,389	(40,456,246)	(18,748,857)
Set off of tax	(319,993)	319,993	-
Net tax assets/(liabilities)	21,387,396	(40,136,253)	(18,748,857)

6. CORPORATE PROPOSALS

- (a) There are no corporate proposals which have been announced by the Company but not completed as at 27 November 2014 (being the latest practicable date from the date of issuance of the 3rd Quarter Report).

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6. CORPORATE PROPOSALS (continued)

(b) Status of Right Issues' proceeds utilisation

As at 30 September 2014, the status of utilisation of the proceeds raised from the above Right Issues which was completed on 16 May 2014 are as follows:

	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation Amount (RM'000)	Explanations
(a)	Funding of projects	74,446	20,456	Within 18 months	NA	Not yet fully utilised
(b)	Repayment of borrowings	15,000	15,000	Within 6 months	-	Completed
(c)	Working capital	12,053	12,000	Within 12 months	NA	Completed
(d)	Estimated expenses	1,800	1,666	Within 6 months	NA	Completed
	Total	103,299	49,122			

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 30 September 2014 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	22,273	-	22,273
Trust Receipts	RM	4,830	-	4,830
Revolving Credits	RM	28,336	-	28,336
Term Loans	RM	15,616	281,813	297,429
Term Loans	USD	-	39,954	39,954
Term Loans	IDR	4	20,458	20,462
Finance Lease Liabilities	RM	3,762	5,626	9,388
Finance Lease Liabilities	IDR	107	305	412
Total		74,928	348,156	423,084

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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) **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 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 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”) had issued his final judgment and award. In the aforesaid final judgment 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 Group is now in the process of submitting this award and judgment to the local courts in Saudi Arabia for enforcement.

(ii) **Notice of Arbitration by Cobrain Holdings Sbd Bhd**

On 20 October 2014, AZRB had received a Notice of Arbitration from Cobrain Holdings Sdn Bhd (“CHSB”) to commence arbitration proceedings against AZRB.

CHSB is a sub-contractor appointed by AZRB to undertake the sub-contract work to “Supply, Install, Testing and Commissioning of Electrical High Tension, Low Voltage and Structure Cabling Services for the Construction of Phase 1 and Phase 2” for the project known as “Al-Faisal University Campus Development Project” in Riyadh, Kingdom of Saudi Arabia.

The arbitration proceeding is commenced against AZRB to seek relief in respect of its alleged payment of the final claim totalling SAR14,370,941.28 (approximately RM12,485,653). AZRB has consulted its solicitors who will defend the case on AZRB’s behalf.

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8. MATERIAL LITIGATION (continued)

- b) Claim or litigation brought against its subsidiary:

Multiglow Corporation Sdn Bhd (“Multiglow”) vs Ahmad Zaki Sdn Bhd (“AZSB”)

On 7 May 2014, its wholly-owned subsidiary, AZSB has been served with Writs of Summons and Statement of Claims dated 2 May 2014 by its subcontractor, Multiglow claiming for the sum of RM9,860,691.78 in relation to Kertih Polymer Park (“KPP”) Phase 1 Project (“KPP1 Project”) and KPP Phase 2 Project (“KPP2 Project”) and for the sum of RM2,722,476.33 in relation to Lebuhraya Pantai Timur Phase 2 5A Project (“LPT2 5A Project”) in Terengganu (collectively, known as “the Projects”). AZSB contests the alleged claims and has consulted its solicitors who will defend the suits on AZSB’s behalf.

(i) Multiglow Corporation Sdn Bhd vs Ahmad Zaki Sdn Bhd (KPP1 & KPP2 Projects)

The Court has fixed 19 and 20 January 2015 for Trial.

(ii) Multiglow Corporation Sdn Bhd vs Ahmad Zaki Sdn Bhd (LPT2 5A Project)

The Court has fixed 27 November 2014 and 4 December 2014 for Trial.

9. DIVIDEND

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 while diluted earnings per share was calculated based the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares calculated as follows:

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10. EARNINGS PER SHARE (continued)

	Current Quarter ended 30/09/2014	Current Quarter ended 30/09/2013	Cumulative Quarter ended 30/09/2014	Cumulative Quarter ended 30/09/2013
	RM	RM	RM	RM
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,862,080	1,175,063	9,979,476	5,186,592
Basic				
Weighted average number of ordinary shares in issue	391,491,612	276,942,190	391,491,612	276,942,190
Diluted				
Weighted average number of ordinary shares in issue	391,491,612	276,942,190	391,491,612	276,942,190
Effects of dilution resulting from unexercised warrants on issue	4,245,166	-	4,245,166	-
Adjusted weighted average number of ordinary shares in issue and issuable	395,736,778	276,942,190	395,736,778	276,942,190

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**11. STATEMENT ON REALISED AND UNREALISED RETAINED PROFITS
DISCLOSURE**

	Current financial Quarter ended 30.09.2014	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	179,485	112,502
- Unrealised	(13,411)	(11,122)
	166,074	101,380
Total share of retained profits from associated companies		
- Realised	51	51
- Unrealised	-	-
	51	51
Total share of retained profits from jointly controlled companies		
- Realised	(137)	(254)
- Unrealised	-	-
	(137)	(254)
Less : Consolidated adjustments	(21,329)	(28,066)
Total Group retained profits as per consolidated accounts	144,659	73,111