

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 2015. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2014 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 2015

RM	Note	2015 Current quarter ended 30 September	2014 Comparative quarter ended 30 September	2015 9 months cumulative to date	2014 9 months cumulative to date
REVENUE		177,135,126	171,048,389	485,757,620	496,203,168
OPERATING EXPENSES	1	(162,959,165)	(163,378,499)	(453,161,245)	(467,040,819)
OTHER OPERATING INCOME		867,065	1,972,487	16,074,687	6,132,709
PROFIT FROM OPERATIONS		15,043,026	9,642,377	48,671,062	35,295,058
FINANCE COSTS		(9,145,961)	(6,285,778)	(24,986,880)	(16,727,488)
INVESTING RESULTS	2	-	151,270	-	151,270
PROFIT BEFORE TAXATION		5,897,065	3,507,869	23,684,182	18,718,840
TAX EXPENSE		(2,240,901)	(2,013,070)	(7,122,143)	(9,422,796)
PROFIT FOR THE PERIOD	3	3,656,164	1,494,799	16,562,039	9,296,044
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Actuarial loss from employee benefits		(117,736)	-	-	-
Foreign currency translation differences for foreign operations		(2,527,589)	735,046	457,884	326,590
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,010,839	2,229,845	17,019,923	9,622,634

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

RM	Note	2015 Current quarter ended 30 September	2014 Comparative quarter ended 30 September	2015 9 months cumulative to date	2014 9 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		4,429,491	1,862,080	17,435,547	9,979,476
NON-CONTROLLING INTERESTS		(773,327)	(367,281)	(873,508)	(683,432)
PROFIT FOR THE PERIOD		3,656,164	1,494,799	16,562,039	9,296,044
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		2,092,493	2,591,631	18,120,858	10,292,371
NON-CONTROLLING INTERESTS		(1,081,654)	(361,786)	(1,100,935)	(669,737)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,010,839	2,229,845	17,019,923	9,622,634
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		0.92	0.48	3.61	2.55
Diluted (sen)		NA	0.47	NA	2.52
Note 1 - Operating Expenses					
Operating expenses represents the followings:-					
Cost of sales		146,852,583	144,638,332	402,382,185	420,799,939
Other operating expenses		16,106,582	18,740,167	50,779,060	46,240,880
Total		162,959,165	163,378,499	453,161,245	467,040,819
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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

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

RM	2015 Current quarter ended September	2014 Comparative quarter ended September	2015 9 months cumulative to date	2014 9 months cumulative to date
a) Interest income	(973,152)	(1,092,714)	(2,982,782)	(2,591,315)
b) Other income including investment income	106,087	(879,773)	(1,152,483)	(3,541,394)
c) Interest expense	10,777,947	5,988,964	25,974,334	15,592,191
d) Depreciation and amortisation	3,724,504	4,050,271	10,888,237	12,399,264
e) Provision for and write off of receivable	1,900	2,845	20,577	2,845
f) (Gain) or loss on disposal of quoted or unquoted investment or properties	-	-	(11,939,422)	-
g) Foreign exchange (gain)/loss	(2,635,681)	236,437	847,090	782,524

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 SEPTEMBER 2015**

RM	(Not Audited) As at 30/09/2015	(Audited) As at 31/12/2014
Non-current assets		
Property, plant and equipment	103,284,997	96,273,850
Prepaid lease payment	7,866,585	8,045,685
Land held for development	24,228,215	8,958,539
Biological assets	137,002,051	124,968,527
Goodwill	6,158,155	6,158,155
Intangible assets	16,513,450	16,409,759
Investments in associates	165,005	165,005
Interest in joint ventures	447,525	447,525
Available-for-sale investments	115,500	115,500
Deferred tax assets	36,192,033	24,694,953
Trade receivable-Long term	108,372,520	87,591,176
Total non current assets	440,346,036	373,828,674
Current assets		
Inventories	13,665,359	13,176,419
Property development costs	10,138,789	11,942,888
Trade & other receivables	920,078,470	660,710,453
Current tax assets	11,574,347	6,519,134
Cash & cash deposits	121,845,033	132,005,159
Total current assets	1,077,301,998	824,354,053
Total assets	1,517,648,034	1,198,182,727
Equity attributable to equity holders of the parent		
Share capital	120,885,064	120,885,064
Reserves and treasury shares	216,342,298	207,862,683
Total equity	337,227,362	328,747,747
Minority interest	2,892,587	3,993,522
Total equity and minority interest	340,119,949	332,741,269
Non-current liabilities		
Long-term borrowings	583,349,355	403,809,897
Retirement benefits	2,139,645	1,720,862
Deferred tax liabilities	61,671,073	45,854,278
Total non-current liabilities	647,160,073	451,385,037
Current liabilities		
Short term borrowings	144,610,711	63,332,108
Current portion of long-term borrowings	3,114,047	19,424,777
Trade and other payables	377,371,539	325,954,004
Current tax liabilities	5,271,715	5,345,532
Total current liabilities	530,368,012	414,056,421
Total liabilities	1,177,528,085	865,441,458
Total equity and liabilities	1,517,648,034	1,198,182,727

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

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 2015										
Balance at the beginning of the period	120,885,064	21,888,800	3,366,111	27,890,739	7,667,033	148,075,787	(1,025,787)	328,747,747	3,993,522	332,741,269
Movements during the period										
Profit for the period	-	-	-	-	-	17,435,547	-	17,435,547	(873,508)	16,562,039
Actuarial gain from employee benefits	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	685,311	-	-	-	-	685,311	(227,427)	457,884
Total comprehensive income for the period	-	-	685,311	-	-	17,435,547	-	18,120,858	(1,100,935)	17,019,923
Dividend to owner of the Company	-	-	-	-	-	(9,641,243)	-	(9,641,243)	-	(9,641,243)
Total transactions with owners of the Company	-	-	-	-	-	(9,641,243)	-	(9,641,243)	-	(9,641,243)
Balance at the end of the period	120,885,064	21,888,800	4,051,422	27,890,739	7,667,033	155,870,091	(1,025,787)	337,227,362	2,892,587	340,119,949
Period ended 30 September 2014										
Balance at the beginning of the period	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
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
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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
PERIOD ENDED 30 SEPTEMBER 2015**

	9 months ended 30 September 2015 RM	9 months ended 30 September 2014 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	23,684,182	18,718,840
Adjustments for: -		
Amortisation of prepaid land lease payments	304,733	327,175
Amortisation of biological assets	3,936,549	4,626,972
Depreciation of property, plant & equipment	6,646,955	6,945,442
Provision for and write off of receivable	20,577	2,845
Amortisation of transaction costs	715,002	499,675
Interest expenses	25,974,334	15,592,191
Interest revenue	(2,982,782)	(2,591,315)
Gain on disposal of property, plant & equipment	(12,087,153)	(203,540)
Property, plant & equipment written off	-	-
Employee benefits	282,883	108,505
Loss on foreign exchange -unrealised	847,090	782,524
Share of results of associated companies	-	(151,270)
Operating profit before working capital changes	47,342,370	44,658,044
(Increase)/Decrease in inventories	(488,941)	1,540,073
Increase in amount due from customers for contract work	(186,539,008)	(200,270,840)
Decrease/(Increase) in property development expenditure	1,804,098	(2,401,326)
Increase in trade and other receivables	(91,899,546)	(25,699,328)
Decrease/(Increase) in amount due to customers for contract work	1,618,388	(14,389,967)
Increase in trade and other payables	47,657,253	59,300,829
Cash used in operations	(180,609,077)	(137,262,515)
Tax paid	(6,355,747)	(11,782,503)
Interest received	2,392,801	2,022,858
Interest paid	(24,432,444)	(14,963,831)
Net cash used in operating activities	(209,004,467)	(161,985,991)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(15,970,071)	(9,410,154)
Purchase of land held for development	(15,269,676)	-
Effect of acquisition of subsidiaries, net of cash received	-	(41,975)
Purchase of property, plant & equipment	(14,774,752)	(2,476,724)
Proceeds from disposal of property, plant & equipment	14,816,759	271,696
Investment in joint controlled entity	-	(300,000)
Net cash used in investing activities	(31,197,740)	(11,957,157)
BALANCE CARRIED FORWARD	(240,202,207)	(173,943,148)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
PERIOD ENDED 30 SEPTEMBER 2015**

	9 months ended 30 September 2015 RM	9 months ended 30 September 2014 RM
BALANCE CARRIED DOWN	(240,202,207)	(173,943,148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(229,159)	(5,163,013)
Repayment to related companies	(2,954,439)	116,470
Advance to joint controlled entity	1,195,110	-
Decrease in pledged fixed deposits	347,202	6,423,977
Dividend paid	(9,641,243)	-
Proceeds from issuance of shares	-	101,404,419
Proceeds from trust receipts/revolving credits	72,662,914	25,861,169
Repayment of trust receipts/revolving credits	(11,726,696)	(15,819,105)
Payment for finance lease liabilities	(3,176,700)	(2,816,169)
Term loan drawdown	172,939,747	130,340,031
Term loan repayment	(11,966,175)	(11,404,924)
Net cash generated from financing activities	207,450,561	228,942,855
Effects of exchange difference on cash & cash equivalents	19,733,840	1,174,585
Net (decrease)/increase in cash and cash equivalents	(32,751,646)	54,999,707
Cash and cash equivalents at beginning of the period	72,695,787	40,639,274
Cash and cash equivalents at end of the period	59,677,981	96,813,566
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	76,857,067	110,211,897
Cash deposits with licensed banks	44,387,966	47,087,230
Bank overdrafts	(23,686,770)	(22,272,837)
Less: Pledged fixed deposits	(37,880,282)	(38,212,724)
	59,677,981	96,813,566

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 2014 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 2014.

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 2014 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2015.

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 2014 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 2015.

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.

7. CHANGES IN EQUITY/DEBT SECURITIES

Treasury Shares

There was no share buyback exercise during the financial quarter under review. The total treasury shares as at 30 September 2015 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

The Company paid a single tier interim dividend of 2.0 sen per ordinary share of RM0.25 each for the financial year ending 31 December 2015 amounting to RM 9,641,243 on 14 August 2015.

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	Oil & Gas	Plantation	Property	Other operations	Eliminations	Consolidated
30-Sep-15	RM	RM	RM	RM	RM	RM	RM
REVENUE							
External revenue	434,419,490	33,345,543	5,856,068	9,139,105	2,997,414	-	485,757,620
Inter – segment revenue	-	1,483,042	-	-	-	(1,483,042)	-
Total revenue	434,419,490	34,828,585	5,856,068	9,139,105	2,997,414	(1,483,042)	485,757,620
RESULT							
Segment results	46,924,456	11,943,814	(31,770,736)	1,828,479	(5,241,831)	-	23,684,182
Interest income	2,236,743	49,032	8,156	20,794	668,057	-	2,982,782
Interest expenses	(19,321,034)	(69,538)	(3,924,029)	(2,444)	(2,657,289)	-	(25,974,334)
Non cash expenses Note (i)	2,389,534	-	(17,964,313)	-	9,750,828	-	(5,823,951)
Depreciation	(4,416,295)	(973,205)	(546,972)	(45,684)	(664,799)	-	(6,646,955)
30-Sep-14	RM	RM	RM	RM	RM	RM	RM
REVENUE							
External revenue	452,716,169	32,386,400	3,993,621	6,665,979	440,999	-	496,203,168
Inter – segment revenue	-	4,778,327	-	-	-	(4,778,327)	-
Total revenue	452,716,169	37,164,727	3,993,621	6,665,979	440,999	(4,778,327)	496,203,168
RESULT							
Segment results	40,145,195	11,162,940	(20,174,479)	478,792	(12,591,069)	(302,539)	18,718,840
Interest income	1,716,815	97,747	6,809	23,064	746,880	-	2,591,315
Interest expenses	(9,778,315)	(40,839)	(2,760,053)	(5,359)	(3,007,625)	-	(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)	(100,937)	(666,514)	-	(6,945,442)

Note (i) : Non cash expenses

	Group	
	2015	2014
	RM	RM
Amortisation of planting expenditures	3,936,549	4,626,972
Amortisation of prepaid land lease payments	304,733	327,175
Amortisation of transaction costs	715,002	499,675
Loss on foreign exchange -unrealised	847,090	782,524
Provision for and write off of receivable	20,577	2,845
	5,823,951	6,239,191

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 2015 (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 except for the following:

i) Acquisition of Betanaz Mills Sdn Bhd

The Company has on 13 October 2015 acquired 1 ordinary share of RM1/- each, representing 50% of the issued and paid-up share capital of Betanaz Mills Sdn Bhd (“Betanaz Mills”) from Dato’ Haji Roslan bin Tan Sri Jaffar for a total cash consideration of RM1/- (“the Acquisition”). The remaining balance of 1 ordinary share is held by Dato’ Wan Zakariah bin Haji Wan Muda.

Concurrently, the paid-up share capital of Betanaz Mills was increased from RM2/- to RM1,000/- divided into 1,000 ordinary shares of RM1.00 each, of which AZRB and Dato’ Wan Zakariah bin Haji Wan Muda have subscribed for 669 and 329 new ordinary shares of RM1.00 each respectively. Following the subscription of new 669 new ordinary shares by AZRB (“Subscription”), Betanaz Mills is a 67% owned subsidiary of AZRB.

Betanaz Mills was incorporated on 21 March 2014 with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each and issued and paid-up share capital of RM1,000/- divided into 1,000 ordinary shares of RM1.00 each. The intended principal activity of Betanaz Mills is in the operation of palm oil mill. However, Betanaz Mills has not commenced operation since its incorporation.

ii) Acquisition of Peak Crops Sdn Bhd

On 27 October 2015, Betanaz Mills Sdn Bhd (“Betanaz Mills”), a 67%-owned subsidiary of AZRB entered into a Shareholders’ Agreement with YP Plantation Holdings Sdn Bhd (“YP Plantation”) and Peak Crops Sdn Bhd (“Peak Crops”) to regulate the relationship between Betanaz Mills and YP Plantation as shareholders in Peak Crops and to set out the manner in which the affairs and business activities of Peak Crops are to be regulated (“the Proposed Joint Venture”). The said agreement will result in Betanaz Mills acquiring 60% stake in Peak Crops where its principal activities are development of palm oil mills and investment holding.

iii) Acquisition of 51% Equity Interest in Matrix Reservoir Sdn Bhd

The Company has on 25 November 2015 entered into the following agreements:-

- a) Share Purchase Agreement with the existing shareholders (“the Sellers”) of Matrix Reservoir Sdn Bhd (“Matrix Reservoir”) relating to the sale and purchase of 10,000

11. SUBSEQUENT EVENTS (continued)

iii) Acquisition of 51% Equity Interest in Matrix Reservoir Sdn Bhd (continued)

ordinary shares of RM1.00 each in Matrix Reservoir, representing 1% equity interest in the share capital of Matrix Reservoir, for a total cash consideration of RM10,000,000/- (“the Proposed Share Acquisition”);

- b) Subscription Agreement with Matrix Reservoir for AZRB’s subscription of 500,000 ordinary shares of RM1.00 each in Matrix Reservoir, representing 50% of the equity interest in Matrix Reservoir (“Subscription Shares”), at a subscription price of RM45,000,000/- (“the Proposed Share Subscription”), to be satisfied by:
 - i. Payment of RM22,500,000/- in cash by AZRB to Matrix Reservoir; and
 - ii. Transfer of shares in Astral Far East Sdn Bhd, a wholly-owned subsidiary of AZRB, from AZRB to Matrix Reservoir, to set off against and towards the amount of monies that AZRB is required to pay Matrix Reservoir pursuant to the Subscription Shares, equivalent to RM22,500,000/-; and
- c) Shareholders’ Agreement with the Sellers and Matrix Reservoir to regulate the affairs of Matrix Reservoir and the respective rights of AZRB and the Sellers as shareholders of Matrix Reservoir.

Upon the completion of the Proposed Share Acquisition and Proposed Subscription, Matrix Reservoir will become a 51%- owned subsidiary of AZRB.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 27 November 2015 (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:

	2015	2014
	9 months	9 months
	cumulative	cumulative
	to date	to date
	RM	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	7,063,480	6,457,185
- Chuan Huat Hardware Sdn Bhd	314,036	256,266
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	3,000,440	17,260
- Kemaman Quarry Sdn Bhd	(281,332)	(168,386)
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	562,600	568,356
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	1,393,447	330,655

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
1. REVIEW OF PERFORMANCE
a) For the Quarter

The Group recorded revenue of RM177.1 million for the current quarter ended 30 September 2015, compared to revenue of RM171.0 million in the corresponding quarter of the previous financial year. The higher revenue by RM6.1 million (4%) was mainly due to higher revenue from the Construction and Oil and Gas Divisions by RM3.2 million and RM 2.7 million respectively.

The Group pre-tax profit increased by RM2.4 million (68%) to RM5.9 million when compared to pre-tax profit of RM3.5 million achieved in the corresponding quarter in 2014. This was mainly due to net unrealised foreign exchange gain of RM2.6 million arising from foreign currency exchange gain from revaluation of long term receivable for the arbitration award in Saudi Arabia, which was offset by foreign currency exchange loss from the revaluation of US Dollar term loan balance under the Plantation Division.

b) For the 9 months period

The Group registered revenue of RM485.8 million for the current 9 months period ended 30 September 2015, compared to revenue of RM496.2 million for the corresponding 9 months period ended 30 September 2014. The lower revenue by RM10.4 million (2%) was mainly due to lower revenue recorded in Construction Division as certain projects have been completed in previous financial year ended 31 December 2014.

The Group recorded pre-tax profit of RM23.7 million for the current 9 months period ended 30 September 2015, compared to pre-tax profit of RM18.7 million for the corresponding 9 months period ended 30 September 2014. The results for the current 9 months period was better by RM5.0 million (27%) despite the lower revenue recorded.

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

	Current Qtr RM	Preceding Qtr RM	+ / (-) RM
Revenue	177,135	155,567	21,568
Profits before tax	5,897	12,150	(6,253)

On a quarter to quarter basis, the Group's revenue improved with higher progress achieved by Construction Division. The difference in pre-tax profit was mainly due to exceptionally higher other operating income reported in preceding quarter mainly derived from disposal of properties.

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

3. PROSPECTS

The Group's Construction Division remaining order book balance as at 30 September 2015 stands at RM3.477 billion. We are confident of adding and enhancing the order book. Therefore the Construction Division is confident to give continued strong performance in future quarters.

The Oil and Gas Division expects to remain steady despite the continuing prolongation of weak global oil prices and sentiments. The division also expects increasing contribution from its operations at Tok Bali Supply Base as the port continues to develop and mature.

The Plantation Division expects yields of Fresh Fruit Bunches (FFB) to continually improve, thereby generating higher revenue going forward. The division also expects to improve its overall contribution to the Group through increasing yields and stringent cost controls being implemented.

The Property Division is currently planning and embarking on several residential development projects for launch in 2016. Upon the successful launches of these projects, the Property Division will be expected to contribute positively to the Group. As at the date of this report, the division has development projects with an estimated Gross Development Value (GDV) of RM1.4 billion. The hotel properties under the Property Division is also expected to contribute more from 2016 onwards with the completion of a new hotel wing at the existing Residence Inn Cherating in early 2016.

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

Not applicable.

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
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5. TAXATION

Taxation comprises :

	Current Qtr 30.09.2015 RM	Cumulative Current YTD 30.09.2015 RM
Current tax expense	342,348	1,226,717
Deferred tax expenses:		
- Origination of temporary differences	1,898,553	5,895,426
Total income tax expense	2,240,901	7,122,143

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 30.09.2015 RM	Cumulative Current YTD 30.09.2015 RM
Accounting profits before taxation	5,897,065	23,684,182
Tax at the statutory income tax rate of 25%	1,474,266	5,921,045
- Non taxable revenue	(49,165)	(3,164,770)
- Deferred tax assets not recognised	(1,231,950)	485,056
- Non deductible expenses	2,047,750	3,880,812
Tax Expense	2,240,901	7,122,143

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 :

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
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5. TAXATION (continued)

Movement of Deferred Tax Liabilities/(Assets)

	Current Qtr 30.09.2015 RM	Cumulative Current YTD 30.09.2015 RM
At beginning of the period/year	25,093,549	21,159,325
Transfer to income statement	1,898,553	5,895,427
Translation differences	<u>(1,513,062)</u>	<u>(1,575,712)</u>
At end of the period	<u>25,479,040</u>	<u>25,479,040</u>

Recognised deferred tax assets/(liabilities)

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	35,924,784	-	35,924,784
Taxable temporary differences	-	(51,004,163)	(51,004,163)
Employee benefits	267,249	-	267,249
Property, plant and equipment	721,522	(3,693,835)	(2,972,313)
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)	<u>36,913,555</u>	<u>(62,392,595)</u>	<u>(25,479,040)</u>
Set off of tax	<u>(721,522)</u>	<u>721,522</u>	-
Net tax assets/(liabilities)	<u>36,192,033</u>	<u>(61,671,073)</u>	<u>(25,479,040)</u>

6. CORPORATE PROPOSALS

- (a) There are no corporate proposals which have been announced by the Company but not completed as at 27 November 2015 (being the latest practicable date from the date of issuance of the 3rd Quarter Report).
- (b) Status of Right Issues' proceeds utilisation

As at 30 September 2015, the status of utilisation of the proceeds raised from the Right Issues which was completed on 16 May 2014 are as follows:

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6. CORPORATE PROPOSALS (continued)

(b) Status of Right Issues' proceeds utilisation (continued)

Utilisation of proceeds	Proceeds	Expected timeframe for utilisation	Utilisation to Date	Balance
	(RM'000)		(RM'000)	(RM'000)
Funding of projects	74,455	Within 18 months	(57,110)	17,345
Repayment of bank borrowings	15,000	Within 6 months	(15,000)	-
Working Capital	12,053	Within 12 months	(12,000)	53
Estimated expenses	1,800	Within 6 months	(1,666)	134
Total	103,308		(85,775)	17,533

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 30 September 2015 are as follows:

Secured	Denominated in currency	Current	Non Current	Total
		RM'000	RM'000	RM'000
Bank Overdrafts	RM	23,687	-	23,687
Trust Receipts	RM	5,609	-	5,609
Revolving Credits	RM	97,577	-	97,577
Term Loans	RM	17,730	453,037	470,767
Term Loans	USD	-	103,454	103,454
Term Loans	IDR	7	22,946	22,953
Finance Lease Liabilities	RM	2,933	3,804	6,737
Finance Lease Liabilities	IDR	182	108	290
Total		147,725	583,349	731,074

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:

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8. MATERIAL LITIGATION (continued)

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 RM14,463,362). AZRB has consulted its solicitors who will defend the case on AZRB’s behalf.

PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
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9. DIVIDEND

Other than the single tier interim dividend of 2.0 sen per ordinary share of RM0.25 each for the financial year ending 31 December 2015 declared on 12 June 2015, 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:

	Current Quarter ended 30/09/2015	Current Quarter ended 30/09/2014	Cumulative Quarter ended 30/09/2015	Cumulative Quarter ended 30/09/2014
	RM	RM	RM	RM
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	4,429,491	1,862,080	17,435,547	9,979,476
Basic				
Weighted average number of ordinary shares in issue	483,540,255	391,491,612	483,540,255	391,491,612
Diluted				
Weighted average number of ordinary shares in issue	483,540,255	391,491,612	483,540,255	391,491,612
Effects of dilution resulting from unexercised warrants on issue	(3,038,207)	4,245,166	(3,038,207)	4,245,166
Adjusted weighted average number of ordinary shares in issue and issuable	480,502,048	395,736,778	480,502,048	395,736,778

Fully diluted price per share for the current quarter and financial year-to-date are not presented for assumed conversion of outstanding warrants as the assumed conversion of the outstanding warrants is giving anti-dilutive effect due to average market price that is lesser than warrant conversion price.

**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 30.09.2015	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	204,181	183,076
- Unrealised	(20,205)	(14,730)
	183,976	168,346
Total share of retained profits from associated companies		
- Realised	55	55
- Unrealised	-	-
	55	55
Total share of retained profits from jointly controlled companies		
- Realised	83	83
- Unrealised	-	-
	83	83
Less : Consolidated adjustments	(28,244)	(20,408)
Total Group retained profits as per consolidated accounts	155,870	148,076