

**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 and year ended 31 December 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 YEAR ENDED 31 DECEMBER 2015**

RM	Note	2015 Current quarter ended 31 December	2014 Comparative quarter ended 31 December	2015 12 months cumulative to date	2014 12 months cumulative to date
REVENUE		229,214,741	166,155,394	714,972,361	662,358,562
OPERATING EXPENSES	1	(207,064,812)	(156,499,744)	(660,226,057)	(623,540,562)
OTHER OPERATING INCOME		5,318,608	2,033,460	21,393,295	8,166,169
<b>PROFIT FROM OPERATIONS</b>		<b>27,468,537</b>	<b>11,689,110</b>	<b>76,139,599</b>	<b>46,984,169</b>
FINANCE COSTS		(21,727,272)	(4,964,834)	(46,714,152)	(21,692,322)
INVESTING RESULTS	2	2,656,298	224,727	2,656,298	375,997
<b>PROFIT BEFORE TAXATION</b>		<b>8,397,563</b>	<b>6,949,003</b>	<b>32,081,745</b>	<b>25,667,844</b>
TAX EXPENSE		(3,380,129)	(3,988,502)	(10,502,272)	(13,411,298)
<b>PROFIT FOR THE YEAR</b>	<b>3</b>	<b>5,017,434</b>	<b>2,960,501</b>	<b>21,579,473</b>	<b>12,256,546</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Actuarial loss from employee benefits		-	(117,734)	-	(117,734)
Foreign currency translation differences for foreign operations		(4,027,930)	(542,885)	(3,570,046)	(216,295)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>989,504</b>	<b>2,299,882</b>	<b>18,009,427</b>	<b>11,922,517</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND  
 OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

RM	Note	2015 Current quarter ended 31 December	2014 Comparative quarter ended 31 December	2015 12 months cumulative to date	2014 12 months cumulative to date
<b>PROFIT ATTRIBUTABLE TO :-</b>					
OWNERS OF THE COMPANY		5,440,960	3,528,745	22,876,507	13,508,221
NON-CONTROLLING INTERESTS		(423,526)	(568,244)	(1,297,034)	(1,251,675)
<b>PROFIT FOR THE YEAR</b>		<b>5,017,434</b>	<b>2,960,501</b>	<b>21,579,473</b>	<b>12,256,546</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO :-</b>					
OWNERS OF THE COMPANY		1,557,101	2,963,298	19,677,959	13,255,670
NON-CONTROLLING INTERESTS		(567,597)	(663,416)	(1,668,532)	(1,333,153)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>989,504</b>	<b>2,299,882</b>	<b>18,009,427</b>	<b>11,922,517</b>
<b>EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>					
Basic (sen)		1.13	0.87	4.73	3.32
Diluted (sen)		NA	0.86	NA	3.31
<b>Note 1 - Operating Expenses</b>					
Operating expenses represents the followings:-					
Cost of sales		185,936,333	127,043,416	588,318,518	547,843,355
Other operating expenses		21,128,479	29,456,328	71,907,539	75,697,207
<b>Total</b>		<b>207,064,812</b>	<b>156,499,744</b>	<b>660,226,057</b>	<b>623,540,562</b>
<b>Note 2 - Investing Results</b>					
Investing results represents the followings:-					
Share of results from associated companies		-	4,120	-	4,120
Share of results from joint ventures		2,656,298	220,607	2,656,298	371,877
<b>Total</b>		<b>2,656,298</b>	<b>224,727</b>	<b>2,656,298</b>	<b>375,997</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND  
 OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

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

RM	2015 Current quarter ended December	2014 Comparative quarter ended December	2015 12 months cumulative to date	2014 12 months cumulative to date
a) Interest income	(187,242)	(865,912)	(3,170,024)	(3,457,227)
b) Other income including investment income	(5,131,366)	(1,167,548)	(6,283,849)	(4,708,942)
c) Interest expense	12,094,134	5,143,343	38,068,468	20,735,534
d) Depreciation and amortisation	3,720,663	1,569,288	14,608,900	13,968,552
e) Provision for and write off of receivable	(1,458)	1,000,000	19,119	1,002,845
f) (Gain) or loss on disposal of quoted or unquoted investment or properties	-	-	(11,939,422)	-
g) Foreign exchange (gain)/loss	(4,286,411)	(1,090,245)	(3,439,321)	(307,721)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

<b>RM</b>	<b>(Not Audited) As at 31/12/2015</b>	<b>(Audited) As at 31/12/2014</b>
<b>Non-current assets</b>		
Property, plant and equipment	114,671,381	96,273,850
Prepaid lease payment	7,799,965	8,045,685
Land held for development	36,130,147	8,958,539
Biological assets	140,456,739	124,968,527
Goodwill	6,160,439	6,158,155
Intangible assets	39,919,750	16,409,759
Investments in associates	165,005	165,005
Interest in joint ventures	3,103,823	447,525
Available-for-sale investments	115,500	115,500
Deferred tax assets	25,918,164	24,694,953
Trade receivable-Long term	108,303,239	87,591,176
<b>Total non current assets</b>	<b>482,744,152</b>	<b>373,828,674</b>
<b>Current assets</b>		
Inventories	13,449,817	13,176,419
Property development costs	11,571,462	11,942,888
Trade & other receivables	1,036,871,318	660,710,453
Current tax assets	8,857,544	6,519,134
Cash & cash deposits	153,096,148	132,005,159
<b>Total current assets</b>	<b>1,223,846,289</b>	<b>824,354,053</b>
<b>Total assets</b>	<b>1,706,590,441</b>	<b>1,198,182,727</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	120,885,064	120,885,064
Reserves and treasury shares	217,899,399	207,862,683
<b>Total equity</b>	<b>338,784,463</b>	<b>328,747,747</b>
<b>Minority interest</b>	<b>2,324,196</b>	<b>3,993,522</b>
<b>Total equity and minority interest</b>	<b>341,108,659</b>	<b>332,741,269</b>
<b>Non-current liabilities</b>		
Long-term borrowings	689,932,697	403,809,897
Retirement benefits	2,324,382	1,720,862
Deferred tax liabilities	50,692,205	45,854,278
<b>Total non-current liabilities</b>	<b>742,949,284</b>	<b>451,385,037</b>
<b>Current liabilities</b>		
Short term borrowings	156,248,914	63,332,108
Current portion of long-term borrowings	2,730,392	19,424,777
Trade and other payables	458,393,687	325,954,004
Current tax liabilities	5,159,505	5,345,532
<b>Total current liabilities</b>	<b>622,532,498</b>	<b>414,056,421</b>
<b>Total liabilities</b>	<b>1,365,481,782</b>	<b>865,441,458</b>
<b>Total equity and liabilities</b>	<b>1,706,590,441</b>	<b>1,198,182,727</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Figures have not been audited)*

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
<b>Year ended 31 December 2015</b>										
<b>Balance at the beginning of the year</b>	120,885,064	21,888,800	3,366,111	27,890,739	7,667,034	148,075,786	(1,025,787)	328,747,747	3,993,522	332,741,269
Movements during the year										
Profit for the year	-	-	-	-	-	22,876,507	-	22,876,507	(1,297,034)	21,579,473
Actuarial gain from employee benefits	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	(3,198,548)	-	-	-	-	(3,198,548)	(371,498)	(3,570,046)
<b>Total comprehensive income for the year</b>	-	-	<b>(3,198,548)</b>	-	-	<b>22,876,507</b>	-	<b>19,677,959</b>	<b>(1,668,532)</b>	<b>18,009,427</b>
Changes in ownership interests in subsidiary								-	(794)	(794)
<b>Total transactions with non controlling interests</b>	-	-	-	-	-	-	-	-	<b>(794)</b>	<b>(794)</b>
Dividend to owner of the Company	-	-	-	-	-	(9,641,243)	-	(9,641,243)	-	(9,641,243)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	<b>(9,641,243)</b>	-	<b>(9,641,243)</b>	-	<b>(9,641,243)</b>
<b>Balance at the end of the year</b>	<b>120,885,064</b>	<b>21,888,800</b>	<b>167,563</b>	<b>27,890,739</b>	<b>7,667,034</b>	<b>161,311,050</b>	<b>(1,025,787)</b>	<b>338,784,463</b>	<b>2,324,196</b>	<b>341,108,659</b>
<b>Year ended 31 December 2014</b>										
<b>Balance at the beginning of the year</b>	<b>138,471,095</b>	<b>24,636</b>	<b>3,506,815</b>	-	-	<b>73,110,899</b>	<b>(1,025,787)</b>	<b>214,087,658</b>	<b>5,326,675</b>	<b>219,414,333</b>
Movements during the year										
Profit for the year	-	-	-	-	-	13,508,221	-	13,508,221	(1,251,675)	12,256,546
Actuarial gain from employee benefits	-	-	-	-	-	(111,847)	-	(111,847)	(5,887)	(117,734)
Foreign currency translation differences for foreign operations	-	-	(140,704)	-	-	-	-	(140,704)	(75,591)	(216,295)
<b>Total comprehensive income for the year</b>	-	-	<b>(140,704)</b>	-	-	<b>13,396,374</b>	-	<b>13,255,670</b>	<b>(1,333,153)</b>	<b>11,922,517</b>
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)
<b>Total transactions with owners of the Company</b>	<b>(17,586,031)</b>	<b>21,864,164</b>	-	<b>27,890,739</b>	<b>7,667,034</b>	<b>61,568,513</b>	-	<b>101,404,419</b>	-	<b>101,404,419</b>
<b>Balance at the end of the year</b>	<b>120,885,064</b>	<b>21,888,800</b>	<b>3,366,111</b>	<b>27,890,739</b>	<b>7,667,034</b>	<b>148,075,786</b>	<b>(1,025,787)</b>	<b>328,747,747</b>	<b>3,993,522</b>	<b>332,741,269</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015**

	12 months ended 31 December 2015 RM	12 months ended 31 December 2014 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>32,081,745</b>	<b>25,667,844</b>
Adjustments for:-		
Amortisation of prepaid land lease payments	441,713	436,406
Amortisation of land application costs	65,054	61,661
Amortisation of biological assets	5,299,620	4,587,074
Depreciation of property, plant & equipment	8,802,513	8,883,411
Amortised cost adjustment on non current receivables	11,870,834	9,091,915
Provision for and write off of receivable	19,119	1,002,845
Amortisation of transaction costs	1,084,410	120,098
Interest expenses	38,068,468	20,735,534
Interest revenue	(3,170,024)	(3,457,227)
Gain on disposal of property, plant & equipment	(12,181,753)	(288,540)
Property, plant & equipment written off	81,616	28
Employee benefits provision	385,601	356,621
Planting expenditures written off	-	4,567,887
Gain on foreign exchange -unrealised	(3,439,321)	(307,721)
Share of results in joint ventures	(2,656,298)	(371,877)
Accretion of fair value on non-current receivables	(5,680,983)	(623,708)
Share of results of associated companies	-	(4,120)
<b>Operating profit before working capital changes</b>	<b>71,072,314</b>	<b>70,458,131</b>
Increase in inventories	(273,399)	(819,225)
Increase in amount due from customers for contract work	(346,681,387)	(275,153,666)
(Increase)/Decrease in property development expenditure	(11,530,505)	51,909
Increase in intangible assets	(23,509,991)	(13,613,674)
Increase in trade and other receivables	(51,058,274)	(7,617,018)
Increase/(Decrease) in amount due to customers for contract work	11,068,938	(17,747,458)
Increase in trade and other payables	118,734,930	35,870,835
Employee retirement benefits paid	-	(114,558)
<b>Cash used in operations</b>	<b>(232,177,374)</b>	<b>(208,684,724)</b>
Tax paid	(7,087,950)	(12,424,486)
Interest received	3,170,024	3,463,102
Interest paid	(35,435,391)	(18,458,117)
<b>Net cash used in operating activities</b>	<b>(271,530,691)</b>	<b>(236,104,225)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
New planting expenditures incurred	(20,787,830)	(14,858,718)
Purchase of land held for development	(15,269,676)	-
Effect of acquisition of subsidiaries , net of cash received	(343)	31,344
Purchase of property, plant & equipment	(28,244,550)	(3,405,350)
Proceeds from disposal of property, plant & equipment	14,911,359	356,696
Investment in joint controlled entity	-	(330,000)
<b>Net cash used in investing activities</b>	<b>(49,391,040)</b>	<b>(18,206,028)</b>
<b>BALANCE CARRIED FORWARD</b>	<b>(320,921,731)</b>	<b>(254,310,253)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2015**

	<b>12 months ended 31 December 2015 RM</b>	<b>12 months ended 31 December 2014 RM</b>
BALANCE CARRIED DOWN	(320,921,731)	(254,310,253)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment to ultimate holding company	(201,666)	(3,442,360)
Repayment to/(from) related companies	(2,959,398)	126,297
Repayment from/(advance to) jointly-controlled entity	1,193,096	(2,700,000)
(Increase)/decrease in pledged fixed deposits	(9,348)	6,409,217
Dividend paid	(9,641,243)	-
Proceeds from issuance of shares	-	103,299,033
Rights issue expenses paid	-	(1,894,614)
Proceeds from trust receipts/revolving credits	96,315,495	36,478,226
Repayment of trust receipts/revolving credits	(21,930,610)	(17,352,207)
Payment for finance lease liabilities	(3,491,250)	(4,002,577)
Term loan drawdown proceeds	299,970,165	186,986,951
Term loan repayment	(34,744,106)	(15,173,014)
<b>Net cash generated from financing activities</b>	<b>324,501,135</b>	<b>288,734,952</b>
Effects of exchange difference on cash & cash equivalents	13,625,592	(2,368,186)
Net increase in cash and cash equivalents	(267,951,287)	(201,679,526)
Cash and cash equivalents at beginning of the year	72,695,787	40,639,274
<b>Cash and cash equivalents at end of the year</b>	<b>(181,629,908)</b>	<b>(163,408,438)</b>
<b>Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-</b>		
Cash and bank balances	108,123,110	84,976,091
Cash deposits with licensed banks	44,973,038	47,029,068
Bank overdrafts	(24,958,533)	(21,081,888)
Less: Pledged fixed deposits	(38,236,832)	(38,227,484)
	<b>89,900,783</b>	<b>72,695,787</b>

**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 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 31 December 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.



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

**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 31 December 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 ended 31 December 2015 amounted to RM 9,641,243 on 14 August 2015.

**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	Oil & gas	Plantation	Property	Other operations	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM	RM
<b>31-Dec-15</b>							
<b>REVENUE</b>							
External revenue	644,216,782	47,608,189	7,981,086	15,166,304	-	-	714,972,361
Inter – segment revenue	-	2,320,224	-	-	20,415,000	(22,735,224)	-
<b>Total revenue</b>	<b>644,216,782</b>	<b>49,928,413</b>	<b>7,981,086</b>	<b>15,166,304</b>	<b>20,415,000</b>	<b>(22,735,224)</b>	<b>714,972,361</b>
<b>RESULT</b>							
Segment results	52,125,390	14,082,754	(39,909,869)	2,438,062	12,689,110	(9,343,702)	32,081,745
Interest income	1,336,372	64,871	889,913	49,168	829,700	-	3,170,024
Interest expenses	(29,026,107)	(149,538)	(5,412,591)	(9,086)	(3,471,146)	-	(38,068,468)
Share of results in joint ventures	2,656,298	-	-	-	-	-	2,656,298
Non cash expenses Note (i)	(2,532,974)	(30,881)	(16,313,408)	-	3,519,271	(3,439,320)	(18,797,312)
Depreciation	(5,807,082)	(1,325,459)	(727,447)	(271,379)	(671,146)	-	(8,802,513)
<b>31-Dec-14</b>							
<b>REVENUE</b>							
External revenue	601,120,555	45,623,576	5,381,270	9,645,160	588,001	-	662,358,562
Inter – segment revenue	-	5,340,325	-	-	7,345,000	(12,685,325)	-
<b>Total revenue</b>	<b>601,120,555</b>	<b>50,963,901</b>	<b>5,381,270</b>	<b>9,645,160</b>	<b>7,933,001</b>	<b>(12,685,325)</b>	<b>662,358,562</b>
<b>RESULT</b>							
Segment results	52,603,237	13,977,275	(33,796,730)	1,131,334	(8,499,127)	251,855	25,667,844
Interest income	2,119,283	113,799	10,397	26,785	1,186,963	-	3,457,227
Interest expenses	(14,609,336)	(53,007)	(2,079,026)	(5,516)	(3,988,649)	-	(20,735,534)
Share of results in joint ventures	371,877	-	-	-	-	-	371,877
Share of results in associated co.	4,120	-	-	-	-	-	4,120
Non cash expenses Note (i)	(9,091,915)	(28)	(5,136,633)	-	(1,172,416)	162,626	(15,238,366)
Depreciation	(6,106,574)	(1,001,520)	(736,013)	(173,372)	(865,932)	-	(8,883,411)

**Note (i) : Non cash expenses**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Amortisation of planting expenditures	5,299,620	4,587,074
Amortisation of prepaid land lease payments	441,713	436,406
Amortisation of transaction costs	1,084,410	120,098
Provision for and write off of receivable	19,119	1,002,845
Amortised cost adjustment on non current receivables	11,870,834	9,091,915
Property, plant and equipment written off	81,616	28
	<b>18,797,312</b>	<b>15,238,366</b>

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

## 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 26 February 2016 (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 for the following:

### i) Issuance of RM1,000 million Sukuk Murabahah

On 29 January 2016, AZRB's wholly-owned subsidiary, EKVE Sdn Bhd ("EKVE") completed its issuance of RM1,000 million in nominal value of the Sukuk Murabahah pursuant to the Guaranteed Sukuk Murabahah Facility. The Sukuk Murabahah issued has been accorded a long-term rating of AAA(bg) with stable outlook by RAM Rating Services Berhad. Bank Pembangunan Malaysia Berhad ("BPMB") and Maybank Islamic Berhad are the guarantors for the Guaranteed Sukuk Murabahah Facility. The proceeds raised from the issuance of the Sukuk Murabahah will be utilised by EKVE to, amongst others, part-finance and reimburse all costs associated with the development, design, construction and operations of the East Klang Valley Expressway.

### 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 a 60% stake in Peak Crops where its principal activities are development of palm oil mills and investment holding. The transfer of Peak Crops's shares has been completed on 12 January 2016.

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

## 12. CHANGES IN THE COMPOSITION OF THE GROUP

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

### i) Acquisition of Betanaz Mills Sdn Bhd

The Company had 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.

## 13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 26 February 2016 (being the latest practicable date from the date of issuance of the 4th Quarter Report) save as disclosed in Part B item 8.

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

**14. SIGNIFICANT RELATED PARTY'S TRANSACTION**

The significant transactions with the Directors, parties connected to the Directors and companies in which the Directors have substantial financial interest are as follows:

	<b>2015 12 months cumulative to date RM</b>	<b>2014 12 months cumulative to date RM</b>
<b>Trade</b>		
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	8,655,797	10,328,429
- Chuan Huat Hardware Sdn Bhd	320,861	420,889
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	5,250,440	17,260
- Kemaman Quarry Sdn Bhd	(369,858)	(316,243)
<b>Non-Trade</b>		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	120,000	120,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	775,952	723,286
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	1,811,920	795,137

**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 RM229.2 million for the current quarter ended 31 December 2015, compared to revenue of RM166.2 million in the corresponding quarter of the previous financial period. The higher revenue by RM63.0 million (38%) was mainly contributed by higher revenue recorded in Construction Division towards the end of the year by RM47.9million as certain projects have shown higher progress closer to their completion stages.

The Group pre-tax profit increased by RM1.5 million (22%) to RM8.4 million when compared to pre-tax profit of RM6.9 million achieved in the corresponding quarter in 2014. This was mainly due to higher share of profits contributed by joint venture entities by RM2.4 million.

**b) For the 12 months period**

The Group registered revenue of RM715.0 million for the current year ended 31 December 2015, compared to revenue of RM662.4 million for the corresponding year ended 31 December 2014. The higher revenue by RM52.6 million (8%) was mainly due to higher revenue from the Construction Division.

The Group recorded pre-tax profit of RM32.1 million for the current year ended 31 December 2015 which was higher by RM6.4million (25%) as compared to pre-tax profit of RM25.7 million for the corresponding year ended 31 December 2014. This was mainly due to higher revenue and margin recorded.

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

	<b>Current Qtr RM</b>	<b>Preceding Qtr RM</b>	<b>+/(-) RM</b>
Revenue	229,215	177,135	52,080
Profits before tax	8,398	5,897	2,501

On a quarter to quarter basis, the Group's revenue and pre-tax profit improved by RM52.1 million and RM2.5 million respectively mainly due to higher progress achieved by Construction Division.

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

### 3. PROSPECTS

The Group's Construction Division remaining order book balance as at 31 December 2015 stands at RM3.295 billion. We are positive on our prospects of adding to 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 division has also commenced construction on its maiden Palm Oil Mill which would greatly help the division in delivering desired results to the Group.

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.

### 5. TAXATION

Taxation comprises :

	<b>Current Qtr 31.12.2015 RM</b>	<b>Cumulative Current YTD 31.12.2015 RM</b>
Current tax expense	3,142,795	4,369,512
Deferred tax expenses:		
- Origination of temporary differences	237,334	6,132,760
<b>Total income tax expense</b>	<b>3,380,129</b>	<b>10,502,272</b>

**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 :

	<b>Current Qtr 31.12.2015 RM</b>	<b>Cumulative Current YTD 31.12.2015 RM</b>
Accounting profits before taxation	8,397,563	32,081,745
Tax at the statutory income tax rate of 25%	2,099,391	8,020,436
- Non taxable revenue	(4,363,794)	(7,528,564)
- Deferred tax assets not recognised	(129,998)	355,058
- Utilisation of Deferred tax assets not recognised	(398,260)	(398,260)
- Non deductible expenses	10,199,719	14,080,531
- Changes in tax rate	(1,937,586)	(1,937,586)
- Over provision - deferred tax	(1,757,410)	(1,757,410)
- Over provision - income tax	(331,933)	(331,933)
<b>Tax Expense</b>	<b>3,380,129</b>	<b>10,502,272</b>

Movement of Deferred Tax Liabilities /(Assets):

	<b>Current Qtr 31.12.2015 RM</b>	<b>Cumulative Current YTD 31.12.2015 RM</b>
At beginning of the period/year	25,479,040	21,159,325
Transfer to income statement	237,334	6,132,760
Translation differences	(942,333)	(2,518,044)
<b>At end of the period</b>	<b>24,774,041</b>	<b>24,774,041</b>



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

**5. TAXATION (continued)**

Recognised deferred tax assets/(liabilities)

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	25,856,833	-	25,856,833
Taxable temporary differences	-	(42,008,347)	(42,008,347)
Employee benefits	61,331	-	61,331
Property, plant and equipment	351,259	(1,524,108)	(1,172,849)
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	-	(4,406,092)	(4,406,092)
<b>Tax assets/(liabilities)</b>	<b>26,269,423</b>	<b>(51,043,464)</b>	<b>(24,774,041)</b>
Set off of tax	(351,259)	351,259	-
<b>Net tax assets/(liabilities)</b>	<b>25,918,164</b>	<b>(50,692,205)</b>	<b>(24,774,041)</b>

**6. CORPORATE PROPOSALS**

(a) There are no corporate proposals which have been announced by the Company but not completed as at 26 February 2016 (being the latest practicable date from the date of issuance of the 4th Quarter Report) other than as follows:

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

The Company had 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 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:

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

**6. CORPORATE PROPOSALS (continued)**

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

- 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.

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

As at 31 December 2015, the status of utilisation of the proceeds raised from the Right Issues which was completed on 16 May 2014 are as follows:

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	(66,707)	7,748
Repayment of bank borrowings	15,000	Within 6 months	(15,000)	-
Working Capital	12,053	Within 12 months	(12,053)	-
Estimated expenses	1,800	Within 6 months	(1,800)	-
<b>Total</b>	<b>103,308</b>		<b>(95,560)</b>	<b>7,748</b>

**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 2015 are as follows:

Secured	Denominated in currency	Current	Non Current	Total
		RM'000	RM'000	RM'000
Bank Overdrafts	RM	24,959	-	24,959
Trust Receipts	RM	13,058	-	13,058
Revolving Credits	RM	103,577	-	103,577
Term Loans	RM	14,647	534,898	549,545
Term Loans	USD	-	127,193	127,193
Term Loans	IDR	8	23,817	23,825
Finance Lease Liabilities	RM	2,701	4,013	6,714
Finance Lease Liabilities	IDR	29	12	41
<b>Total</b>		<b>158,979</b>	<b>689,933</b>	<b>848,912</b>

**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.

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

**8. MATERIAL LITIGATION (continued)**

**(i) Arbitration on Alfaisal University project (continued)**

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.

**9. DIVIDEND**

Other than the single tier interim dividend of 2.0 sen per ordinary share of RM0.25 each for the financial year ended 31 December 2015 declared on 12 June 2015, the Board did not recommend any dividend for the current financial period under review.

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

## 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 year 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 31/12/2015	Current Quarter ended 31/12/2014	Cumulative Quarter ended 31/12/2015	Cumulative Quarter ended 31/12/2014
	RM	RM	RM	RM
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>5,440,960</b>	<b>3,528,745</b>	<b>22,876,507</b>	<b>13,508,221</b>
<b>Basic</b>				
Weighted average number of ordinary shares in issue	483,540,255	407,127,272	483,540,255	407,127,272
<b>Diluted</b>				
Weighted average number of ordinary shares in issue	483,540,255	407,127,272	483,540,255	407,127,272
Effects of dilution resulting from unexercised warrants on issue	(4,625,330)	1,454,916	(4,625,330)	1,454,916
Adjusted weighted average number of ordinary shares in issue and issuable	478,914,925	408,582,188	478,914,925	408,582,188

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**

	<b>Current financial Quarter ended 31.12.2015</b>	<b>As at the end of last financial year</b>
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	193,996	183,076
- Unrealised	(15,214)	(14,730)
	178,782	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	(17,609)	(20,408)
<b>Total Group retained profits as per consolidated accounts</b>	<b>161,311</b>	<b>148,076</b>