

### 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 2<sup>nd</sup> Quarter and period ended 30 June 2016. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015 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 JUNE 2016

| RM'000   | Note | 2016<br>Current<br>quarter ended<br>30 June | 2015<br>Comparative<br>quarter ended<br>30 June | 2016<br>6 months<br>cumulative<br>to date | 2015<br>6 months<br>cumulative<br>to date |
|--|------|---|---|---|---|
| <b>REVENUE</b>   |      | 264,050                                     | 155,567   | 573,421                                   | 308,622                                   |
| <b>OPERATING EXPENSES</b>  | 1    | (252,310)                                   | (148,759)                                       | (555,737)                                 | (290,202)                                 |
| <b>OTHER OPERATING INCOME</b>                                      |      | 7,961                                       | 13,285  | 21,211                                    | 15,208                                    |
| <b>PROFIT FROM OPERATIONS</b>                                      |      | 19,701                                      | 20,093  | 38,895                                    | 33,628                                    |
| <b>FINANCE COSTS</b>   |      | (11,208)                                    | (7,943)   | (24,294)                                  | (15,841)                                  |
| <b>INVESTING RESULTS</b>   | 2    | -   | -   | -   | -   |
| <b>PROFIT BEFORE TAXATION</b>                                      |      | 8,493                                       | 12,150  | 14,601                                    | 17,787                                    |
| <b>TAX EXPENSE</b>   |      | (2,864)                                     | (2,660)   | (4,960)                                   | (4,881)                                   |
| <b>PROFIT FOR THE PERIOD</b>                                       | 3    | 5,629                                       | 9,490   | 9,641                                     | 12,906                                    |
| <b>OTHER COMPREHENSIVE INCOME,<br/>NET OF TAX</b>                  |      |   |   |   |   |
| Actuarial gain from employee benefits                              |      | -   | -   | -   | 118                                       |
| Foreign currency translation differences<br>for foreign operations |      | (1,831)                                     | 2,500   | 6,736                                     | 2,986                                     |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE PERIOD</b>               |      | 3,798                                       | 11,990  | 16,377                                    | 16,010                                    |
| <b>PROFIT ATTRIBUTABLE TO:</b>                                     |      |   |   |   |   |
| OWNERS OF THE COMPANY  |      | 6,210                                       | 9,630   | 10,407                                    | 13,006                                    |
| NON-CONTROLLING INTEREST   |      | (581)                                       | (140)   | (766)                                     | (100)                                     |
| <b>PROFIT FOR THE PERIOD</b>                                       |      | 5,629                                       | 9,490   | 9,641                                     | 12,906                                    |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND  
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016**

| RM'000   | Note | 2016<br>Current<br>quarter ended<br>30 June | 2015<br>Comparative<br>quarter ended<br>30 June | 2016<br>6 months<br>cumulative<br>to date | 2015<br>6 months<br>cumulative<br>to date |
|--|------|---|---|---|---|
| <b>COMPREHENSIVE INCOME</b>                          |      |   |   |   |   |
| <b>ATTRIBUTABLE TO:-</b>                             |      |   |   |   |   |
| <b>OWNERS OF THE COMPANY</b>                         |      | 3,268                                       | 12,028  | 16,201                                    | 16,029                                    |
| <b>NON-CONTROLLING INTERESTS</b>                     |      | 530   | (38)  | 88  | (19)                                      |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE PERIOD</b> |      | <b>3,798</b>                                | <b>11,990</b>                                   | <b>16,377</b>                             | <b>16,010</b>                             |

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

|                      |      |      |      |      |
|----------------------|------|------|------|------|
| <b>Basic (sen)</b>   | 1.28 | 1.99 | 2.15 | 2.69 |
| <b>Diluted (sen)</b> | -    | 1.99 | -    | 2.68 |

**Note 1 - Operating Expenses**

Operating expenses represents the followings:-

|                          |                |                |                |                |
|--------------------------|----------------|----------------|----------------|----------------|
| Cost of sales            | 236,153        | 131,343        | 521,487        | 255,530        |
| Other operating expenses | 16,157         | 17,416         | 34,250         | 34,672         |
| <b>TOTAL</b>             | <b>252,310</b> | <b>148,759</b> | <b>555,737</b> | <b>290,202</b> |

**Note 2 - Investing Results**

Investing results represents the followings:-

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Share of results from associated companies | -        | -        | -        | -        |
| Share of results from joint ventures       | -        | -        | -        | -        |
| <b>TOTAL</b>                               | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

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

|  |         |          |         |          |
|--|---------|----------|---------|----------|
| a) Interest income                           | (328)   | (1,142)  | (847)   | (2,010)  |
| b) Other income including investment income  | (1,344) | (12,143) | (8,509) | (13,198) |
| c) Interest expense                          | 10,828  | 7,488    | 23,428  | 15,196   |
| d) Depreciation and amortisation             | 4,880   | 3,543    | 8,602   | 7,164    |
| e) Provision for and write off of receivable | -       | -        | -       | 19       |
| f) Foreign exchange (gain)/loss              | (482)   | 1,237    | (6,194) | 3,483    |

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| <b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS<br/>AT 30 JUNE 2016</b> |
|--|

| RM '000  | (Not Audited)<br>As at 30/06/2016 | (Audited)<br>As at 31/12/2015 |
|--|-----------------------------------|-------------------------------|
| <b>Non-current assets</b>                                  |                                   |                               |
| Property, plant and equipment                              | 139,872                           | 114,671                       |
| Prepaid lease payment                                      | 17,006                            | 7,800                         |
| Property development costs                                 | 36,130                            | 24,228                        |
| Biological assets  | 147,031                           | 140,457                       |
| Goodwill   | 6,158                             | 6,158                         |
| Concession assets  | 227,613                           | 39,920                        |
| Investments in associates                                  | 165                               | 165                           |
| Interest in joint ventures                                 | 3,104                             | 3,104                         |
| Available-for-sale investments                             | 116                               | 116                           |
| Deferred tax assets  | 32,528                            | 31,517                        |
| Trade and other receivables                                | 115,861                           | 108,305                       |
| <b>Total non-current assets</b>                            | <b>725,584</b>                    | <b>476,441</b>                |
| <b>Current assets</b>                                      |                                   |                               |
| Inventories  | 13,041                            | 13,450                        |
| Property development costs                                 | 14,910                            | 23,473                        |
| Trade and other receivables                                | 1,237,385                         | 1,036,818                     |
| Current tax assets   | 6,679                             | 8,858                         |
| Other investment   | 882,491                           | -                             |
| Cash and deposits  | 260,518                           | 153,096                       |
| <b>Total current assets</b>                                | <b>2,415,024</b>                  | <b>1,235,695</b>              |
| <b>TOTAL ASSETS</b>  | <b>3,140,608</b>                  | <b>1,712,136</b>              |
| <b>Equity attributable to equity holders of the parent</b> |                                   |                               |
| Share capital  | 120,885                           | 120,885                       |
| Reserves   | 225,314                           | 217,900                       |
| <b>Total equity</b>  | <b>346,199</b>                    | <b>338,785</b>                |
| <b>Minority interest</b>                                   | <b>1,646</b>                      | <b>2,324</b>                  |
| <b>Total equity and minority interest</b>                  | <b>347,845</b>                    | <b>341,109</b>                |
| <b>Non-current liabilities</b>                             |                                   |                               |
| Loans and borrowings                                       | 1,945,129                         | 690,663                       |
| Employee benefits  | 2,434                             | 2,324                         |
| Deferred tax liabilities                                   | 56,282                            | 56,291                        |
| <b>Total non-current liabilities</b>                       | <b>2,003,845</b>                  | <b>749,278</b>                |
| <b>Current liabilities</b>                                 |                                   |                               |
| Loans and borrowings                                       | 114,167                           | 159,149                       |
| Trade and other payables                                   | 666,481                           | 457,440                       |
| Current tax liabilities                                    | 8,270                             | 5,160                         |
| <b>Total current liabilities</b>                           | <b>788,918</b>                    | <b>621,749</b>                |
| <b>Total liabilities</b>                                   | <b>2,792,763</b>                  | <b>1,371,027</b>              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>3,140,608</b>                  | <b>1,712,136</b>              |

AHMAD ZAKI RESOURCES BERHAD (432768-X)  
 INCORPORATED IN MALAYSIA  
 QUARTERLY REPORT ON THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 2016



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED 30 JUNE 2016

| RM'000   | Attributable to the owners of the Company |                  |   |                    |                    |                     |                    | Non<br>Controlling<br>Interests | Total<br>Equity |          |
|--|---|------------------|---|--------------------|--------------------|---------------------|--------------------|---------------------------------|-----------------|----------|
|  | Share<br>Capital                          | Share<br>Premium | Foreign<br>Exchange<br>Share<br>Reserve | Warrant<br>Reserve | Capital<br>Reserve | Retained<br>Profits | Treasury<br>Shares |                                 |                 | Subtotal |
| <b>Period ended 30 June 2016</b>                                   |   |                  |   |                    |                    |                     |                    |                                 |                 |          |
| <b>Balance at the beginning of the period</b>                      | 120,885                                   | 21,889           | 167                                     | 27,891             | 7,667              | 161,312             | (1,026)            | 338,785                         | 2,324           | 341,109  |
| Movement during the period:  |   |                  |   |                    |                    |                     |                    |                                 |                 |          |
| Profit for the period  | -   | -                | -                                       | -                  | -                  | 10,407              | -                  | 10,407                          | (766)           | 9,641    |
| Foreign currency translation<br>differences for foreign operations | -   | -                | 6,648                                   | -                  | -                  | -                   | -                  | 6,648                           | 88              | 6,736    |
| <b>Total comprehensive income for the<br/>period</b>               | -   | -                | 6,648                                   | -                  | -                  | 10,407              | -                  | 17,055                          | (678)           | 16,377   |
| Dividend to owner of the Company                                   |   |                  | -                                       | -                  | -                  | (9,641)             | -                  | (9,641)                         | -               | (9,641)  |
| <b>Total transactions with owners of the<br/>Company</b>           | -   | -                | -                                       | -                  | -                  | (9,641)             | -                  | (9,641)                         | -               | (9,641)  |
| <b>Balance at the end of the period</b>                            | 120,885                                   | 21,889           | 6,815                                   | 27,891             | 7,667              | 162,078             | (1,026)            | 346,199                         | 1,646           | 347,845  |
| <b>Period ended 30 June 2015</b>                                   |   |                  |   |                    |                    |                     |                    |                                 |                 |          |
| <b>Balance at the beginning of the period</b>                      | 120,885                                   | 21,889           | 3,366                                   | 27,891             | 7,667              | 148,075             | (1,026)            | 328,747                         | 3,994           | 332,741  |
| Movement during the period:  |   |                  |   |                    |                    |                     |                    |                                 |                 |          |
| Profit for the period  | -   | -                | -                                       | -                  | -                  | 13,006              | -                  | 13,006                          | (100)           | 12,906   |
| Actuarial gain from employee benefits                              | -   | -                | -                                       | -                  | -                  | 118                 | -                  | 118                             | -               | 118      |
| Foreign currency translation<br>differences for foreign operations | -   | -                | 2,905                                   | -                  | -                  | -                   | -                  | 2,905                           | 81              | 2,986    |
| <b>Total comprehensive income for the<br/>period</b>               | -   | -                | 2,905                                   | -                  | -                  | 13,124              | -                  | 16,029                          | (19)            | 16,010   |
| Dividend to owner of the Company                                   |   |                  | -                                       | -                  | -                  | (9,641)             | -                  | (9,641)                         | -               | (9,641)  |
| <b>Total transactions with owners of the<br/>Company</b>           | -   | -                | -                                       | -                  | -                  | (9,641)             | -                  | (9,641)                         | -               | (9,641)  |
| <b>Balance at the end of the period</b>                            | 120,885                                   | 21,889           | 6,271                                   | 27,891             | 7,667              | 151,558             | (1,026)            | 335,135                         | 3,975           | 339,110  |

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| <b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016</b> |
|---|

| RM '000   | 6 months ended<br>30 June 2016 | 6 months ended<br>30 June 2015 |
|---|--------------------------------|--------------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                          |                                |                                |
| Profit before taxation  | 14,601                         | 17,787                         |
| Adjustments for:-   |                                |                                |
| Amortisation of prepaid land lease payments                         | 350                            | 217                            |
| Amortisation of biological assets                                   | 2,845                          | 2,578                          |
| Depreciation of property, plant and equipment                       | 4,660                          | 4,369                          |
| Provision for and write off of receivable                           | 4                              | 19                             |
| Amortisation of transaction costs                                   | 747                            | 374                            |
| Interest expenses   | 23,428                         | 15,196                         |
| Interest income   | (847)                          | (2,010)                        |
| Gain on disposal of property, plant and equipment                   | (393)                          | (12,087)                       |
| Employee benefits   | (109)                          | 190                            |
| (Gain)/Loss on foreign exchange –unrealised                         | (6,194)                        | 3,483                          |
| <b>Operating profit before working capital changes</b>              | <b>39,092</b>                  | <b>30,116</b>                  |
| Decrease /(Increase) in inventories                                 | 412                            | (347)                          |
| Increase in amount due from customers for contract work             | (175,983)                      | (117,229)                      |
| (Increase)/Decrease in property development expenditure             | (3,339)                        | 2,341                          |
| Increase in concession assets                                       | (187,693)                      | -                              |
| Increase in trade and other receivables                             | (49,354)                       | (66,201)                       |
| Increase in amount due to customers for contract work               | 9,119                          | 3,684                          |
| Increase in trade and other payables                                | 213,491                        | 31,474                         |
| <b>Cash used in operations</b>                                      | <b>(154,255)</b>               | <b>(116,162)</b>               |
| Tax paid  | (2,179)                        | (4,882)                        |
| Tax refunded  | 1,488                          | -                              |
| Interest received   | 847                            | 1,616                          |
| Interest paid   | (23,428)                       | (15,196)                       |
| <b>Net cash used in operating activities</b>                        | <b>(177,527)</b>               | <b>(134,624)</b>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                                |                                |
| New planting expenditures incurred                                  | (9,419)                        | (8,059)                        |
| Purchase of leasehold land  | (9,360)                        | (7,774)                        |
| Placement of other investment                                       | (882,491)                      | -                              |
| Purchase of property, plant and equipment                           | (18,421)                       | (7,754)                        |
| Investment in joint controlled entity                               | -                              | (300)                          |
| Proceeds from disposal of property, plant and equipment             | 284                            | 14,815                         |
| <b>Net cash used in investing activities</b>                        | <b>(919,407)</b>               | <b>(9,072)</b>                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                                |                                |
| Repayment to related companies                                      | -                              | (3,171)                        |
| Advance to joint controlled entity                                  | -                              | (2,700)                        |
| (Increase)/Decrease in pledged fixed deposits                       | (9,979)                        | 443                            |
| Proceeds of trust receipts/revolving credits                        | 86,909                         | 29,134                         |
| Repayment of trust receipts/revolving credits                       | (106,126)                      | (11,083)                       |
| Payment for finance lease liabilities                               | (4,897)                        | (2,088)                        |
| Sukuk drawdown  | 1,000,000                      | -                              |
| Term loan drawdown  | 236,556                        | 115,936                        |
| Term loan repayment   | (8,443)                        | (8,334)                        |
| <b>Net cash generated from financing activities</b>                 | <b>1,194,020</b>               | <b>118,137</b>                 |
| Net increase/(decrease) in cash and cash equivalents (carried down) | 97,086                         | (25,559)                       |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016**

| <b>RM '000</b>  | <b>6 months ended<br/>30 June 2016</b> | <b>6 months ended<br/>30 June 2015</b> |
|---|--|--|
| Net increase/(decrease) in cash and cash equivalents (brought down)   | 97,086                                 | (25,559)                               |
| Effects of exchange difference on cash and cash equivalents   | 4,443                                  | 7,029                                  |
| Cash and cash equivalents at beginning of the period  | 89,901                                 | 72,696                                 |
| <b>Cash and cash equivalents at end of the period</b>   | <b>191,430</b>                         | <b>54,166</b>                          |
| Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :- |  |  |
| Cash and bank balances  | 209,892                                | 72,187                                 |
| Cash deposits with licensed banks   | 50,626                                 | 44,104                                 |
| Bank overdrafts   | (20,873)                               | (24,340)                               |
| Less: Pledged fixed deposits  | (48,215)                               | (37,785)                               |
|   | <b>191,430</b>                         | <b>54,166</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 2015 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 financial year ended 31 December 2015.

**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 2015 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2016.

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 2015 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 June 2016.

**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 30 June 2016 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.

**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.

|  | Engineering &<br>Construction<br>RM'000 | Oil &<br>Gas<br>RM'000 | Plantation<br>RM'000 | Property<br>RM'000 | Other<br>operations<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|--|---|------------------------|----------------------|--------------------|-------------------------------|------------------------|------------------------|
| <b>30-June-16</b>                      |   |                        |                      |                    |                               |                        |                        |
| <b>REVENUE</b>                         |   |                        |                      |                    |                               |                        |                        |
| External revenue                       | 542,541                                 | 17,264                 | 5,686                | 7,930              | 3,552                         | (3,552)                | 573,421                |
| Inter-segment revenue                  | -                                       | -                      | -                    | -                  | -                             | -                      | -                      |
| <b>Total revenue</b>                   | <b>542,541</b>                          | <b>17,264</b>          | <b>5,686</b>         | <b>7,930</b>       | <b>3,552</b>                  | <b>(3,552)</b>         | <b>573,421</b>         |
| <b>RESULTS</b>                         |   |                        |                      |                    |                               |                        |                        |
| Segment results                        | 31,164                                  | 5,935                  | (13,604)             | (2,521)            | (6,373)                       | -                      | 14,601                 |
| Interest income                        | 737                                     | 5                      | -                    | 13                 | 92                            | -                      | 847                    |
| Interest expenses                      | (2,796)                                 | (42)                   | (6,765)              | (13,379)           | (446)                         | -                      | (23,428)               |
| Share of results in joint ventures     | -                                       | -                      | -                    | -                  | -                             | -                      | -                      |
| Share of results in associated company | -                                       | -                      | -                    | -                  | -                             | -                      | -                      |
| Non cash expenses (Note i)             | -                                       | -                      | 1,202                | -                  | 1,050                         | -                      | 2,252                  |
| Depreciation                           | (3,293)                                 | (577)                  | (397)                | (85)               | (308)                         | -                      | (4,660)                |



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| <b>PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16</b> |
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**9. SEGMENT REPORTING (continued)**

|  | Engineering &<br>Construction<br>RM'000 | Oil &<br>gas<br>RM'000 | Plantation<br>RM'000 | Property<br>RM'000 | Other<br>operations<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|--|---|------------------------|----------------------|--------------------|-------------------------------|------------------------|------------------------|
| <b>30-June-15</b>                      |   |                        |                      |                    |                               |                        |                        |
| <b>REVENUE</b>                         |   |                        |                      |                    |                               |                        |                        |
| External revenue                       | 275,275                                 | 18,810                 | 3,568                | 10,774             | 195                           | -                      | 308,622                |
| Inter-segment revenue                  | -                                       | 995                    | -                    | -                  | -                             | (995)                  | -                      |
| <b>Total revenue</b>                   | <b>275,275</b>                          | <b>19,805</b>          | <b>3,568</b>         | <b>10,774</b>      | <b>195</b>                    | <b>(995)</b>           | <b>308,622</b>         |
| <b>RESULTS</b>                         |   |                        |                      |                    |                               |                        |                        |
| Segment results                        | 33,757                                  | 7,252                  | (17,175)             | 2,068              | (8,115)                       | -                      | 17,787                 |
| Interest income                        | 1,465                                   | 45                     | 5                    | 29                 | 466                           | -                      | 2,010                  |
| Interest expenses                      | (11,213)                                | (20)                   | (2,949)              | (4)                | (1,010)                       | -                      | (15,196)               |
| Share of results in joint ventures     | -                                       | -                      | -                    | -                  | -                             | -                      | -                      |
| Share of results in associated company | -                                       | -                      | -                    | -                  | -                             | -                      | -                      |
| Non cash expenses (Note i)             | 718                                     | -                      | (7,378)              | -                  | (20)                          | 9                      | (6,671)                |
| Depreciation                           | (2,882)                                 | (618)                  | (379)                | (135)              | (355)                         | -                      | (4,369)                |

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

|  | <b>30/6/2016</b><br><b>RM'000</b> | <b>Group</b><br><b>30/6/2015</b><br><b>RM'000</b> |
|--|-----------------------------------|---|
| Amortisation of planting expenditures        | 2,845                             | 2,578   |
| Amortisation of prepaid land lease payments  | 350                               | 217   |
| Amortisation of transaction costs            | 747                               | 374   |
| (Gain)/Loss on foreign exchange - unrealised | (6,194)                           | 3,483   |
| Provision for and write off of receivable    | -                                 | 19  |
|  | <u>(2,252)</u>                    | <u>6,671</u>                                      |

**10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

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

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

**11. SUBSEQUENT EVENTS**

There was no material event subsequent to the end of the current quarter up to 26 August 2016 (being the latest practicable date from the date of issuance of the 2<sup>nd</sup> 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 period-to-date.

**13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Group does not have any material contingent liabilities as at 26 August 2016 (being the latest practicable date from the date of issuance of the 2<sup>nd</sup> Quarter Report) except as disclosed in Part B item 8.

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| <b>PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16</b> |
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**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>2016<br/>6 months<br/>cumulative<br/>to date<br/>RM'000</b> | <b>2015<br/>6 months<br/>cumulative<br/>to date<br/>RM'000</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  | 3,027  | 5,732  |
| - Chuan Huat Hardware Sdn Bhd  | 236  | 273  |
| 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  |
| - Kemaman Quarry Sdn Bhd   | (64)   | (203)  |
| <b>Non-Trade</b>   |  |  |
| Administrative service charged by Zaki Holdings (M) Sdn Bhd  | 60   | 60   |
| Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd  | 523  | 439  |
| Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda   | 523  | 929  |
| Rental paid/payable to Zaki Holdings (M) Sdn Bhd   | 60   | -  |

**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 RM264.0 million for the current quarter ended 30 June 2016, compared to revenue of RM155.6 million in the corresponding quarter of the previous financial period. The higher revenue by RM108.4 million (70%) was mainly contributed by Construction Division as certain projects have shown higher progress during the period as well as the impact of additional new projects awarded during the financial period.

The Group pre-tax profit decreased by RM3.7 million (30%) to RM8.5 million when compared to pre-tax profit of RM12.2 million achieved in the corresponding quarter in 2015. This was mainly due to higher other operating income recorded in 2<sup>nd</sup> quarter 2015.

**b) For the 6 months period**

The Group registered revenue of RM573.4 million for the six (6) months ended 30 June 2016 as compared to revenue of RM308.6 million in the previous financial period. The higher revenue by RM264.8 million (86%) was mainly contributed by Construction Division as certain projects have shown higher progress during the period as well as the impact of additional new projects awarded during the financial period.

The Group pre-tax profit decreased by RM3.2 million (18%) to RM14.6 million when compared to pre-tax profit of RM17.8 million achieved in the 1<sup>st</sup> half 2015, mainly due to higher other operating income in the previous financial period.

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

|                          | Current<br>Quarter (Q2'16)<br>RM'000 | Preceding<br>Quarter (Q1'16)<br>RM'000 | Diff<br>+ / (-)<br>RM'000 |
|--------------------------|--------------------------------------|--|---------------------------|
| <b>REVENUE</b>           | 264,050                              | 309,371                                | (45,321)                  |
| <b>PROFIT BEFORE TAX</b> | 8,493                                | 6,109                                  | 2,384                     |

On a quarter to quarter basis, the Group's revenue was lower mainly due to higher progress rate shown in on-going construction projects in preceding quarter. Pre-tax profit was higher than preceding quarter mainly due to the impact of additional new projects with higher margin.

**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 the date of this 2<sup>nd</sup> Quarter Report stands at RM4.357 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 beginning next year.

The Property Division is currently planning and embarking on several residential development projects for launch in 2016 and 2017. 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 facilities management business under the Property Division has started to contribute a steady flow of income upon commencement of the asset management services of IIUM Medical Centre during 2<sup>nd</sup> quarter of 2016.

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

Not applicable.

### 5. TAXATION

|  | Current<br>Quarter ended<br>30.06.2016<br>RM'000 | Cumulative<br>Current YTD<br>30.06.2016<br>RM'000 |
|--|--|---|
| Current tax expense                    | 2,663  | 4,714   |
| Deferred tax expenses:                 |  |   |
| - Origination of temporary differences | 201  | 246   |
| <b>Total</b>                           | <b>2,864</b>                                     | <b>4,960</b>                                      |

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

**6. CORPORATE PROPOSALS**

There are no corporate proposals which have been announced by the Company but not completed as at 26 August 2016 (being the latest practicable date from the date of issuance of the 2<sup>nd</sup> Quarter Report) other than as follows:

**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:
  - 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.

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| <b>PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B</b> |
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## 7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 30 June 2016 are as follows:

| <b>Secured</b>            | <b>Denominated<br/>in currency</b> | <b>Current<br/>RM'000</b> | <b>Non Current<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---------------------------|------------------------------------|---------------------------|-------------------------------|-------------------------|
| Bank Overdrafts           | RM                                 | 20,873                    | -                             | 20,873                  |
| Trust Receipts            | RM                                 | 8,891                     | -                             | 8,891                   |
| Revolving Credits         | RM                                 | 67,577                    | -                             | 67,577                  |
| Term Loans                | RM                                 | 9,366                     | 711,699                       | 721,065                 |
| Term Loans                | USD                                | -                         | 202,254                       | 202,254                 |
| Term Loans                | IDR                                | 8                         | 24,850                        | 24,858                  |
| Finance Lease Liabilities | RM                                 | 7,283                     | 6,326                         | 13,609                  |
| Finance Lease Liabilities | IDR                                | 169                       | -                             | 169                     |
| Sukuk                     | RM                                 | -                         | 1,000,000                     | 1,000,000               |
| <b>Total</b>              |                                    | <b>114,167</b>            | <b>1,945,129</b>              | <b>2,059,296</b>        |

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

**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.



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

On 26 May 2016, the Board declared a single tier interim dividend of 2.0 sen per ordinary share of RM0.25 each for the financial year ending 31 December 2016 amounting to RM 9,641,243 paid on 15 August 2016.

**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 calculated as follows:

|  | Current<br>Quarter<br>ended<br>30/06/2016 | Current<br>Quarter<br>ended<br>30/06/2015 | Cumulative<br>Quarter<br>ended<br>30/06/2016 | Cumulative<br>Quarter<br>ended<br>30/06/2015 |
|--|---|---|--|--|
|  | RM'000                                    | RM'000                                    | RM'000                                       | RM'000                                       |
| <b>PROFIT ATTRIBUTABLE TO OWNERS<br/>OF THE COMPANY</b>      | <b>6,210</b>                              | <b>9,630</b>                              | <b>10,407</b>                                | <b>13,006</b>                                |
| <b>Basic</b>   |   |   |  |  |
| Weighted average number of ordinary shares in issue          | 483,540,255                               | 483,540,255                               | 483,540,255                                  | 483,540,255                                  |
| <b>Diluted</b>   |   |   |  |  |
| Weighted average number of ordinary shares in issue          | 483,540,255                               | 483,540,255                               | 483,540,255                                  | 483,540,255                                  |
| Effect of warrants issue                                     | *   | 1,454,916                                 | *  | 1,454,916                                    |
| Adjusted weighted average number of ordinary shares in issue | 483,540,255                               | 484,995,171                               | 483,540,255                                  | 484,995,171                                  |

There was no dilutive potential ordinary share as at 30 June 2016.

- \* The effects of potential ordinary shares arising from the exercise of warrant is anti-dilutive and accordingly is excluded from the diluted earnings per share computation above.

**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<br/>financial<br/>period ended<br/>30.06.2016<br/>RM'000</b> | <b>As at the<br/>end of last<br/>financial<br/>year<br/>RM'000</b> |
|--|---|--|
| Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries |   |  |
| - Realised   | 183,816   | 193,996  |
| - Unrealised   | (11,438)  | (15,213)   |
|  | <b>172,378</b>  | <b>178,783</b>   |
| Total share of retained profits from associated companies                  |   |  |
| - Realised   | 55  | 55   |
| - Unrealised   | -   | -  |
|  | <b>55</b>   | <b>55</b>  |
| Total share of retained profits jointly controlled companies               |   |  |
| - Realised   | 83  | 83   |
| - Unrealised   | -   | -  |
|  | <b>83</b>   | <b>83</b>  |
| <b>Less: Consolidated adjustments</b>                                      | <b>(10,438)</b>   | <b>(17,610)</b>  |
| <b>Total Group retained profits as per consolidated accounts</b>           | <b>162,078</b>  | <b>161,311</b>   |