

ANNOUNCEMENT

The Board of Directors of Ahmad Zaki Resources Berhad (“AZRB” or “the Company”) would like to announce the following unaudited consolidated results for the 3rd Quarter and period ended 30 September 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 SEPTEMBER 2016

RM'000	Note	2016 Current quarter ended 30 September	2015 Comparative quarter ended 30 September	2016 9 months cumulative to date	2015 9 months cumulative to date
REVENUE		270,854	177,135	844,275	485,757
OPERATING EXPENSES	1	(249,169)	(162,959)	(804,905)	(453,161)
OTHER OPERATING INCOME		23,116	867	44,328	16,075
PROFIT FROM OPERATIONS		44,801	15,043	83,698	48,671
FINANCE COSTS		(13,993)	(9,146)	(38,286)	(24,986)
INVESTING RESULTS	2	-	-	-	-
PROFIT BEFORE TAXATION		30,808	5,897	45,412	23,685
TAX EXPENSE		(24,288)	(2,241)	(29,247)	(7,123)
PROFIT FOR THE PERIOD	3	6,520	3,656	16,165	16,562
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Actuarial loss from employee benefits		-	(118)	-	-
Foreign currency translation differences for foreign operations		135	(2,528)	7,134	458
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,655	1,010	23,299	17,020
PROFIT ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		8,522	4,429	18,933	17,435
NON-CONTROLLING INTEREST		(2,002)	(773)	(2,768)	(873)
PROFIT FOR THE PERIOD		6,520	3,656	16,165	16,562

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

RM'000	Note	2016 Current quarter ended 30 September	2015 Comparative quarter ended 30 September	2016 9 months cumulative to date	2015 9 months cumulative to date
COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		9,096	2,092	25,714	18,120
NON-CONTROLLING INTERESTS		(2,441)	(1,082)	(2,415)	(1,100)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,655	1,010	23,299	17,020

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

Basic (sen)	1.76	0.92	3.92	3.61
Diluted (sen)	-	-	-	-

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	223,987	146,853	742,477	402,382
Other operating expenses	25,182	16,106	62,428	50,779
TOTAL	249,169	162,959	804,905	453,161

Note 2 - Investing Results

Investing results represents the followings:-

Share of results from associated companies	-	-	-	-
Share of results from joint ventures	-	-	-	-
TOTAL	-	-	-	-

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

a) Interest income	(330)	(973)	(1,177)	(2,983)
b) Other income including investment income	(107)	(106)	(710)	(1,152)
c) Interest expense	13,992	10,777	36,876	25,974
d) Depreciation and amortisation	4,026	3,724	11,178	10,888
e) Provision for and write off of receivable	-	1	-	20
f) (Gain) or loss on disposal of quoted or Unquoted investment or properties	-	-	(508)	(11,939)
g) Foreign exchange (gain)/loss	(2,534)	(2,635)	(8,729)	847

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

RM '000	(Not Audited) As at 30/09/2016	(Audited) As at 31/12/2015
Non-current assets		
Property, plant and equipment	174,262	114,671
Prepaid lease payment	17,744	7,800
Property development costs	36,418	24,228
Biological assets	147,762	140,457
Goodwill	6,158	6,158
Concession assets	257,861	39,920
Investments in associates	165	165
Interest in joint ventures	3,104	3,104
Available-for-sale investments	116	116
Deferred tax assets	17,076	31,517
Trade and other receivables	107,940	108,305
Total non-current assets	768,606	476,441
Current assets		
Inventories	11,459	13,450
Property development costs	15,779	23,473
Trade and other receivables	1,400,966	1,036,818
Current tax assets	2,845	8,858
Other investment	812,034	-
Cash and deposits	216,721	153,096
Total current assets	2,459,804	1,235,695
TOTAL ASSETS	3,228,410	1,712,136
Equity attributable to equity holders of the parent		
Share capital	120,885	120,885
Reserves	233,973	217,900
Total equity	354,858	338,785
Minority interest	(91)	2,324
Total equity and minority interest	354,767	341,109
Non-current liabilities		
Loans and borrowings	2,010,301	690,663
Employee benefits	2,557	2,324
Deferred tax liabilities	61,711	56,291
Total non-current liabilities	2,074,569	749,278
Current liabilities		
Loans and borrowings	130,044	159,149
Trade and other payables	661,187	457,440
Current tax liabilities	7,843	5,160
Total current liabilities	799,074	621,749
Total liabilities	2,873,643	1,371,027
TOTAL EQUITY AND LIABILITIES	3,228,410	1,712,136

QUARTERLY REPORT ON THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

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

RM'000	Attributable to the owners of the Company							Non Controlling Interests	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Share Reserve	Warrant Reserve	Capital Reserve	Retained Profits	Treasury Shares			Subtotal
Period ended 30 September 2016										
Balance at the beginning of the period	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	-	-	-	-	-	18,933	-	18,933	(2,768)	16,165
Foreign currency translation differences for foreign operations	-	-	6,781	-	-	-	-	6,781	353	7,134
Total comprehensive income for the period	-	-	6,781	-	-	18,933	-	25,714	(2,415)	23,299
Dividend to owner of the Company	-	-	-	-	-	(9,641)	-	(9,641)	-	(9,641)
Total transactions with owners of the Company	-	-	-	-	-	(9,641)	-	(9,641)	-	(9,641)
Balance at the end of the period	120,885	21,889	6,948	27,891	7,667	170,604	(1,026)	354,858	(91)	354,767
Period ended 30 September 2015										
Balance at the beginning of the period	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	-	-	-	-	-	17,435	-	17,435	(873)	16,562
Actuarial gain from employee benefits	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	685	-	-	-	-	685	(227)	458
Total comprehensive income for the period	-	-	685	-	-	17,435	-	18,120	(1,100)	17,020
Dividend to owner of the Company	-	-	-	-	-	(9,641)	-	(9,641)	-	(9,641)
Total transactions with owners of the Company	-	-	-	-	-	(9,641)	-	(9,641)	-	(9,641)
Balance at the end of the period	120,885	21,889	4,051	27,891	7,667	155,869	(1,026)	337,226	2,894	340,120

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016
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RM '000	9 months ended 30 September 2016	9 months ended 30 September 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	45,412	23,685
Adjustments for:-		
Amortisation of prepaid land lease payments	350	305
Amortisation of planting expenditures	4,602	3,937
Depreciation of property, plant and equipment	6,576	6,647
Provision for and write off of receivable	4	21
Amortisation of transaction costs	1,095	715
Accretion of long term receivable	(32,855)	(589)
Interest expenses	36,876	25,974
Interest income	(1,177)	(2,983)
Gain on disposal of property, plant and equipment	(333)	(12,087)
Employee benefits	45	283
(Gain)/Loss on foreign exchange –unrealised	(8,729)	847
Operating profit before working capital changes	51,866	46,755
Decrease /(Increase) in inventories	1,989	(489)
Increase in amount due from customers for contract work	(179,498)	(186,539)
(Increase)/Decrease in property development expenditure	(4,207)	1,804
Increase in trade and other receivables	(163,836)	(91,311)
(Decrease)/Increase in amount due to customers for contract work	(12,868)	1,618
Increase in trade and other payables	233,104	47,657
Increase in concession service asset	(217,941)	(104)
Cash used in operations	(291,391)	(180,609)
Tax paid	(5,482)	(6,356)
Tax refunded	6,420	-
Interest received	1,177	2,392
Interest paid	(36,876)	(24,432)
Net cash used in operating activities	(326,152)	(209,005)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(11,907)	(15,970)
Purchase of leasehold land	(10,098)	(15,270)
Placement of other investment	(812,034)	-
Purchase of property, plant and equipment	(18,421)	(14,774)
Proceeds from disposal of property, plant and equipment	284	14,817
Net cash used in investing activities	(852,176)	(31,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	-	(229)
Repayment to related companies	-	(2,954)
Advance to joint controlled entity	-	1,195
(Increase)/Decrease in pledged fixed deposits	(7,208)	347
Proceeds of trust receipts/revolving credits	87,568	72,662
Repayment of trust receipts/revolving credits	(91,978)	(11,727)
Payment for finance lease liabilities	(5,543)	(3,177)
Dividend paid	(9,641)	(9,641)
Sukuk drawdown	1,000,000	-

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

RM '000	9 months ended 30 September 2016	9 months ended 30 September 2015
CASH FLOWS FROM FINANCING ACTIVITIES (Cont'd)		
Term loan drawdown	271,948	172,940
Term loan repayment	(15,457)	(11,966)
Net cash generated from financing activities	1,229,689	207,450
Net increase/(decrease) in cash and cash equivalents (brought down)	51,361	(32,752)
Effects of exchange difference on cash and cash equivalents	4,812	19,733
Cash and cash equivalents at beginning of the period	89,901	72,696
Cash and cash equivalents at end of the period	146,074	59,677
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	164,812	76,857
Cash deposits with licensed banks	51,909	44,387
Bank overdrafts	(25,203)	(23,687)
Less: Pledged fixed deposits	(45,444)	(37,880)
	146,074	59,677

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 September 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 September 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

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.

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 & Construction RM'000	Oil & Gas RM'000	Plantation RM'000	Property RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
30-Sept-16							
REVENUE							
External revenue	791,034	26,474	9,828	16,939	5,288	(5,288)	844,275
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	791,034	26,474	9,828	16,939	5,288	(5,288)	844,275
RESULTS							
Segment results	38,139	7,588	(22,389)	22,499	(425)	-	45,412
Interest income	1,029	20	-	16	112	-	1,177
Interest expenses	(4,854)	(528)	(9,852)	(20,373)	(1,269)	-	(36,876)
Share of results in joint ventures	-	-	-	-	-	-	-
Share of results in associated company	-	-	-	-	-	-	-
Non cash expenses (Note i)	-	-	2,694	-	(16)	-	2,678
Depreciation	(4,523)	(899)	(615)	(53)	(486)	-	(6,576)

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARA 16
9. SEGMENT REPORTING (continued)

	Engineering & Construction RM'000	Oil & gas RM'000	Plantation RM'000	Property RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
30-Sept-15							
REVENUE							
External revenue	434,419	33,346	5,856	9,139	2,997	-	485,757
Inter-segment revenue	-	1,483	-	-	-	(1,483)	-
Total revenue	434,419	34,829	5,856	9,139	2,997	(1,483)	485,757
RESULTS							
Segment results	46,926	11,944	(31,771)	1,828	(5,242)	-	23,685
Interest income	2,237	49	8	22	667	-	2,983
Interest expenses	(19,321)	(70)	(3,924)	(2)	(2,657)	-	(25,974)
Share of results in joint ventures	-	-	-	-	-	-	-
Share of results in associated company	-	-	-	-	-	-	-
Non cash expenses (Note i)	2,389	-	(17,964)	-	9,750	-	(5,825)
Depreciation	(4,416)	(973)	(547)	(46)	(665)	-	(6,647)

Note (i): Non cash (income)/expenses

	30/9/2016 RM'000	Group 30/9/2015 RM'000
Amortisation of planting expenditures	4,602	3,937
Amortisation of prepaid land lease payments	350	305
Amortisation of transaction costs	1,095	715
(Gain)/Loss on foreign exchange - unrealised	(8,729)	847
Provision for and write off of receivable	4	21
	(2,678)	5,825

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 29 November 2016 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 29 November 2016 (being the latest practicable date from the date of issuance of the 3rd Quarter Report) except 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:

	2016	2015
	9 months	9 months
	cumulative	cumulative
	to date	to date
	RM'000	RM'000
Trade		
Purchases from following subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director:-		
- Chuan Huat Industrial Marketing Sdn Bhd	4,831	7,063
- Chuan Huat Hardware Sdn Bhd	236	314
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	(281)
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	90	90
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	866	562
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	1,387	1,393
Rental paid/payable to Zaki Holdings (M) Sdn Bhd	70	-

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 RM270.9 million for the current quarter ended 30 September 2016, compared to revenue of RM177.1 million in the corresponding quarter of the previous financial period. The higher revenue by RM93.7 million (53%) 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 second quarter 2016.

The Group pre-tax profit increased by RM24.9 million (422%) to RM30.8 million when compared to pre-tax profit of RM5.9 million achieved in the corresponding quarter in 2015. This was mainly due to higher other operating income recorded in 3rd quarter 2016.

The current quarter saw a significant reversal of taxable temporary differences arising from the write off of unabsorbed losses following discussions and agreement with local tax authorities in Malaysia which eventually translated to higher tax expense as compared to corresponding quarter.

b) For the 9 months period

The Group registered revenue of RM844.3 million for the nine (9) months ended 30 September 2016 as compared to revenue of RM485.8 million in the previous financial period. The higher revenue by RM358.5 million (74%) 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 increased by RM21.7 million (92%) to RM45.4 million when compared to pre-tax profit of RM23.7 million achieved in the nine (9) months 2015, mainly due to higher other operating income in the current financial period.

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

	Current Quarter (Q3'16) RM'000	Preceding Quarter (Q2'16) RM'000	Diff + / (-) RM'000
REVENUE	270,854	264,050	6,804
PROFIT BEFORE TAX	30,808	8,493	22,315

On a quarter to quarter basis, the Group's revenue was higher mainly due to higher progress rate shown in on-going construction projects in current quarter. Pre-tax profit was higher than preceding quarter mainly due to higher other operating income in current quarter.

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 3rd Quarter Report stands at RM4.1 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 2nd quarter of 2016.

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

Not applicable.

5. TAXATION

	Current Quarter ended 30.09.2016 RM'000	Cumulative Current YTD 30.09.2016 RM'000
Current tax expense	2,394	7,928
Deferred tax expenses:		
- Origination of temporary differences	7,689	7,114
- Reversal of temporary differences	14,205	14,205
Total	24,288	29,247

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 29 September 2016 (being the latest practicable date from the date of issuance of the 3rd 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.

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 30 September 2016 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	25,203	-	25,203
Trust Receipts	RM	24,330	-	24,330
Revolving Credits	RM	65,247	-	65,247
Term Loans	RM	7,144	759,007	766,151
Term Loans	USD	-	217,583	217,583
Term Loans	IDR	8	24,567	24,575
Finance Lease Liabilities	RM	7,996	9,144	17,140
Finance Lease Liabilities	IDR	116	-	116
Sukuk	RM	-	1,000,000	1,000,000
Total		130,044	2,010,301	2,140,345

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

Other than the single tier interim dividend of 2.0 sen per ordinary share of RM0.25 each for the financial year ending 31 December 2016 declared on 26 May 2016, the Board did not recommend any dividend for the current financial period under review.

10. EARNINGS PER SHARE

The basic earnings per share was calculated based on the consolidated profit after taxation and minority interests over the weighted average number of ordinary shares in issue during the period calculated as follows:

	Current Quarter ended 30/09/2016	Current Quarter ended 30/09/2015	Cumulative Quarter ended 30/09/2016	Cumulative Quarter ended 30/09/2015
	RM'000	RM'000	RM'000	RM'000
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	8,522	4,429	18,933	17,436
Basic				
Weighted average number of ordinary shares in issue	483,540,255	483,540,255	483,540,255	483,540,255
Diluted				
Weighted average number of ordinary shares in issue	483,540,255	483,540,255	483,540,255	483,540,255
Effect of warrants issue	*	*	*	*
Adjusted weighted average number of ordinary shares in issue	483,540,255	483,540,255	483,540,255	483,540,255

There was no dilutive potential ordinary share as at 30 September 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

	Current financial period ended 30.09.2016 RM'000	As at the end of last financial year RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	175,250	193,996
- Unrealised	4,247	(15,213)
	179,497	178,783
Total share of retained profits from associated companies		
- Realised	55	55
- Unrealised	-	-
	55	55
Total share of retained profits jointly controlled companies		
- Realised	83	83
- Unrealised	-	-
	83	83
Less: Consolidated adjustments	(9,031)	(17,610)
Total Group retained profits as per consolidated accounts	170,604	161,311