

**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 4<sup>th</sup> Quarter and year ended 31 December 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 YEAR ENDED 31 DECEMBER 2016**

RM'000	Note	2016 Current quarter ended 31 December	2015 Comparative quarter ended 31 December	2016 12 months cumulative to date	2015 12 months cumulative to date
<b>REVENUE</b>		357,976	229,215	1,202,251	714,972
<b>OPERATING EXPENSES</b>	1	(347,879)	(207,065)	(1,152,784)	(660,373)
<b>OTHER OPERATING INCOME</b>		10,575	5,319	54,903	21,393
<b>PROFIT FROM OPERATIONS</b>		20,672	27,469	104,370	75,992
<b>FINANCE COSTS</b>		(11,339)	(21,727)	(49,625)	(46,566)
<b>INVESTING RESULTS</b>	2	3,597	2,656	3,597	2,656
<b>PROFIT BEFORE TAXATION</b>		12,930	8,398	58,342	32,082
<b>TAX EXPENSE</b>		(4,371)	(3,380)	(33,618)	(10,502)
<b>PROFIT FOR THE YEAR</b>	3	8,559	5,018	24,724	21,580
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Actuarial loss from employee benefits		(22)	-	(22)	-
Foreign currency translation differences for foreign operations		1,361	(4,028)	8,496	(3,571)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		9,898	990	33,198	18,009
<b>PROFIT ATTRIBUTABLE TO:</b>					
OWNERS OF THE COMPANY		7,062	5,441	25,992	22,877
NON-CONTROLLING INTEREST		1,497	(423)	(1,268)	(1,297)
<b>PROFIT FOR THE YEAR</b>		8,559	5,018	24,724	21,580

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND  
 OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

RM'000	Note	2016 Current quarter ended 31 December	2015 Comparative quarter ended 31 December	2016 12 months cumulative to date	2015 12 months cumulative to date
<b>COMPREHENSIVE INCOME</b>					
<b>ATTRIBUTABLE TO:-</b>					
<b>OWNERS OF THE COMPANY</b>		8,749	1,558	34,464	19,678
<b>NON-CONTROLLING INTERESTS</b>		1,149	(568)	(1,266)	(1,669)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>9,898</b>	<b>990</b>	<b>33,198</b>	<b>18,009</b>

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

<b>Basic (sen)</b>	1.46	1.13	5.38	4.73
<b>Diluted (sen)</b>	-	-	-	-

**Note 1 - Operating Expenses**

Operating expenses represents the followings:-

Cost of sales	326,617	185,936	1,069,094	588,319
Other operating expenses	21,262	21,129	83,690	72,054
<b>TOTAL</b>	<b>347,879</b>	<b>207,065</b>	<b>1,152,784</b>	<b>660,373</b>

**Note 2 - Investing Results**

Investing results represents the followings:-

Share of results from associated companies	-	-	-	-
Share of results from joint ventures	3,597	2,656	3,597	2,656
<b>TOTAL</b>	<b>3,597</b>	<b>2,656</b>	<b>3,597</b>	<b>2,656</b>

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

a) Interest income	(1,155)	(187)	(2,332)	(3,170)
b) Other income including investment income	(2,271)	(5,131)	(2,981)	(6,284)
c) Interest expense	8,155	12,094	45,031	38,068
d) Depreciation and amortisation	5,646	3,721	16,824	14,608
e) Provision for and write off of receivable	-	1	-	20
f) (Gain) or loss on disposal of quoted or Unquoted investment or properties	(2,745)	-	(3,253)	(11,939)
g) Foreign exchange (gain)/loss	5,361	(4,286)	(3,368)	(3,439)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS  
 AT 31 DECEMBER 2016**

RM '000	(Not Audited) As at 31/12/2016	(Audited) As at 31/12/2015
<b>Non-current assets</b>		
Property, plant and equipment	257,974	114,671
Prepaid lease payment	21,138	7,800
Property development costs	36,130	24,228
Biological assets	172,905	140,457
Goodwill	44,550	6,158
Concession assets	434,685	39,920
Other intangible assets	31,200	-
Investments in associates	165	165
Interest in joint ventures	34	3,104
Available-for-sale investments	176	116
Deferred tax assets	32,636	31,517
Trade and other receivables	111,150	108,305
<b>Total non-current assets</b>	<b>1,142,743</b>	<b>476,441</b>
<b>Current assets</b>		
Inventories	11,542	13,450
Property development costs	16,997	23,473
Trade and other receivables	1,243,804	1,036,817
Current tax assets	7,374	8,858
Other investment	810,201	-
Cash and deposits	201,668	153,097
<b>Total current assets</b>	<b>2,291,586</b>	<b>1,235,695</b>
<b>TOTAL ASSETS</b>	<b>3,434,329</b>	<b>1,712,136</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	120,885	120,885
Reserves	242,723	217,900
<b>Total equity</b>	<b>363,608</b>	<b>338,785</b>
<b>Minority interest</b>	<b>1,058</b>	<b>2,324</b>
<b>Total equity and minority interest</b>	<b>364,666</b>	<b>341,109</b>
<b>Non-current liabilities</b>		
Loans and borrowings	2,068,406	690,663
Employee benefits	-	2,324
Deferred tax liabilities	55,711	56,291
<b>Total non-current liabilities</b>	<b>2,124,117</b>	<b>749,278</b>
<b>Current liabilities</b>		
Loans and borrowings	181,740	159,149
Trade and other payables	741,233	457,440
Current tax liabilities	22,573	5,160
<b>Total current liabilities</b>	<b>945,546</b>	<b>621,749</b>
<b>Total liabilities</b>	<b>3,069,663</b>	<b>1,371,027</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,434,329</b>	<b>1,712,136</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2016**

	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
<b>RM'000</b>										
<b>Year ended 31 December 2016</b>										
Balance at the beginning of the year	120,885	21,889	167	27,891	7,667	161,312	(1,026)	338,785	2,324	341,109
Movement during the year:										
Profit for the year	-	-	-	-	-	25,992	-	25,992	(1,268)	24,724
Actuarial gain from employee benefits	-	-	-	-	-	(24)	-	(24)	2	(22)
Foreign currency translation differences for foreign operations	-	-	8,496	-	-	-	-	8,496	-	8,496
<b>Total comprehensive income for the year</b>	-	-	<b>8,496</b>	-	-	<b>25,968</b>	-	<b>34,464</b>	<b>(1,266)</b>	<b>33,198</b>
Dividend to owner of the Company	-	-	-	-	-	(9,641)	-	(9,641)	-	(9,641)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	<b>(9,641)</b>	-	<b>(9,641)</b>	-	<b>(9,641)</b>
<b>Balance at the end of the year</b>	<b>120,885</b>	<b>21,889</b>	<b>8,663</b>	<b>27,891</b>	<b>7,667</b>	<b>177,639</b>	<b>(1,026)</b>	<b>363,608</b>	<b>1,058</b>	<b>364,666</b>
<b>Year ended 31 December 2015</b>										
Balance at the beginning of the year	120,885	21,889	3,366	27,891	7,667	148,076	(1,026)	328,748	3,994	332,741
Movement during the year:										
Profit for the year	-	-	-	-	-	22,877	-	22,877	(1,297)	21,580
Actuarial gain from employee benefits	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	(3,199)	-	-	-	-	(3,199)	(372)	(3,571)
<b>Total comprehensive income for the year</b>	-	-	<b>(3,199)</b>	-	-	<b>22,877</b>	-	<b>19,678</b>	<b>(1,669)</b>	<b>18,009</b>
Dividend to owner of the Company	-	-	-	-	-	(9,641)	-	(9,641)	-	(9,641)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	<b>(9,641)</b>	-	<b>(9,641)</b>	-	<b>(9,641)</b>
<b>Balance at the end of the year</b>	<b>120,885</b>	<b>21,889</b>	<b>167</b>	<b>27,891</b>	<b>7,667</b>	<b>161,312</b>	<b>(1,026)</b>	<b>338,785</b>	<b>2,324</b>	<b>341,109</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
 YEAR ENDED 31 DECEMBER 2016**

RM '000	Year ended 31 December 2016	Year ended 31 December 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	58,342	32,082
Adjustments for:-		
Amortisation of prepaid land lease payments	680	442
Amortisation of planting expenditures	6,154	5,299
Depreciation of property, plant and equipment	9,990	8,802
Amortisation of land application costs	-	65
Provision for and write off of receivable	-	19
Amortisation of transaction costs	1,455	1,084
(Accretion)/Amortised cost adjustment of non-current receivables	(43,415)	6,190
Interest expenses	45,031	38,068
Interest income	(2,332)	(3,170)
Gain on disposal of property, plant and equipment	(7,152)	(12,182)
Gain on disposal of investment	(3,334)	-
Property, plant & equipment written off	240	82
Employee benefits	(2,511)	386
Biological assets written off	-	550
Gain on foreign exchange –unrealised	(3,368)	(3,439)
Share of results in joint ventures	(3,597)	(2,656)
<b>Operating profit before working capital changes</b>	<b>56,183</b>	<b>71,622</b>
Decrease /(Increase) in inventories	1,908	(273)
Increase in amount due from customers for contract work	(206,035)	(346,681)
Increase in property development expenditure	(5,426)	(11,531)
Increase in intangible assets	(394,766)	(23,510)
Increase in trade and other receivables	(111,358)	(45,784)
(Decrease)/Increase in amount due to customers for contract work	(13,030)	11,069
Increase in trade and other payables	384,130	118,185
<b>Cash used in operations</b>	<b>(288,394)</b>	<b>(226,903)</b>
Tax paid	(17,908)	(7,089)
Tax refund	1,488	-
Interest received	2,332	3,170
Interest paid	(45,031)	(35,435)
<b>Net cash used in operating activities</b>	<b>(347,513)</b>	<b>(266,257)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment in joint ventures	10,000	-
New planting expenditures incurred	(38,257)	(26,062)
Purchase of leasehold land	(13,823)	(15,270)
Placement of other investment	(810,201)	-
Purchase of property, plant and equipment	(128,333)	(26,838)
Proceeds from disposal of property, plant and equipment	284	14,911
<b>Net cash used in investing activities</b>	<b>(980,330)</b>	<b>(53,259)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
 YEAR ENDED 31 DECEMBER 2016**

RM '000	Year ended 31 December 2016	Year ended 31 December 2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment to ultimate holding company	-	(202)
Repayment to related companies	-	(2,959)
Repayment from joint controlled entity	-	1,193
Increase in pledged fixed deposits	(11,698)	(9)
Payment for finance lease liabilities	(7,890)	(4,898)
Dividend paid	(9,641)	(9,641)
Term loan drawdown	502,819	384,355
Term loan repayment	(114,569)	(34,744)
Sukuk drawdown	1,000,000	-
<b>Net cash generated from financing activities</b>	<b>1,359,021</b>	<b>333,095</b>
Net increase in cash and cash equivalents	31,178	13,579
Effects of exchange difference on cash and cash equivalents	5,826	3,626
Cash and cash equivalents at beginning of the year	89,901	72,696
<b>Cash and cash equivalents at end of the year</b>	<b>126,905</b>	<b>89,901</b>
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	150,881	108,123
Cash deposits with licensed banks	50,787	44,974
Bank overdrafts	(24,828)	(24,959)
Less: Pledged fixed deposits	(49,935)	(38,237)
	<b>126,905</b>	<b>89,901</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 year 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 31 December 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 31 December 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.

**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 ended 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
<b>31-Dec-16</b>							
<b>REVENUE</b>							
External revenue	1,118,761	34,151	16,491	32,848	-	-	1,202,251
Inter-segment revenue	-	-	-	-	20,156	(20,156)	-
<b>Total revenue</b>	<b>1,118,761</b>	<b>34,151</b>	<b>16,491</b>	<b>32,848</b>	<b>20,156</b>	<b>(20,156)</b>	<b>1,202,251</b>
<b>RESULTS</b>							
Segment results	68,503	6,013	(26,870)	23,218	13,495	(26,017)	58,342
Interest income	1,842	322	-	35	133	-	2,332
Interest expenses	(8,338)	(1,027)	(6,759)	(26,925)	(4,380)	2,398	(45,031)
Share of results in joint ventures	3,597	-	-	-	-	-	3,597
Share of results in associated company	-	-	-	-	-	-	-
Non cash expenses (Note i)	-	13	(6,726)	-	1,792	-	(4,921)
Depreciation	(6,352)	(1,686)	(869)	(407)	(676)	-	(9,990)



**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
<b>31-Dec-15</b>							
<b>REVENUE</b>							
External revenue	644,217	47,608	7,981	15,166	-	-	714,972
Inter-segment revenue	-	2,320	-	-	20,415	(22,735)	-
<b>Total revenue</b>	<b>644,217</b>	<b>49,928</b>	<b>7,981</b>	<b>15,166</b>	<b>20,415</b>	<b>(22,735)</b>	<b>714,972</b>
<b>RESULTS</b>							
Segment results	52,126	14,083	(39,910)	2,438	12,689	(9,344)	32,082
Interest income	1,336	65	890	49	830	-	3,170
Interest expenses	(29,025)	(150)	(5,413)	(9)	(3,471)	-	(38,068)
Share of results in joint ventures	2,656	-	-	-	-	-	2,656
Share of results in associated company	-	-	-	-	-	-	-
Non cash expenses (Note i)	(10)	-	(14,100)	-	(10)	10,715	(3,405)
Depreciation	(5,808)	(1,325)	(727)	(271)	(671)	-	(8,802)

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

	31/12/2016 RM'000	Group 31/12/2015 RM'000
Amortisation of planting expenditures	6,154	5,299
Amortisation of prepaid land lease payments	680	442
Amortisation of transaction costs	1,455	1,084
Gain on foreign exchange - unrealised	(3,368)	(3,439)
Provision for and write off of receivable	-	19
	<b>4,921</b>	<b>3,405</b>

**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 27 February 2017 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year.

**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 except for the following:

**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.

The acquisition has been completed and Matrix Reservoir has become a 51%-owned subsidiary of AZRB.

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

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

The Group does not have any material contingent liabilities as at 27 February 2017 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> Quarter Report) except as disclosed in Part B item 8.

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

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

	<b>2016 12 months cumulative to date RM'000</b>	<b>2015 12 months cumulative to date 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	8,814	8,656
- Chuan Huat Hardware Sdn Bhd	251	321
Purchases from/(Sales to) following companies, in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director:-		
- QMC Sdn Bhd	5,856	5,250
- Kemaman Quarry Sdn Bhd	187	(370)
<b>Non-Trade</b>		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	128	120
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	1,075	776
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	1,748	1,812
Rental paid/payable to Zaki Holdings (M) Sdn Bhd	110	-
Security services charges paid to MIM Protection Sdn Bhd	270	-

**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 RM358.0 million for the current quarter ended 31 December 2016, compared to revenue of RM229.2 million in the corresponding quarter of the previous financial year. The higher revenue by RM128.8 million (56%) 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 2<sup>nd</sup> quarter 2016.

The Group pre-tax profit increased by RM4.5 million (54%) to RM12.9 million when compared to pre-tax profit of RM8.4 million achieved in the corresponding quarter in 2015. This was mainly due to higher other operating income recorded in 4<sup>th</sup> quarter 2016.

**b) For the Year**

The Group registered revenue of RM1,202.3 million for the financial year ended 31 December 2016 as compared to revenue of RM715.0 million in the previous financial year. The higher revenue by RM487.3 million (68%) was mainly contributed by Construction Division as certain projects have shown higher progress during the financial year as well as the impact of additional new projects awarded during the financial year.

The Group's pre-tax profit increased by RM26.2 million (82%) to RM58.3 million when compared to pre-tax profit of RM32.1 million achieved in the twelve (12) months 2015, mainly due to higher other operating income in the current financial year.

The current year 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 comparative financial year.

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

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

	<b>Current Quarter (Q4'16) RM'000</b>	<b>Preceding Quarter (Q3'16) RM'000</b>	<b>Diff + /(-) RM'000</b>
<b>REVENUE</b>	<b>357,976</b>	<b>270,854</b>	<b>87,122</b>
<b>PROFIT BEFORE TAX</b>	<b>12,930</b>	<b>30,808</b>	<b>(17,878)</b>

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 the current quarter. Pre-tax profit was lower than preceding quarter mainly due to lower other operating income in the current quarter.

**3. PROSPECTS**

The Group Construction Divisions remaining order book balance as at the date of this 4<sup>th</sup> Quarter Report stands at RM3.9 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 benefit from improving 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 operation of its palm oil mill which would greatly help the division in delivering desired results to the Group beginning 2017.

The Property Division is currently planning and embarking on several residential development projects for launch in 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.

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

**5. TAXATION**

	<b>Current Quarter ended 31.12.2016 RM'000</b>	<b>Cumulative Current YTD 31.12.2015 RM'000</b>
Current tax expense	2,750	9,687
Deferred tax expenses:		
-Origination of temporary differences	376	7,490
- Reversal of temporary differences	1,245	16,441
<b>Total</b>	<b>4,371</b>	<b>33,618</b>

**6. CORPORATE PROPOSALS**

There are no corporate proposals which have been announced by the Company but not completed as at 27 February 2017 (being the latest practicable date from the date of issuance of the 4<sup>th</sup> Quarter Report).

**7. GROUP BORROWINGS AND DEBTS SECURITIES**

The Group borrowings as at 31 December 2016 are as follows:

<b>Secured</b>	<b>Denominated in currency</b>	<b>Current RM'000</b>	<b>Non Current RM'000</b>	<b>Total RM'000</b>
Bank Overdrafts	RM	24,828	-	24,828
Trust Receipts	RM	15,771	-	15,771
Revolving Credits	RM	97,577	-	97,577
Term Loans	RM	36,197	774,277	810,474
Term Loans	USD	-	258,427	258,427
Term Loans	IDR	8	25,276	25,284
Finance Lease Liabilities	RM	7,283	10,426	17,709
Finance Lease Liabilities	IDR	76	-	76
Sukuk	RM	-	1,000,000	1,000,000
<b>Total</b>		<b>181,740</b>	<b>2,068,406</b>	<b>2,250,146</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 Al-Faisal 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 Sdn 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 ended 31 December 2016 declared on 26 May 2016, the Board did not recommend any dividend for the current financial year 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 year calculated as follows:

	<b>Current Quarter ended 31/12/2016</b>	<b>Current Quarter ended 31/12/2015</b>	<b>Cumulative Quarter ended 31/12/2016</b>	<b>Cumulative Quarter ended 31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>7,062</b>	<b>5,441</b>	<b>25,992</b>	<b>22,877</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	*	(4,625,330)	*	(4,625,330)
Adjusted weighted average number of ordinary shares in issue	483,540,255	478,914,925	483,540,255	478,914,925

There was no dilutive potential ordinary share as at 31 December 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 financial year ended 31.12.2016 RM'000</b>	<b>As at the end of last financial year RM'000</b>
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	173,356	193,997
- Unrealised	30,162	(15,213)
	<b>203,518</b>	<b>178,784</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>(26,017)</b>	<b>(17,610)</b>
<b>Total Group retained profits as per consolidated accounts</b>	<b>177,639</b>	<b>161,312</b>