

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 2nd Quarter and period ended 30 June 2017. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016 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 2017**

RM'000	Note	2017 Current quarter ended 30 June	2016 Comparative quarter ended 30 June	2017 6 months cumulative to date	2016 6 months cumulative to date
REVENUE		237,479	264,050	487,665	573,421
OPERATING EXPENSES	1	(221,340)	(252,310)	(462,334)	(555,737)
OTHER OPERATING INCOME		17,499	7,961	32,336	21,211
PROFIT FROM OPERATIONS		33,638	19,701	57,667	38,895
FINANCE COSTS		(11,921)	(11,208)	(29,171)	(24,294)
PROFIT BEFORE TAXATION		21,717	8,493	28,496	14,601
TAX EXPENSE		(6,260)	(2,864)	(7,946)	(4,960)
PROFIT FOR THE PERIOD	2	15,457	5,629	20,550	9,641
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Foreign currency translation differences for foreign operations		4,421	(1,831)	6,181	6,736
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		19,878	3,798	26,731	16,377
PROFIT ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		15,839	6,210	21,954	10,407
NON-CONTROLLING INTEREST		(382)	(581)	(1,404)	(766)
PROFIT FOR THE PERIOD		15,457	5,629	20,550	9,641

AHMAD ZAKI RESOURCES BERHAD (432768-X)
 INCORPORATED IN MALAYSIA
 QUARTERLY REPORT ON THE SECOND QUARTER AND PERIOD ENDED
 30 JUNE 2017



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017**

RM'000	Note	2017 Current quarter ended 30 June	2016 Comparative quarter ended 30 June	2017 6 months cumulative to date	2016 6 months cumulative to date
COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		20,047	3,268	27,826	17,055
NON-CONTROLLING INTERESTS		(169)	530	(1,095)	(678)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		19,878	3,798	26,731	16,377

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

Basic (sen)	3.04	1.28	4.37	2.15
Diluted (sen)	-	-	-	-

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	194,274	236,153	414,805	521,487
Other operating expenses	27,066	16,157	47,529	34,250
TOTAL	221,340	252,310	462,334	555,737

**Note 2 - Profit is arrived at after charging/
 (crediting) the following items:-**

a) Interest income	(1,048)	(328)	(1,659)	(847)
b) Accretion of fair value of non-current receivables	(17,524)	(2,000)	(28,984)	(5,000)
c) Interest expense	11,164	10,828	26,383	23,428
d) Depreciation and amortisation	5,574	4,880	11,332	8,602
e) Gain on foreign exchange - unrealised	(324)	(482)	(2,439)	(6,194)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
 AT 30 JUNE 2017**

RM '000	(Not Audited) As at 30/06/2017	(Audited) As at 31/12/2016
Non-current assets		
Property, plant and equipment	298,713	285,064
Prepaid lease payment	25,977	20,860
Property development costs	32,775	38,630
Biological assets	187,503	173,055
Intangible assets	41,145	41,060
Goodwill	26,963	36,490
Concession assets	591,191	398,071
Investments in associates	165	165
Interest in joint ventures	34	34
Available-for-sale investments	116	116
Deferred tax assets	21,722	22,712
Trade and other receivables	679,755	704,236
Total non-current assets	1,906,059	1,720,493
Current assets		
Inventories	23,235	12,222
Property development costs	17,068	19,366
Trade and other receivables	677,772	786,517
Current tax assets	9,104	11,782
Other investment	763,188	823,856
Cash and deposits	312,906	190,052
Total current assets	1,803,273	1,843,795
TOTAL ASSETS	3,709,332	3,564,288
Equity attributable to equity holders of the parent		
Share capital	167,914	120,885
Reserves	273,557	244,031
Total equity	441,471	364,916
Minority interest	22,336	23,431
Total equity and minority interest	463,807	388,347
Non-current liabilities		
Loans and borrowings	2,131,736	2,000,353
Employee benefits	2,967	2,836
Deferred tax liabilities	75,028	75,097
Trade and other payables	148,574	57,800
Total non-current liabilities	2,358,305	2,136,086
Current liabilities		
Loans and borrowings	235,469	187,424
Trade and other payables	651,751	852,127
Current tax liabilities	-	304
Total current liabilities	887,220	1,039,855
Total liabilities	3,245,525	3,175,941
TOTAL EQUITY AND LIABILITIES	3,709,332	3,564,288

AHMAD ZAKI RESOURCES BERHAD (432768-X)
 INCORPORATED IN MALAYSIA
 QUARTERLY REPORT ON THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 2017



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 JUNE 2017

RM'000	Attributable to the owners of the Company								Non Controlling Interests	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Employee Share Scheme Reserve	Warrant Reserve	Capital Reserve	Retained Profits	Treasury Shares			Subtotal
Period ended 30 June 2017											
Balance at the beginning of the period	120,885	21,889	8,753	-	27,891	7,667	178,857	(1,026)	364,916	23,431	388,347
Movement during the year:											
Profit for the period	-	-	-	-	-	-	21,954	-	21,954	(1,404)	20,550
Foreign currency translation differences for foreign operations	-	-	5,872	-	-	-	-	-	5,872	309	6,181
Total comprehensive income for the period	-	-	5,872	-	-	-	21,954	-	27,826	(1,095)	26,731
Employee share scheme expenses	-	-	-	1,700	-	-	-	-	1,700	-	1,700
Issue of ordinary shares	47,029	-	-	-	-	-	-	-	47,029	-	47,029
Total transactions with owners of the Company	47,029	-	-	1,700	-	-	-	-	48,729	-	48,729
Balance at the end of the period	167,914	21,889	14,625	1,700	27,891	7,667	200,811	(1,026)	441,471	22,336	463,807
Period ended 30 June 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 year:											
Profit for the period	-	-	-	-	-	-	10,407	-	10,407	(766)	9,641
Foreign currency translation differences for foreign operations	-	-	6,648	-	-	-	-	-	6,648	88	6,736
Total comprehensive income for the period	-	-	6,648	-	-	-	10,407	-	17,055	(678)	16,377
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	6,815	-	27,891	7,667	162,078	(1,026)	346,199	1,646	347,845

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

RM '000	6 months ended 30 June 2017	6 months ended 30 June 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	28,496	14,601
Adjustments for:-		
Amortisation of prepaid land lease payments	1,712	350
Amortisation of planting expenditures	3,429	2,845
Depreciation of property, plant and equipment	6,191	4,660
Amortisation of transaction costs	-	747
Accretion of non-current receivables	(28,984)	(5,000)
Interest expenses	26,383	23,428
Interest income	(1,659)	(847)
Gain on disposal of property, plant and equipment	(32)	(393)
Employee share scheme expenses	1,700	-
Employee benefits	131	(109)
Gain on foreign exchange –unrealised	(2,439)	(6,194)
Operating profit before working capital changes	34,928	34,008
(Increase) /Decrease in inventories	(11,013)	412
Decrease / (Increase) in property development expenditure	8,153	(3,339)
Increase in concession assets	(164,120)	(187,693)
Decrease / (Increase) in trade and other receivables	174,090	(177,126)
(Decrease) /Increase in trade and other payables	(197,250)	213,491
Cash used in operations	(155,212)	(154,255)
Tax paid	(4,651)	(691)
Interest received	1,659	847
Interest paid	(59,383)	(23,428)
Net cash used in operating activities	(217,587)	(177,527)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(15,300)	(9,419)
Purchase of leasehold land	(6,829)	(9,360)
Withdrawal/(Placement) of other investment	60,668	(882,491)
Purchase of property, plant and equipment	(11,852)	(18,137)
Net cash generated from / (used in) investing activities	26,687	(919,407)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged fixed deposits	(6,194)	(9,979)
Proceeds of trust receipts/revolving credits	55,667	86,909
Repayment of trust receipts/revolving credits	(24,707)	(106,126)
Payment for finance lease liabilities	(5,789)	(4,897)
Term loan drawdown	280,648	236,556
Term loan repayment	(47,227)	(8,443)
Sukuk drawdown	-	1,000,000
Issuance of new share capital	47,029	-
Net cash generated from financing activities	299,427	1,194,020
Net (decrease) / increase in cash and cash equivalents (carried down)	108,527	97,086

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED 30 JUNE 2017**

RM '000	6 months ended 30 June 2017	6 months ended 30 June 2016
Net (decrease) / increase in cash and cash equivalents (brought down)	108,527	97,086
Effects of exchange difference on cash and cash equivalents	8,548	4,443
Cash and cash equivalents at beginning of the period	115,289	89,901
Cash and cash equivalents at end of the period	232,364	191,430
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	256,739	209,892
Cash deposits with licensed banks	56,167	50,626
Bank overdrafts	(24,413)	(20,873)
Less: Pledged fixed deposits	(56,129)	(48,215)
	232,364	191,430

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 2016 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 2016.

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 2016 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2017.

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 2016 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 2017.

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 2017 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 & Construction RM'000	Oil & Gas RM'000	Plantation RM'000	Property RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
30-June-17							
REVENUE							
External revenue	425,338	22,080	21,437	18,810	3,408	(3,408)	487,665
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	425,338	22,080	21,437	18,810	3,408	(3,408)	487,665
RESULTS							
Segment results	27,590	1,462	(10,665)	21,064	(10,955)	-	28,496
Interest income	1,590	4	12	13	40	-	1,659
Interest expenses	(4,389)	(1,444)	(4,972)	(12,926)	(2,652)	-	(26,383)
Non cash expenses (Note i)	-	-	(2,702)	-	-	-	(2,702)
Depreciation	(3,521)	(1,534)	(487)	(249)	(400)	-	(6,191)

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-June-16							
REVENUE							
External revenue	542,541	17,264	5,686	7,930	3,552	(3,552)	573,421
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	542,541	17,264	5,686	7,930	3,552	(3,552)	573,421
RESULTS							
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)
Non cash expenses (Note i)	-	-	1,202	-	1,050	-	2,252
Depreciation	(3,293)	(577)	(397)	(85)	(308)	-	(4,660)

Note (i): Non cash expenses

	30/6/2017 RM'000	Group 30/6/2016 RM'000
Amortisation of planting expenditures	3,429	2,845
Amortisation of prepaid land lease payments	1,712	350
Amortisation of transaction costs	-	747
Gain on foreign exchange-unrealised	(2,439)	(6,194)
	2,702	(2,252)

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 28 August 2017 (being the latest practicable date from the date of issuance of the 2nd 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.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 28 August 2017 (being the latest practicable date from the date of issuance of the 2nd 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:

	2017	2016
	6 months	6 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:-		
- Chuan Huat Industrial Marketing Sdn Bhd	8,814	3,027
- Chuan Huat Hardware Sdn Bhd	251	236
Purchases from /(Sales to) following companies, companies in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director:-		
- QMC Sdn Bhd	5,856	-
- Kemaman Quarry Sdn Bhd	51	(64)
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	63	60
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	658	523
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	874	523
Rental paid/payable to Zaki Holdings (M) Sdn Bhd	50	60
Security services charges paid to MIM Protection Sdn Bhd	1,451	-

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

1. REVIEW OF PERFORMANCE

For the quarter ended 30 June 2017 (2Q17), the Group posted RM237.5 million of revenue, dropped 10.1% from RM264.1 million recorded in the quarter ended 30 June 2016 (2Q16). The drop was mainly attributable to lower revenue from construction division, but was mitigated by higher revenue from all other divisions, namely property, oil and gas, and plantation. Similarly, for the year-to-date, Group performance for the financial period ended 30 June 2017, dropped 14.9% to RM487.7 million compared against RM573.4 million reported in the corresponding period of the preceding year.

In spite of the lower revenue, the Group's pre-tax profit for 2Q17 increased by 155.3% to RM21.7 million in the current quarter, from RM8.5 million recorded in the corresponding quarter of the previous year. This brings the Group's cumulative pre-tax profit to RM28.5 million, jumped 95.2% from RM14.6 million registered for the same period last year. Higher pre-tax profit recorded was mainly attributable to the income derived from the assets facilities management of IIUM Medical Centre which started to contribute to the Group's bottom-line in June 2016.

Engineering and Construction

For 2Q17, the division registered RM196.7 million of revenue a decrease of 20.2% from RM246.4 million in 2Q16 due to various stages of completion of projects. This has also resulted in lower cumulative revenue for the division of RM425.3 million dropped 21.6% compared against RM542.5 million reported in the corresponding period of the preceding year.

In-line with lower revenue recorded as well as progress of different project mix, pre-tax profit for the division in 2Q17 was RM16.8 million and year-to-date was RM27.6 million, a decrease of 24.1% and 11.5% from the corresponding period of the preceding year respectively.

Property

The property division had demonstrated significant growth during the year under review with double digit revenue growth. For 2Q17, the division recorded 110.4% higher revenue to RM9.8 million compared against 2Q16 which brings cumulative revenue for the division to RM18.8 million, surged 137.2% from the same period under review last year. The better performance was mainly attributed to the income generated from assets facilities management of IIUM Medical Centre, which commenced its operation in June 2016.

Contribution from this assets facilities management business resulted the division to record pre-tax profit of RM13.3 million in 2Q17, compared to a pre-tax loss of RM2.9 million in 2Q16. Similarly, for the year-to-date, the division registered RM21.1 million of pre-tax profit compared to a pre-tax loss of RM2.5 million recorded in the same period under review in 2016.

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

1. REVIEW OF PERFORMANCE (continued)

Oil and Gas

The oil and gas division registered higher revenue of RM13.0 million in 2Q17, increased 34.0% from RM9.7 million in 2Q16 due to additional revenue contributed from Tok Bali Supply Base (TBSB) as the acquisition was completed in December 2016. For the-year-to-date under review, the division registered RM22.1 million of revenue, an increase of 27.7% from RM17.3 million in the corresponding period of the preceding year.

However, the division recorded lower pre-tax profit of RM2.1 million in 2Q17 which is 32.0% lower than that recorded in 2Q16 of RM3.1 million due to sustained losses at TBSB as it has yet to reach optimal level of operation. Similarly, year-to-date pre-tax profit for the division dropped 74.6% to RM1.5 million against RM5.9 million registered in the same period under review in 2016.

Plantation

The new mill which was commissioned in February 2017 has contributed positively to the division. Revenue from the plantation division rose to RM18.0 million in 2Q17 against RM3.3 million recorded in 2Q16. For the year-to-date, the division's revenue surged to RM21.4 million compared against RM5.7 million recorded for the same period in 2016. The higher revenue was attributable to the sales of crude palm oil (CPO) and palm kernel (PK) of which for the quarter under review, the division sold 6,013 MT of CPO and 1,705 MT of PK. Due to these sales, the division also narrowed its pre-tax loss in 2Q17 to RM4.1 million, versus a pre-tax loss of RM9.1 million previously. Similarly, cumulative losses reduced to RM10.7 million against pre-tax loss of RM13.6 million for the same quarter under review in 2016.

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

	Current Quarter (Q2'17) RM'000	Preceding Quarter (Q1'17) RM'000	Diff + /(-) RM'000
REVENUE	237,479	250,186	(12,707)
PROFIT BEFORE TAX	21,717	6,779	14,938

The group recorded revenue of RM237.5 million in 2Q17, dropped 5.1% from RM250.2 million registered in the preceding quarter ended 31 March 2017 (1Q17), attributable to lower revenue from construction division. However, it was mitigated by higher revenue recorded from other divisions mainly plantation operations. In spite of the lower revenue, pre-tax profit for the quarter under review rose 219.1% to RM21.7 million, versus RM6.8 million in 1Q17. The higher profits in 2Q17 stemmed from a favourable project mix for the construction division, contribution from the assets facilities management, higher profit from oil and gas division and narrower losses in the plantation operations.

3. PROSPECTS
Engineering and Construction

The Group currently has an orderbook balance of RM3.5 billion as at 30 June 2017 and expects to add on to its orderbook as the Group is actively tendering for more works including infrastructure projects, commercial buildings and government buildings. With the government intending to undertake many major projects such as the East Coast Rail Link, High Speed Rail, Mass Rapid Transit 3 and Light Rail Transit 3, the Group intends to leverage on its position as a reputable infrastructure player to tap into the opportunities in the sector.

Property

During the current financial year, the division has launched one mixed development project called Puncak Temala in Marang, Terengganu, which has an estimated Gross Development Value (GDV) of RM217.7 million. Together with previously launched developments, property division is expected to contribute positively to the Group. Additionally, the facilities management of IIUM Medical Centre is expected to provide stable recurring income to the Group.

PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B
3. PROSPECTS (continued)
Oil and Gas

The outlook for the Oil and Gas sector is expected to improve this year, with oil price currently sustained above USD50 per barrel. The division's prospects are positive after the addition of TBSB as a full-fledged supply base in East Coast of Malaysia after a purely bunkering operation out of Kemaman Supply Base. This is supported by the division recently gaining Carigali HESS in a 2-year contract for crew boat activity and other support services at TBSB. Going forward, the Group intends to install more facilities to better accommodate current customers as well as to attract more customers to set up their base of operations at TBSB.

Plantation

With the palm oil mill being commissioned in February 2017, the division is able to process own FFB, as well as third-party FFB from neighbouring plantations. The 60 metric tonne (MT) per hour mill is capable of producing 79,200MT Crude Palm Oil per year when operating at its maximum capacity. The Group remains optimistic because the mill is the largest palm oil mill within an 80km radius of Kabupaten Landak, Indonesia. The division also intends to plant a further 1,200 hectares of palms in the second half of 2017, bringing the total planted area to 10,000 hectares. From the planted palms, about 51% of them will be matured palms, thus increasing the acreage yield and generating higher revenue for the Group going forward.

Generally, looking at the above, the Group is confident that its performance will show continuous improvement in 2017.

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

Not applicable.

5. TAXATION

	Current Quarter ended 30.06.2017 RM'000	Cumulative Current YTD 30.06.2017 RM'000
Current tax expense	3,734	7,025
Deferred tax expenses:		
-Origination of temporary differences	2,526	921
Total	6,260	7,946

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

(a) There are no corporate proposals which have been announced by the Company but not completed as at 28 August 2017 (being the latest practicable date from the date of issuance of the 2nd Quarter Report).

(b) Status of Private Placement Proceeds Utilisation

As at 30 June 2017, the status of utilisation of the proceeds raised from the Private Placement exercise which was completed on 21 April 2017 are as follows:

	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation Amount (RM'000)	Explanations
a)	Working capital	43,540	43,540	Within 12 months	-	N/A
b)	Partial repayment of borrowings	2,500	2,500	Within 12 months	-	N/A
c)	Estimated expense in relation to the Private Placement exercise	1,000	1,000	Within 3 months	-	N/A
Total		47,040	47,040		-	

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 30 June 2017 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	24,413	-	24,413
Trust Receipts	RM	10,101	-	10,101
Revolving Credits	RM	113,720	-	113,720
Term Loans	RM	79,951	795,837	875,788
Term Loans	USD	-	294,420	294,420
Term Loans	IDR	8	30,319	30,327
Finance Lease Liabilities	RM	7,276	20,910	28,186
Sukuk	RM	-	990,250	990,250
Total		235,469	2,131,736	2,367,205

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 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

The Board did not recommend any dividend for the current financial period or 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 period calculated as follows:

	Current Quarter ended 30/06/2017	Current Quarter ended 30/06/2016	Cumulative Quarter ended 30/06/2017	Cumulative Quarter ended 30/06/2016
	RM'000	RM'000	RM'000	RM'000
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	15,839	6,210	21,954	10,407
Basic				
Weighted average number of ordinary shares in issue	520,990,805	483,540,255	502,368,984	483,540,255
Diluted				
Weighted average number of ordinary shares in issue	520,990,805	483,540,255	502,368,984	483,540,255
Effect of warrants issue	*	*	*	*
Adjusted weighted average number of ordinary shares in issue	520,990,805	483,540,255	502,368,984	483,540,255

There was no dilutive potential ordinary share as at 30 June 2017.

- * 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 30.06.2017 RM'000	As at the end of last financial year 31.12.2016 RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	241,689	264,141
- Unrealised	(46,902)	(49,848)
	194,787	214,293
Total share of retained profits from associated companies		
- Realised	55	55
	55	55
Consolidated adjustments	5,969	(35,491)
Total Group retained profits as per consolidated accounts	200,811	178,857