

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 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 OR LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

RM'000	Note	2017 Current quarter ended 30 September	2016 Comparative quarter ended 30 September	2017 9 months cumulative to date	2016 9 months cumulative to date
REVENUE		294,753	270,854	782,418	844,275
OPERATING EXPENSES	1	(277,692)	(249,169)	(740,026)	(804,905)
OTHER OPERATING INCOME		14,456	23,116	46,792	44,328
PROFIT FROM OPERATIONS		31,517	44,801	89,184	83,698
FINANCE COSTS		(12,766)	(13,993)	(41,937)	(38,286)
PROFIT BEFORE TAXATION		18,751	30,808	47,247	45,412
TAX EXPENSE		(9,728)	(24,288)	(17,674)	(29,247)
PROFIT FOR THE PERIOD	2	9,023	6,520	29,573	16,165
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Foreign currency translation differences for foreign operations		4,587	135	10,768	7,134
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,610	6,655	40,341	23,299
PROFIT ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		10,031	8,522	31,985	18,933
NON-CONTROLLING INTEREST		(1,008)	(2,002)	(2,412)	(2,768)
PROFIT FOR THE PERIOD		9,023	6,520	29,573	16,165

AHMAD ZAKI RESOURCES BERHAD (432768-X)
 INCORPORATED IN MALAYSIA
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

RM'000	Note	2017 Current quarter ended 30 September	2016 Comparative quarter ended 30 September	2017 9 months cumulative to date	2016 9 months cumulative to date
COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		13,900	9,096	41,726	25,714
NON-CONTROLLING INTERESTS		(290)	(2,441)	(1,385)	(2,415)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,610	6,655	40,341	23,299

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

Basic (sen)	1.89	1.76	6.24	3.92
Diluted (sen)	-	-	-	-

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	242,409	223,987	657,214	742,477
Other operating expenses	35,283	25,182	82,812	62,428
TOTAL	277,692	249,169	740,026	804,905

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

a) Interest income	(960)	(330)	(2,619)	(1,177)
b) Accretion of fair value of non-current receivables	(14,435)	-	(43,418)	-
c) Interest expense	15,554	13,992	41,937	36,876
d) Depreciation and amortisation	7,187	4,026	18,519	11,178
e) Employee share expenses	100	-	1,800	-
f) Loss/(Gain) on foreign exchange - unrealised	3,947	(2,534)	1,508	(8,729)

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

RM '000	(Not Audited) As at 30/09/2017	(Audited) As at 31/12/2016
Non-current assets		
Property, plant and equipment	312,440	285,064
Prepaid lease payment	26,951	20,860
Land held for development	32,775	38,630
Biological assets	191,956	173,055
Intangible assets	41,145	41,060
Concession service assets	753,764	398,071
Goodwill	26,963	36,490
Investments in associates	165	165
Interest in joint ventures	34	34
Available-for-sale investments	116	116
Deferred tax assets	20,878	22,712
Trade and other receivables	727,181	704,236
Total non-current assets	2,134,368	1,720,493
Current assets		
Inventories	19,341	12,222
Property development costs	17,250	19,366
Trade and other receivables	610,376	786,517
Current tax assets	22,748	11,782
Other investment	818,450	823,856
Cash and deposits	196,383	190,052
Total current assets	1,684,548	1,843,795
TOTAL ASSETS	3,818,916	3,564,288
Equity attributable to equity holders of the parent		
Share capital	167,922	120,885
Reserves	287,555	244,031
Total equity	455,477	364,916
Minority interest	22,046	23,431
Total equity and minority interest	477,523	388,347
Non-current liabilities		
Loans and borrowings	2,194,851	2,000,353
Employee benefits	3,035	2,836
Deferred tax liabilities	75,385	75,097
Trade and other payables	153,512	57,800
Total non-current liabilities	2,426,783	2,136,086
Current liabilities		
Loans and borrowings	208,112	187,424
Trade and other payables	691,204	852,127
Current tax liabilities	15,294	304
Total current liabilities	914,610	1,039,855
Total liabilities	3,341,393	3,175,941
TOTAL EQUITY AND LIABILITIES	3,818,916	3,564,288

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 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	-	-	-	-	-	-	31,985	-	31,985	(2,412)	29,573
Foreign currency translation differences for foreign operations	-	-	9,741	-	-	-	-	-	9,741	1,027	10,768
Total comprehensive income for the period	-	-	9,741	-	-	-	31,985	-	41,726	(1,385)	40,341
Employee share scheme expenses	-	-	-	1,800	-	-	-	-	1,800	-	1,800
Issue of ordinary shares	47,037	-	-	-	(2)	-	-	-	47,035	-	47,035
Total transactions with owners of the Company	47,037	-	-	1,800	(2)	-	-	-	48,835	-	48,835
Balance at the end of the period	167,922	21,889	18,494	1,800	27,889	7,667	210,842	(1,026)	455,477	22,046	477,523
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 year:											
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

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

RM '000	9 months ended 30 September 2017	9 months ended 30 September 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	47,247	45,412
Adjustments for:-		
Amortisation of prepaid land lease payments	2,568	350
Amortisation of planting expenditures	5,042	4,602
Depreciation of property, plant and equipment	10,909	6,576
Amortisation of transaction costs	-	1,095
Accretion of non-current receivables	(43,418)	(32,855)
Interest expenses	41,937	36,876
Interest income	(2,619)	(1,177)
Gain on disposal of property, plant and equipment	(39)	(333)
Employee share scheme expenses	1,800	-
Employee benefits	199	45
(Gain)/loss on foreign exchange –unrealised	1,508	(8,729)
Provision for and write-off receivable	-	4
Operating profit before working capital changes	65,134	51,866
(Increase) /Decrease in inventories	(7,119)	1,989
Decrease /(Increase) in property development expenditure	7,971	(4,207)
Increase in concession assets	(355,693)	(217,941)
Decrease / (Increase) in trade and other receivables	184,077	(343,334)
(Decrease) /Increase in trade and other payables	(44,740)	220,236
Cash used in operations	(150,370)	(291,391)
Tax paid	(11,528)	(5,482)
Tax refunded	-	6,420
Interest received	2,619	1,177
Interest paid	(41,937)	(36,876)
Net cash used in operating activities	(201,216)	(326,152)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(23,943)	(11,907)
Purchase of leasehold land	(8,659)	(10,098)
Withdrawal/(Placement) of other investment	5,406	(812,034)
Purchase and proceeds from disposal of property, plant and equipment	(38,246)	(18,137)
Net cash generated used in investing activities	(65,442)	(852,176)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged fixed deposits	(6,297)	(7,208)
Proceeds of trust receipts/revolving credits	41,798	87,568
Repayment of trust receipts/revolving credits	(33,129)	(91,978)
Payment for finance lease liabilities	(3,512)	(5,543)
Term loan drawdown	349,017	271,948
Term loan repayment	(143,288)	(15,457)
Sukuk drawdown	-	1,000,000
Dividend paid	-	(9,641)
Issuance of new share capital	47,035	-
Net cash generated from financing activities	251,624	1,229,689
Net (decrease) / increase in cash and cash equivalents (carried down)	(15,034)	51,361

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

RM '000	9 months ended 30 September 2017	9 months ended 30 September 2016
Net (decrease) / increase in cash and cash equivalents (brought down)	(15,034)	51,361
Effects of exchange difference on cash and cash equivalents	10,768	4,812
Cash and cash equivalents at beginning of the period	115,289	89,901
Cash and cash equivalents at end of the period	111,023	146,074
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	140,150	164,812
Cash deposits with licensed banks	56,233	51,909
Bank overdrafts	(29,127)	(25,203)
Less: Pledged fixed deposits	(56,233)	(45,444)
	111,023	146,074

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 September 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 September 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	Concession RM'000	Oil & Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
30-Sept-17								
REVENUE								
External revenue	655,114	24,293	40,658	57,538	4,815	-	-	782,418
Inter-segment revenue	-	-	-	-	-	5,111	(5,111)	-
Total revenue	655,114	24,293	40,658	57,538	4,815	5,111	(5,111)	782,418
RESULTS								
Segment results	47,110	39,579	2,385	(15,228)	(494)	(26,105)	-	47,247
Interest income	2,429	60	9	28	33	60	-	2,619
Interest expenses	(8,069)	(18,610)	(2,375)	(6,848)	(330)	(5,705)	-	(41,937)
Non cash expenses (note i)	-	-	-	(9,118)	-	(1,800)	-	(10,918)
Depreciation	(6,832)	(4)	(2,392)	(714)	(391)	(576)	-	(10,909)

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

9. SEGMENT REPORTING (continued)

	Engineering & Construction RM'000	Concession 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	790,040	11,238	26,474	9,828	6,695	-	-	844,275
Inter-segment revenue	-	-	-	-	-	5,288	(5,288)	-
Total revenue	790,040	11,238	26,474	9,828	6,695	5,288	(5,288)	844,275
RESULTS								
Segment results	48,396	22,290	7,588	(22,389)	664	(11,137)	-	45,412
Interest income	1,029	-	20	-	16	112	-	1,177
Interest expenses	(4,854)	(20,162)	(528)	(9,852)	(211)	(1,269)	-	(36,876)
Non cash expenses (note i)	-	-	-	2,694	-	(16)	-	2,678
Depreciation	(4,523)	(11)	(899)	(615)	(42)	(486)	-	(6,576)

Note (i): Non cash expenses

	Group	
	30/9/2017	30/9/2016
	RM'000	RM'000
Amortisation of planting expenditures	5,042	4,602
Amortisation of prepaid land lease payments	2,568	350
Amortisation of transaction costs	-	1,095
Provision for and write off of receivable	-	4
Employee share expenses	1,800	-
Loss/(Gain) on foreign exchange-unrealised	1,508	(8,729)
	10,918	(2,678)

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 2017 (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.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 29 November 2017 (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:

	2017 9 months cumulative to date RM'000	2016 9 months cumulative to date RM'000
Trade		
Purchases from following subsidiaries of Chuan Huat Resources Berhad, a company in which Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest:-		
- Chuan Huat Industrial Marketing Sdn Bhd	9,694	4,831
- Chuan Huat Hardware Sdn Bhd	685	236
Purchases from /(Sales to) following companies, companies in which Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director:-		
- QMC Sdn Bhd	158	-
- Kemaman Quarry Sdn Bhd (net)	(103)	64
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	96	90
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	834	866
Rental paid/payable to Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	1,173	1,387
Rental paid/payable to Zaki Holdings (M) Sdn Bhd	100	70
Security services charges paid to MIM Protection Sdn Bhd	2,305	-

**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 September 2017 (3Q17), the Group posted revenue of RM294.8 million, increased 8.8% from RM270.9 million of the previous corresponding quarter. Higher revenue was largely attributed to improved operations of the Plantation and Oil and Gas Divisions. However, the Group's pre-tax profit decreased 39.1% to RM18.8 million, mainly due to higher recognition in 3Q2016 of concession accretion income under Concession Division. The drop was partly mitigated by the increase in Construction Division's earnings and lower losses of the plantation division.

For the nine-month period ended 30 September 2017 (9M17), the Group recorded 7.3% drop in revenue to RM782.4 million, compared to RM844.3 million previously, mainly attributed to lower billings from Construction Division. Despite the lower revenue, the Group's pre-tax profit increased 4.0% to RM47.2 million largely due to the facilities management income in Concession Division as well as reduced losses for the Plantation Division.

Engineering and Construction

For the quarter under review, the division recorded a decline in revenue of 7.2% to RM229.8 million compared to the same quarter last year. Lower revenue during the quarter has also resulted in lower cumulative revenue for the division. For the nine-month period (9M17), the division registered RM655.1 mil of revenue, a decrease of 17.2% compared against the corresponding period revenue last year of RM791.0 mil. The decrease is mainly due to the differing project mix and its various stages of completion.

Despite lower revenue, the division recorded higher pre-tax profit for the quarter under review. Pre-tax profit for 3Q17 surged to RM19.5 million versus RM6.5 million previously, attributed to a more favourable project mix. The division's cumulative pre-tax profit was RM47.1 mil compared against RM48.4 mil recorded during the same period last year.

Concession

The Concession Division encompasses the Group's concession for the maintenance of IIUM Medical Centre in Kuantan which was previously recorded under the Property Division. Moving forward, the division will also include income contribution of the toll concession for the East Klang Valley Expressway, once completed.

The concession division recorded revenue of RM8.3 million during the quarter, attributed mainly from the facilities management of IIUM teaching hospital, increasing 7.5% compared to RM7.8 million in 3Q16. This brings cumulative revenue for the division to RM24.3 million

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

1. REVIEW OF PERFORMANCE (continued)

Concession (continued)

compared against RM11.2 million recorded last year. The pre-tax profit for 3Q17 stood at RM12.2 million, including the accretion of non-current receivables of RM14.4 million. For 9M17, the division's pre-tax profit was RM39.6 million inclusive of other income of RM43.4 mil. In comparison, pre-tax profit recorded for 9M16 was RM22.3 million with other income of RM35.3 million. Higher earnings for 2017 were mainly due to the full-year recognition of facilities management services for IIUM teaching hospital which commenced its operation in June 2016.

Oil and Gas

Revenue for Oil and Gas Division for the quarter under review more than doubled to RM18.6 million compared against RM9.2 million in the previous corresponding quarter. Higher revenue was mainly due to the inclusion of Tok Bali Supply Base (TBSB) as well as higher activities at Kemaman Supply Base. Similarly, revenue for 9M17 jumped 53.6% to RM40.7 million from RM26.5 million last year.

Nevertheless, the division recorded a lower pre-tax profit due to the continued losses at TBSB as the supply base has yet to reach its optimal level of operation. The division recorded RM0.9 million of pre-tax profit in 3Q17, compared to RM1.7 million in 3Q16. For 9M17, pre-tax profit declined to RM2.4 million from RM7.6 million.

Plantation

For the quarter under review, the plantation division's revenue increased significantly to RM36.1 million from RM4.1 million in the previous year. As a result, the division recorded a year-to-date revenue of RM57.5 million, versus RM9.8 million last year. The increase in revenue was mainly attributed to the sales of crude palm oil (CPO) from the newly commissioned mill in February 2017 as opposed to pure sales of fresh fruit bunches in 2016. The division sold 13,640MT of CPO in 3Q17 and 20,253MT for the year-to-date. Meanwhile, palm kernel sold was 1,856MT in 3Q17 and 3,862MT for the year under review.

In-line with higher revenue recorded, the plantation division managed to narrow its pre-tax loss. Excluding foreign exchange (forex) adjustments, pre-tax loss for 3Q17 and 9M17 was RM0.8 million and RM13.9 million respectively. For the quarter under review, the division was significantly impacted by adverse forex adjustments which resulted in pre-tax loss for the quarter and year-to-date under review of RM4.6 million and RM15.2 million respectively.

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

1. REVIEW OF PERFORMANCE (continued)

Plantation (continued)

In comparison, pre-tax loss recorded in 3Q16 and 9M16 was RM8.8 million and RM22.4 million respectively.

Property

Following the re-categorising of IIUM Medical Centre maintenance concession into the Concession Division, the division currently derives its income from its development in Paka, Terengganu. The property division recorded 15% higher revenue of RM1.5 million in 3Q17 compared to RM1.3 million of revenue in 3Q16. However, cumulative revenue during the year dropped 28% to RM4.8 million against RM6.7 million recorded last year.

The division recorded pre-tax loss of RM0.1 million during the quarter, versus pre-tax loss of RM42,000 in 3Q16. In-line with lower revenue for 9M17, the division registered a pre-tax loss of RM0.5 million against pre-tax profit of RM0.7 million previously.

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

	Current Quarter (Q3'17) RM'000	Preceding Quarter (Q2'17) RM'000	Diff + /(-) RM'000
REVENUE	294,753	237,479	57,274
PROFIT BEFORE TAX	18,751	21,717	(2,966)

The Group recorded revenue of RM294.8 million in 3Q17, an increase of 24.1% from RM237.5 million recognised in the quarter ended 30 June 2017 (2Q17), mainly due to increased revenue from the Construction, Plantation, as well as Oil and Gas divisions. Despite this, pre-tax profit for the quarter under review dipped by 13.7% to RM18.8 million, versus RM21.7 million in 2Q17. The drop in profits in 3Q17 was mainly due to increased starting up losses at TBSB and unrealised foreign exchange loss at the Plantation Division.

3. PROSPECTS

Engineering and Construction

The Group won two new contracts during the year, package S206 for KVMRT SSP Line and substructure package for the development of Bukit Bintang City Centre worth a combined value of RM510.4 million. Currently, the Group's outstanding order book was

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

3. PROSPECTS (continued)

Engineering and Construction (continued)

RM3.8 billion as at 30 September 2017, of which projects are expected to be completed within the next three to four years. The Group is actively tendering for more works including infrastructure projects, commercial buildings, and government buildings and expects to add on to its orderbook.

With future government undertakings such as the East Coast Rail Link, High Speed Rail, and Mass Rapid Transit 3, the Group intends to leverage on its position as a reputable builder of distinction to tap into the many opportunities on offer in the sector.

Concession

This division currently consists of a concession for the maintenance and facilities management of IIUM Medical Centre in Pahang, which is expected to provide the Group a stable recurring income over the years ahead. With the concession, lasting until 2038, the division is expected to continue its positive contribution to the Group for the foreseeable future.

Oil and Gas

The Oil and Gas sector while still challenging, has shown signs of improvement as the price of crude oil has seen a steady increase during the recent months and currently sustained above USD60 per barrel. From a pure bunkering operator out of Kemaman Supply Base, the division's prospects are positive with the inclusion of TBSB as a full-fledged supply base in East Coast of Peninsular Malaysia. Going forward, the Group intends to continue to invest and 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 division is on track to plant a further 1,200 hectares of palms in 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. The Group is excited to see its new planting from 2011 come into maturity in the coming months. From which, the harvest from this will

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

3. PROSPECTS (continued)

Plantation (continued)

feed automatically into our mill. We also look forward to recovering yields from our existing plantation, and that of neighboring plantations, which will bode well for our mill production in the coming months.

Property

During the current financial year, the division has launched one residential development project in Paka Terengganu, which has an estimated Gross Development Value (GDV) of RM18.9 million. With the addition of previously-launched developments and increased sales and marketing efforts, the division is expected to continue to contribute positively to the Group.

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

Not applicable.

5. TAXATION

	Current Quarter ended 30.09.2017 RM'000	Cumulative Current YTD 30.09.2017 RM'000
Current tax expense	8,527	15,552
Deferred tax expenses:		
-Origination of temporary differences	1,201	2,122
Total	9,728	17,674

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 29 November 2017 (being the latest practicable date from the date of issuance of the 3rd Quarter Report).

(b) Status of Private Placement Proceeds Utilisation

As at 30 September 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 September 2017 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	29,127	-	29,127
Trust Receipts	RM	8,297	-	8,297
Revolving Credits	RM	113,720	-	113,720
Term Loans	RM	50,601	861,644	912,245
Term Loans	USD	-	290,262	290,262
Term Loans	IDR	8	31,657	31,665
Finance Lease Liabilities	RM	6,359	21,038	27,397
Sukuk	RM	-	990,250	990,250
Total		208,112	2,194,851	2,402,963

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING
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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 RM16,178,026.88). 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 18 September 2017, the Board declared interim single tier dividend of 1.5sen per ordinary shares amounting to RM7,951,053 to be paid on 16 October 2017. The Board did not recommend any final dividend for the 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 30/09/2017	Current Quarter ended 30/09/2016	Cumulative Quarter ended 30/09/2017	Cumulative Quarter ended 30/09/2016
	RM'000	RM'000	RM'000	RM'000
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	10,031	8,522	31,985	18,933
Basic				
Weighted average number of ordinary shares in issue	531,541,134	483,540,255	512,481,726	483,540,255
Diluted				
Weighted average number of ordinary shares in issue	531,541,134	483,540,255	512,481,726	483,540,255
Effect of warrants issue	*	*	*	*
Adjusted weighted average number of ordinary shares in issue	531,541,134	483,540,255	512,481,726	483,540,255
Basic (sen)	1.89	1.76	6.24	3.92
Diluted (sen)	-	-	-	-

There was no dilutive potential ordinary share as at 30 September 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 30.09.2017 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	234,301	264,141
- Unrealised	(48,104)	(49,848)
	186,197	214,293
Total share of retained profits from associated companies		
- Realised	55	55
	55	55
Consolidated adjustments	24,590	(35,491)
Total Group retained profits as per consolidated accounts	210,842	178,857