

**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 quarter ended 30 September 2020. This announcement should be read in conjunction with the audited financial statements for the period ended 30 June 2020 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 3-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

RM'000	Note	Current quarter ended <u>3-month</u> 30.09.2020	Comparative quarter ended <u>3-month</u> 30.09.2019	Cumulative quarter ended <u>3-month</u> 30.09.2020	Cumulative quarter ended <u>3-month</u> 30.09.2019
Revenue		180,788	260,610	180,788	260,610
Operating expenses	1	(221,870)	(257,049)	(221,870)	(257,049)
Other operating income		429	559	429	559
<b>(Loss)/Profit from operating activities</b>		<b>(40,653)</b>	<b>4,120</b>	<b>(40,653)</b>	<b>4,120</b>
Finance income		13,995	14,298	13,995	14,298
Finance expenses		(17,889)	(16,090)	(17,889)	(16,090)
<b>(Loss)/Profit before tax</b>		<b>(44,547)</b>	<b>2,328</b>	<b>(44,547)</b>	<b>2,328</b>
Income tax expense		(3,034)	(1,045)	(3,034)	(1,045)
<b>(Loss)/Profit for the period</b>	2	<b>(47,581)</b>	<b>1,283</b>	<b>(47,581)</b>	<b>1,283</b>
<b>Other comprehensive income/(loss), net of tax</b>					
Actuarial gain from employee benefits		-	10	-	10
Foreign currency translation differences for foreign operations		15,200	(1,093)	15,200	(1,093)
<b>Total comprehensive (loss)/income for the period</b>		<b>(32,381)</b>	<b>200</b>	<b>(32,381)</b>	<b>200</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(44,863)	3,060	(44,863)	3,060
Non-controlling interests		(2,718)	(1,777)	(2,718)	(1,777)
<b>(Loss)/Profit for the period</b>		<b>(47,581)</b>	<b>1,283</b>	<b>(47,581)</b>	<b>1,283</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

RM'000	Current quarter ended <u>3-month</u> 30.09.2020	Comparative quarter ended <u>3-month</u> 30.09.2020	Cumulative quarter ended <u>3-month</u> 30.09.2020	Cumulative quarter ended <u>3-month</u> 30.09.2020
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(30,829)	1,977	(30,829)	1,977
Non-controlling interests	(1,552)	(1,777)	(1,552)	(1,777)
<b>Total comprehensive (loss)/income for the period</b>	<b>(32,381)</b>	<b>200</b>	<b>(32,381)</b>	<b>200</b>
<b>(Loss)/Earnings per ordinary share (sen)</b>	<b>(7.50)</b>	<b>0.51</b>	<b>(7.50)</b>	<b>0.51</b>
<b>Note 1:</b>				
Operating expenses represents the following:				
Cost of sales	167,730	231,567	167,730	231,567
Loss on foreign exchange - unrealised	30,517	543	30,517	543
Other operating expenses	23,623	24,939	23,623	24,939
<b>Total</b>	<b>221,870</b>	<b>257,049</b>	<b>221,870</b>	<b>257,049</b>
<b>Note 2:</b>				
(Loss)/Profit is arrived at after (crediting)/ charging the following items:				
Interest income	(241)	(237)	(241)	(237)
Accretion of fair value of non-current receivables	(13,754)	(14,061)	(13,754)	(14,061)
Interest expenses	16,001	16,090	16,001	16,090
Depreciation and amortisation of non-current assets	6,707	5,455	6,707	5,455
Employee retirement benefits provision	62	314	62	314
Employee share scheme expenses	-	154	-	154

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
 30 SEPTEMBER 2020**

RM'000	Unaudited as at 30.09.2020	Audited as at 30.06.2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	567,691	592,750
Right-of-use assets	7,480	8,648
Prepaid lease payments	19,936	21,704
Land held for development	57,942	57,970
Intangible assets	18,166	18,609
Concession service assets	1,692,515	1,625,946
Goodwill	38,887	38,887
Investments in associates	2,802	2,802
Investments in financial assets	116	116
Deferred tax assets	27,804	27,585
Trade and other receivables	657,931	593,419
<b>Total non-current assets</b>	<b>3,091,270</b>	<b>2,988,436</b>
<b>Current assets</b>		
Biological assets	31	31
Inventories	14,670	17,516
Property development costs	27,154	20,621
Tax recoverable	3,567	5,727
Construction contract assets	142,905	201,998
Trade and other receivables	472,383	522,784
Financial assets at fair value through profit or loss	273,278	323,821
Cash and deposits	415,382	425,292
<b>Total current assets</b>	<b>1,349,370</b>	<b>1,517,790</b>
<b>Total assets</b>	<b>4,440,640</b>	<b>4,506,226</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
 30 SEPTEMBER 2020**

RM'000	Unaudited as at 30.09.2020	Audited as at 30.06.2020
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	197,536	197,536
Reserves	126,733	157,562
<b>Equity attributable to owners of the Company</b>	<b>324,269</b>	<b>355,098</b>
Non-controlling interests	3,886	5,438
<b>Total equity</b>	<b>328,155</b>	<b>360,536</b>
<b>Non-current and deferred liabilities</b>		
Loans and borrowings	2,677,904	2,612,678
Lease liabilities	3,149	5,183
Employee benefits	4,812	4,935
Deferred tax liabilities	95,816	95,973
Trade and other payables	207,026	206,957
<b>Total non-current and deferred liabilities</b>	<b>2,988,707</b>	<b>2,925,726</b>
<b>Current liabilities</b>		
Loans and borrowings	279,014	371,822
Lease liabilities	4,566	3,646
Trade and other payables	831,435	834,174
Tax liabilities	8,763	10,322
<b>Total current liabilities</b>	<b>1,123,778</b>	<b>1,219,964</b>
<b>Total liabilities</b>	<b>4,112,485</b>	<b>4,145,690</b>
<b>Total equity and liabilities</b>	<b>4,440,640</b>	<b>4,506,226</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

RM'000	← Attributable to the owners of the Company →								Non-controlling interests	Total equity
	← Non-distributable →				→ Distributable →					
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employee share scheme reserve	Treasury shares	Retained profits	Subtotal		
<b>At 1 July 2020</b>	<b>197,536</b>	<b>1,594</b>	<b>27,889</b>	<b>9,296</b>	<b>1,506</b>	<b>(1,026)</b>	<b>118,303</b>	<b>355,098</b>	<b>5,438</b>	<b>360,536</b>
Loss for the period	-	-	-	-	-	-	(44,863)	(44,863)	(2,718)	(47,581)
Foreign currency translation differences for foreign operations	-	(454)	-	14,488	-	-	-	14,034	1,166	15,200
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>(454)</b>	<b>-</b>	<b>14,488</b>	<b>-</b>	<b>-</b>	<b>(44,863)</b>	<b>(30,829)</b>	<b>(1,552)</b>	<b>(32,831)</b>
<b>At 30 September 2020</b>	<b>197,536</b>	<b>1,140</b>	<b>27,889</b>	<b>23,784</b>	<b>1,506</b>	<b>(1,026)</b>	<b>73,440</b>	<b>324,269</b>	<b>3,886</b>	<b>328,155</b>

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2020**

RM'000	← Attributable to the owners of the Company →							Subtotal	Non-controlling interests	Total Equity
	← Non-distributable →			Distributable						
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employee share scheme reserve	Treasury shares	Retained profits			
<b>At 1 January 2019</b>	<b>197,536</b>	<b>872</b>	<b>27,889</b>	<b>16,123</b>	<b>2,331</b>	<b>(1,026)</b>	<b>217,756</b>	<b>461,481</b>	<b>11,521</b>	<b>473,002</b>
Loss for the period	-	-	-	-	-	-	(98,321)	(98,321)	(12,907)	(111,228)
Foreign currency translation differences for foreign operations	-	334	-	(6,827)	-	-	(1,132)	(7,625)	440	(7,185)
Actuarial gain from employee benefits	-	388	-	-	-	-	-	388	19	407
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>722</b>	<b>-</b>	<b>(6,827)</b>	<b>-</b>	<b>-</b>	<b>(99,453)</b>	<b>(105,558)</b>	<b>(12,448)</b>	<b>(118,006)</b>
Adjustment of share options granted under Employees' Share Scheme	-	-	-	-	(825)	-	-	(825)	-	(825)
<b>Total distribution to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(825)</b>	<b>-</b>	<b>-</b>	<b>(825)</b>	<b>-</b>	<b>(825)</b>
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	(383)	(383)
Changes in ownership interest in subsidiary	-	-	-	-	-	-	-	-	6,748	6,748
<b>Total transactions with non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,365</b>	<b>6,365</b>
<b>At 30 June 2020</b>	<b>197,536</b>	<b>1,594</b>	<b>27,889</b>	<b>9,296</b>	<b>1,506</b>	<b>(1,026)</b>	<b>118,303</b>	<b>355,098</b>	<b>5,438</b>	<b>360,536</b>

Note:

The Company had changed its financial year end from 31 December to 30 June in the previous financial period. Consequently, the comparative figures stated in the Statement of Changes in Equity, Statement of Cash Flows, and the related notes are based on the audited financial statements for the 18-month period ended 30 June 2020, and are therefore not comparable. For the current financial year, the next audited financial statements of the Company will be covering a period of 12 months ending 30 June 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

RM'000	Cumulative quarter ended <u>3-month</u> 30.09.2020	Audited for period ended <u>18-month</u> 30.06.2020
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>		
Loss before tax	(44,547)	(75,790)
Adjustments for:		
Accretion of fair value on non-current receivables	(13,754)	(84,131)
Interest income	(241)	(2,889)
Interest expense	15,939	83,753
Finance costs on lease liabilities	62	480
Employees' Share Scheme gain	-	(825)
Allowance for doubtful debt	-	678
Bad debt written-off	-	505
Loss on foreign exchange - unrealised	30,517	8,767
Amortisation of transaction costs	667	1,712
Loss on liquidation of interest in joint ventures	-	16
Depreciation of property, plant and equipment	6,390	53,212
Depreciation of right-of-use assets	317	8,019
Amortisation of prepaid lease payments	1,768	1,589
Amortisation of intangible assets	422	2,534
Impairment of goodwill	-	2,894
Share of loss of associates	-	3
Inventories written-down	-	595
Employee retirement benefits provision	62	1,810
Gain on disposal of property, plant and equipment - net	(45)	(360)
Fair value loss arising from biological assets	-	46
<b>Operating (loss)/profit before working capital changes</b>	<b>(2,443)</b>	<b>2,618</b>
Changes in working capital:		
Decrease in inventories	2,849	8,182
Decrease in construction contract assets	59,093	202,523
Increase in property development costs	(6,533)	(10,477)
Increase in concession service assets	(66,569)	(298,900)
Increase in trade and other receivables	42,206	299,267
Increase in trade and other payables	(89,155)	(283,608)
<b>Cash used in operations</b>	<b>(60,552)</b>	<b>(80,395)</b>
Interest received	241	2,889
Retirement benefits paid	-	(167)
Income tax paid - net	(1,509)	(16,641)
<b>Net cash used in operating activities</b>	<b>(61,820)</b>	<b>(94,314)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

<b>RM'000</b>	<b>Cumulative quarter ended 3-month 30.09.2020</b>	<b>Audited for period ended 18-month 30.06.2020</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Addition of land held for development	-	(539)
Impact of changes in ownership of interest in subsidiary	-	6,748
Withdrawal/(Addition) of financial assets at fair value through profit or loss	50,543	(159,483)
Proceeds from disposal of property, plant and equipment	46	14,258
Purchase of property, plant and equipment	(1,889)	(60,318)
Proceeds from liquidation of interest in joint ventures	-	18
Acquisition of intangible assets	-	(184)
<b>Net cash from/(used in) investing activities</b>	<b>48,700</b>	<b>(199,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in pledged cash and deposits	26,319	7,404
Interest paid	(16,001)	(211,631)
Dividend paid	-	(383)
Repayment of lease liabilities	(1,114)	(7,838)
Repayment of finance lease liabilities (net)	(2,322)	(17,623)
Proceeds from drawdown of loans and borrowings	50,727	258,641
Repayment of loans and borrowings	(24,598)	(466,537)
Proceeds from issuance of Sukuk	-	535,000
<b>Net cash from financing activities</b>	<b>33,011</b>	<b>97,033</b>
Net increase/(decrease) in cash and cash equivalents	19,891	(196,781)
Cash and cash equivalents at beginning of the period	301,057	497,838
<b>Cash and cash equivalents at end of the period</b>	<b>320,948</b>	<b>301,057</b>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts:		
Deposits placed with licensed banks	89,128	128,723
Cash and bank balances	326,254	296,569
	<b>415,382</b>	<b>425,292</b>
Less:		
Bank overdrafts	(35,191)	(38,673)
Pledged deposits	(59,243)	(85,562)
	<b>320,948</b>	<b>301,057</b>

**Note:**

The Company had changed its financial year end from 31 December to 30 June in the previous financial period. Consequently, the comparative figures stated in the Statement of Changes in Equity, Statement of Cash Flows, and the related notes are based on the audited financial statements for the 18-month period ended 30 June 2020, and are therefore not comparable. For the current financial year, the next audited financial statements of the Company will be covering a period of 12 months ending 30 June 2021.



## PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6

### 1. ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting*, and Paragraph 9.22 of the Main Market 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 period ended 30 June 2020 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 Company and its subsidiary companies (“the Group”) since the financial period ended 30 June 2020.

### 2. CHANGE OF FINANCIAL YEAR END

In the previous financial period, the Company had changed its financial year end from 31 December to 30 June. All the subsidiary companies of the Company had adopted the change accordingly. As a result, the next audited financial statements of the Company will be covering a period of 12 months ending 30 June 2021.

### 3. CHANGES IN ACCOUNTING POLICIES

The significant 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 audited financial statements for the period ended 30 June 2020.

#### **New MFRSs and Amendments to MFRSs in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new MFRSs and Amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17 Insurance Contracts<sup>4</sup>

Amendments to:

MFRS 3	Definition of a Business <sup>1</sup>
MFRS 3	Reference to Conceptual Framework <sup>3</sup>
MFRS 16	COVID-19 Related Rent Concessions <sup>2</sup>
MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
MFRS 101	Classification of Liabilities as Current or Non-Current <sup>4</sup>
MFRS 101	and MFRS 108 Definition of Material <sup>1</sup>
MFRS 116	Property, Plant and equipment - Proceeds before Intended Use <sup>3</sup>

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6**

**3. CHANGES IN ACCOUNTING POLICIES (continued)**

**New MFRSs and Amendments to MFRSs in issue but not yet effective (continued)**

Amendments to: (continued)

MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract <sup>3</sup>
Annual Improvements to MFRSs 2018 - 2020 Cycle <sup>3</sup>	
Amendments to References to the Conceptual Framework in MFRS Standards <sup>1</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

<sup>5</sup> Effective date deferred to a date to be determined and announced by the Malaysian Accounting Standards Board ("MASB"), with earlier application still permitted.

The Directors anticipate that the abovementioned MFRSs and Amendments to MFRSs will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these MFRSs and Amendments to MFRSs will have no material impact on the financial statements of the Group in the period of initial application, except for the Amendments to MFRS 16 on COVID-19 related rent concessions.

The Group has not early adopted Amendments to MFRS 16 on COVID-19 related rent concessions. The Directors anticipate that the application of Amendment to MFRS 16 on COVID-19 related rent concession is not expected to have a material impact on the amounts reported and disclosures made in the financial statements of the Group. However, it is not practical to provide a reasonable estimate of the financial impact of Amendments to MFRS 16 on COVID-19 related rent concessions until the Group completes a detailed review.

Further, during the period, the IFRS Interpretations Committee ("IFRIC") issued an Agenda Decision related to capitalisation of borrowing cost on qualifying assets. On 20 March 2019, MASB announced that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group are currently assessing the impact to the financial statements on the change in accounting policy pursuant to the IFRIC Agenda Decision.

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6**

**4. STATUS OF FINANCIAL STATEMENTS QUALIFICATION**

The auditors' report of the preceding audited financial statements for the period ended 30 June 2020 was not subject to any qualification.

**5. REVIEW OF SEASONALITY OR CYCLICALITY OF OPERATIONS**

The Group was not significantly affected by any seasonal or cyclical factors.

**6. ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL DUE 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 quarter ended 30 September 2020.

**7. CHANGES IN ESTIMATES REPORTED IN PRIOR FINANCIAL PERIODS**

There were no material changes in estimates of amounts reported in prior financial periods which have a material effect on the current quarter.

**8. CHANGES IN DEBT AND EQUITY SECURITIES**

There were no issuances and repayments of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

**9. DIVIDEND PAID**

No dividend was paid for the period under review.

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6**

**10. SEGMENT REPORTING**

Segment reporting is presented in respect of the Group's business segments. Inter-segment pricing is determined based on cost plus method.

RM'000	Engineering & Construction	Concession	Oil & Gas	Plantation	Property	Other Operations	Eliminations	Consolidated
<b>3-month</b>								
<b>30.09.2020</b>								
<b>Revenue</b>								
External revenue	143,835	13,239	11,491	10,817	1,406	-	-	180,788
Inter-segment revenue	-	-	2,232	-	-	5,108	(7,340)	-
<b>Total revenue</b>	<b>143,835</b>	<b>13,239</b>	<b>13,723</b>	<b>10,817</b>	<b>1,406</b>	<b>5,108</b>	<b>(7,340)</b>	<b>180,788</b>
<b>Results</b>								
Segment results	(7,806)	11,904	(289)	(36,286)	(1,089)	1,967	(12,948)	(44,547)
Interest income	145	3	1	-	5	87	-	241
Interest expenses	(3,601)	-	(1,472)	(1,338)	(444)	(9,146)	-	(16,001)
Non-cash income/ (expenses)(Note i)	45	13,754	-	(29,709)	-	(1,537)	(422)	(17,869)
Depreciation and amortisation of non-current assets	(806)	(1)	(2,013)	(3,572)	(178)	(137)	-	(6,707)
<b>3-month</b>								
<b>30.09.2019</b>								
<b>Revenue</b>								
External revenue	215,497	20,496	17,612	4,376	2,629	-	-	260,610
Inter-segment revenue	1,055	-	1,027	-	-	4,395	(6,477)	-
<b>Total revenue</b>	<b>216,552</b>	<b>20,496</b>	<b>18,639</b>	<b>4,376</b>	<b>2,629</b>	<b>4,395</b>	<b>(6,477)</b>	<b>260,610</b>
<b>Results</b>								
Segment results	11,727	12,537	393	(12,466)	(338)	(9,525)	-	<b>2,328</b>
Interest income	195	15	1	2	3	21	-	237
Interest expenses	(3,171)	(5,236)	(1,884)	(1,973)	(354)	(3,472)	-	(16,090)
Non-cash income/ (expenses) (Note i)	90	14,061	845	(1,881)	-	523	(1,267)	12,371
Depreciation and amortisation of non-current assets	(842)	(1)	(1,206)	(3,140)	(129)	(137)	-	(5,455)

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6**

**10. SEGMENT REPORTING (continued)**

Note i:

<b>RM'000</b>	<b>Cumulative quarter ended 3-month 30.09.2020</b>	<b>Cumulative quarter ended 3-month 30.09.2019</b>
Amortisation of intangible assets	(422)	(422)
Employee share scheme expenses	-	(154)
Employee retirement benefits provision	(62)	(314)
Accretion of fair value of non-current receivables	13,754	14,061
Amortisation of transaction costs	(667)	(347)
Loss on foreign exchange - unrealised	(30,517)	(543)
Gain on disposal of property, plant and equipment	45	90
<b>Total</b>	<b>(17,869)</b>	<b>12,371</b>

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

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

**12. SUBSEQUENT EVENTS**

There was no material event subsequent to the end of the current quarter up to 30 November 2020 (being the latest practicable date from the date of issuance of the Quarter Report) that has not been reflected in the financial statements for the current quarter and financial period.

**13. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no material changes in the composition of the Group during the current quarter.

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

Ahmad Zaki Saudi Arabia Co. Ltd., a subsidiary of the Company, is currently undergoing a tax review with the General Authority of Zakat & Tax of Saudi Arabia ("DZIT") for additional back-taxes. Upon consulting its appointed solicitors, the Company is of the view that there are strong grounds to disagree with the DZIT and has submitted the necessary supporting documents, and are confident of a favourable outcome.

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6**

**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Directors regard Zaki Holdings (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

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

<b>RM'000</b>	<b>Cumulative quarter ended <u>3-month</u> 30.09.2020</b>	<b>Cumulative quarter ended <u>3-month</u> 30.09.2019</b>
<b>Trade</b>		
Purchases from subsidiaries of Chuan Huat Resources Berhad, of which a director has substantial financial interests:		
- Chuan Huat Industrial Marketing Sdn. Bhd.	2,818	30,979
- Chuan Huat Hardware Sdn. Bhd.	86	872
Purchases from the following companies which certain directors have substantial financial interests and are also directors:		
- QMC Sdn. Bhd.	473	84
Sales to the following companies which certain directors have substantial financial interests and are also directors:		
- Kemaman Quarry Sdn. Bhd.	(43)	(24)
- MIM Waste Services Sdn. Bhd.	(124)	(255)
<b>Non-trade</b>		
Administrative services charged by ultimate holding company	32	95
Insurance premium charged by ultimate holding company	185	610
Rental of land charged by a director of the Company	9	451
Transactions with MIM Protection Sdn. Bhd., of which certain directors have substantial financial interests and are also directors:		
- Security services costs	812	4,469
- Rental income	(75)	(225)

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

**1. REVIEW OF PERFORMANCE**

AZRB and its subsidiary companies (“the Group”) recorded revenue of RM180.8 million during the quarter, a decrease of 31% from the revenue of the previous corresponding quarter of 2019. This was due to lower revenue performance of nearly all divisions of the Group; particularly the Engineering & Construction, Concession, Oil & Gas, and Property Divisions.

The Group posted a quarterly loss before tax (“LBT”) of RM44.5 million for the quarter ended 30 September 2020 (1Q21), a decrease from a RM2.3 million profit before tax (“PBT”) recorded for same quarter of 2019. The Group’s results in this quarter were significantly affected by unrealised foreign exchange (“forex”) losses of RM30.5 million. Excluding the forex losses, the Group recorded a forex-adjusted LBT of RM14.0 million for the current quarter under review, against a forex-adjusted PBT of RM2.9 million previously.

Engineering & Construction

For the current quarter under review, the Division posted revenue of RM143.8 million, a decrease from RM215.5 million posted in the same quarter of 2019. The Division had only been able to operate its construction sites normally in June 2020, after protracted working restrictions which had started on 18 March 2020 due to the implementation of the movement control order (“MCO”) and subsequently, Conditional Movement Control Order (“CMCO”) in Malaysia in response to the COVID-19 pandemic. Despite having the ability to fully operate its sites from 9 June 2020 onwards, it was estimated that only towards the end of August 2020 that the Division was able to regain back the working momentum which was lost during the restrictive MCO and CMCO periods.

In addition, as the Division churns through its order-book, more projects were nearing their completion stages resulting in a lower realisation of revenue for the quarter under review.

The lower construction revenue had a direct impact to the Divisions’ bottom-line, subsequently posting an LBT of RM7.8 million against a PBT of RM11.7 million in the previous corresponding quarter.

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

**1. REVIEW OF PERFORMANCE (continued)**

Concession

The Concession Division currently derives its income from the facilities management of the Sultan Ahmad Shah Medical Centre @ IIUM ("SASMEC") in Kuantan, Pahang.

The Division recorded a quarterly revenue of RM13.2 million compared against RM20.5 million previously. The higher revenue posted in the same corresponding period of 2019 was a direct result of a new contract awarded to the Division to maintain equipment in the SASMEC. This contract award was finalised in 3Q19 for the calendar year 2019, resulting in a three (3) quarter revenue adjustment. Subsequently, this revenue was recognised normally on a quarterly basis.

As a result, the Division posted a marginally lower PBT of RM11.9 million from RM12.5 million posted in the previous corresponding quarter of 2019.

Oil & Gas

Revenue recorded for the quarter was RM11.5 million, against 3Q19 revenue of RM17.6 million. As the current wave of the COVID-19 pandemic continues to affect the global economy, oil and gas prices remained relatively low which resulted in a stringent review on contracts and cautious approach on off-shore drilling activities during the period.

This lack of activity and business resulted in the Division posting an LBT of RM2.8 million, as operational costs continue to be incurred in anticipation of additional new businesses which are expected to materialise in year 2021.



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

**1. REVIEW OF PERFORMANCE (continued)**

Plantation

For the current quarter, the Division's revenue climbed to RM10.8 million from RM4.4 million recorded in the previous corresponding quarter. This was achieved on the back of higher sales volume and increasing palm product prices against the same quarter of 2019.

The financial results of the Division were severely affected by the significant weakening of the Indonesian Rupiah against other major currencies; namely the United States Dollar and also Malaysian Ringgit, during the period under review, resulting in high forex translation losses on foreign currency denominated borrowings. As a result, the Division recognised a large foreign exchange loss of RM29.0 million during the quarter. Subsequently, the LBT recorded for the quarter under review was RM36.2 million, against LBT of RM12.5 million in the previous corresponding quarter.

Excluding the unrealised foreign exchange losses, the improvement in revenue for the quarter contributed in reducing the operational losses of the Division to a forex-adjusted LBT of RM8.4 million, better than a forex-adjusted LBT of RM11.2 million in the same quarter of 2019.

Property

The Property Division continues to be negatively affected by the COVID-19 pandemic and its aftermath, resulting in a significant reduction in revenue. Although the Division's hospitality business showed positive signs of improvement after the lifting of the CMCO in June 2020, the property business continues to see weak demand for its completed properties. Revenue recorded for the quarter was RM1.4 million, a 47% drop from RM2.6 million for the same quarter of 2019.

Due to the above, LBT for the Division was posted at RM0.9 million for the quarter, increasing from an LBT of RM0.3 million in the previous corresponding quarter of 2019.

**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**

RM'000	Current quarter ended 30.09.2020	Preceding quarter ended 30.06.2020	Variance + / (-)
Revenue	180,788	166,815	13,973
(Loss)/Profit before tax	(44,547)	50,451	(94,998)
Add: Forex loss/(gain)	30,517	(75,452)	105,969
Forex-adjusted loss before tax	(14,030)	(25,001)	10,971

The Group's revenue increased to RM180.8 million, an increase of 8.4% from RM166.8 million previously. Revenue for the Group increased subsequent to the lifting of the CMCO in June 2020, as marked improvement was observed in the Construction & Engineering, Property, and Concession divisions.

Results of the Group worsened comparatively to an LBT of RM44.6 million, from a PBT of RM50.5 million recorded in the previous quarter. The results of these two (2) quarters under review were highly influenced by unrealised forex movements, substantially originated from the Plantation Division.

Excluding the impact of forex differences, the Group posted an LBT of RM14.0 million, improving from an LBT of RM25.0 million recorded in the preceding quarter due to the higher revenue contributed by the Group's largest Divisions.

**3. PROSPECTS**

Engineering & Construction

After the lifting of the CMCO on 9 June 2020, the Division has diligently worked to ensure that all on-site operations were back to normal pre-MCO levels. As noted earlier, the Division was only able to regain back its lost working momentum towards the end of August 2020. Despite the current wave of the COVID-19 pandemic in Malaysia, the Division is fortunate that the construction sector is not affected due to its importance in order to sustain the economic growth and development of the country. As operations have not been disrupted to-date, the Division is cautiously optimistic of positively contributing to the Group going forward.

In order to realise this, the Division continues to observe prudent financial management and rigorously reviews its resources to ensure that that it will continue to remain sustainable in the new normal working environment.

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

**3. PROSPECTS (continued)**

Engineering & Construction (continued)

Currently, the Group has RM1.4 billion of outstanding order-book as at 30 September 2020. The Group intends to continue replenishing its order-book, whilst the current outstanding balance will be able to sustain AZRB for the next two (2) years.

In addition to projects rolled-out by the Government, the Group continues to tender for projects in the private sector which in turn, keeps its clientele base sufficiently diversified. Moving forward, the Group intends to leverage on its position as a reputable builder of distinction to tap into any suitable opportunities on offer in the sector.

Concession

This Division currently consists of a concession for the maintenance and facilities management of the SASMEC in Kuantan, 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, coupled with improving ancillary revenue from a growth in the SASMEC's utilisation.

Oil & Gas

The Oil & Gas sector while still challenging in the short-term, has shown signs of improvement as the price of crude oil has recovered from its COVID-19 slump and has remained steady recently. From a pure bunkering operator out of Kemaman Supply Base, the Division's prospects are further boosted with the inclusion of Tok Bali Supply Base ("TBSB") as a full-fledged supply base in the East Coast of Peninsular Malaysia.

The Division continues to engage with existing customers to secure additional volume of business, as well as potential customers to set up their base of operations at TBSB, especially in anticipation of the new drilling season expected next calendar year onwards.

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

**3. PROSPECTS (continued)**

Plantation

The rising CPO prices in the recent months bode well for the Division. However, the heavy rains in Kalimantan Barat arising from the La Nina phenomenon has put a damper on operational activities, affecting fresh fruit bunch (“FFB”) evacuation not just in the Division’s estate, but also from the surrounding areas which supply FFB to the Division’s palm oil mill. Despite the challenges noted, the Division is continuously focused on innovative operational methods to maximise production to capitalise on the currently rising palm product prices.

In tandem with the above, the Group has implemented division-wide cost-cutting measures in the previous financial period, and continuously reviews the Division’s operations to seek for avenues to operate more efficiently. Subsequently, the Group expects revenues and results to improve going forward as more areas of the plantation come into maturity.

Property

The general outlook for property development remains hugely challenging, especially due to the new COVID-19 wave, which has further curtailed customer interest. Nevertheless, the Division will continue to focus on its on-going developments, namely Puncak Temala in Marang as well as industrial park and residential developments in Paka.

The profile of the Division’s developments is expected to appeal to the general public, and thus should see a gradual pick-up in relation to interest and eventually property sales.

**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>RM'000</b>	<b>Cumulative quarter ended 3-month 30.09.2020</b>	<b>Cumulative quarter ended 3-month 30.09.2019</b>
Current tax expense	3,089	1,524
Deferred taxation	(55)	(479)
<b>Income tax expense</b>	<b>3,034</b>	<b>1,045</b>

**6. CORPORATE PROPOSALS**

There are no corporate proposals which have been announced by the Company but not completed as at 30 November 2020 (being the latest practicable date from the date of issuance of the Quarter Report).

**7. GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings (secured) as at 30 September 2020 are as follows:

<b>RM'000</b>	<b>Denominated in currency</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Bank overdrafts	RM	35,191	-	35,191
Trust receipts	RM	12,161	-	12,161
Revolving credits	RM	124,591	-	124,591
Term loans	RM	52,057	757,183	809,240
Term loans	USD	19,379	360,433	379,812
Finance lease liabilities	RM	7,925	16,169	24,094
Sukuk	RM	7,517	1,544,119	1,551,636
Bankers acceptance	RM	15,058	-	15,058
Invoice financing	RM	5,135	-	5,135
<b>Total</b>		<b>279,014</b>	<b>2,677,904</b>	<b>2,956,918</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:

Notice of Arbitration by Cobrain Holdings Sdn Bhd (“Cobrain”)

On 20 October 2014, AZRB received a Notice of Arbitration from its subcontractor, Cobrain, seeking the full payment of the final claim totalling SAR14.4 million.

Cobrain was 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.

On 14 September 2015, the Kuala Lumpur Regional Centre for Arbitration sought clarification on numbers of arbitrators for the dispute but to date there was no response from Cobrain’s solicitors, making the case now in abeyance pending further direction from Cobrain.

Cobrain had subsequently appointed a new solicitor, who had recently served AZSB with a notice dated 16 August 2018 for nomination of an Arbitrator. The Sole Arbitrator was appointed by the Asian International Arbitration Centre (“AIAC”) (formerly known as the Kuala Lumpur Regional Centre for Arbitration) on 19 October 2018, and the Preliminary Meeting with the said appointed Arbitrator was held on 7 December 2018.

Parties are in the midst of complying with Order 15 issued by the Arbitrator via its letter dated 15 October 2019. The Arbitrator has instructed the Parties to simultaneously exchange Witness Statements on 19 October 2020. Hearing dates for this matter has been fixed on 9 to 12 of November 2020 and 8 to 9 of February 2021 at the AIAC in Kuala Lumpur.

However, the Hearing dates for November have been postponed by the AIAC due to the current COVID-19 pandemic situation, and parties are in the midst of fixing new dates for the Hearing.

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

**9. DIVIDEND**

No dividend was declared or paid during the period under review.

**10. (LOSS)/EARNINGS PER SHARE**

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

RM'000	Current quarter ended <u>3-month</u> 30.09.2020	Comparative quarter ended <u>3-month</u> 30.09.2019	Cumulative quarter ended <u>3-month</u> 30.09.2020	Cumulative quarter ended <u>3-month</u> 30.09.2019
(Loss)/Profit attributable to owners of the Company	(44,863)	3,060	(44,863)	3,060
Weighted average number of ordinary shares in issue	598,098	598,098	598,098	598,098
<b>(Loss)/Earnings per share (sen)</b>	<b>(7.50)</b>	<b>0.51</b>	<b>(7.50)</b>	<b>0.51</b>

**11. FINANCIAL INSTRUMENT - DERIVATIVES**

Not applicable.

**12. GAINS AND LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

Not applicable. All financial liabilities are measured using the amortised cost method.