

**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 3<sup>rd</sup> quarter and period ended 31 March 2021. 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 9-MONTH PERIOD ENDED 31 MARCH 2021**

RM'000	Note	Current quarter ended <u>3-month</u> 31.03.2021	Comparative quarter ended <u>3-month</u> 31.03.2020	Cumulative quarter ended <u>9-month</u> 31.03.2021	Cumulative quarter ended <u>9-month</u> 31.03.2020
Revenue		217,370	259,226	638,726	802,890
Operating expenses	1	(244,327)	(356,296)	(679,631)	(943,891)
Other operating income		481	310	2,905	5,417
<b>Loss from operating activities</b>		<b>(26,476)</b>	<b>(96,760)</b>	<b>(38,000)</b>	<b>(135,584)</b>
Finance income		15,383	14,081	43,379	42,624
Finance expenses		(17,527)	(13,755)	(52,355)	(40,867)
<b>Loss before tax</b>		<b>(28,620)</b>	<b>(96,434)</b>	<b>(46,976)</b>	<b>(133,827)</b>
Income tax expense		(192)	(5,976)	(5,897)	(7,292)
<b>Loss for the period</b>	<b>2</b>	<b>(28,812)</b>	<b>(102,410)</b>	<b>(52,873)</b>	<b>(141,119)</b>
<b>Other comprehensive income, net of tax</b>					
Actuarial gain from employee benefits		-	60	-	49
Foreign currency translation differences for foreign operations		1,713	60,360	10,670	58,945
<b>Total comprehensive loss for the period</b>		<b>(27,099)</b>	<b>(41,990)</b>	<b>(42,203)</b>	<b>(82,125)</b>
<b>Loss attributable to:</b>					
Owners of the Company		(26,765)	(98,201)	(48,187)	(137,253)
Non-controlling interests		(2,047)	(4,209)	(4,686)	(3,866)
<b>Loss for the period</b>		<b>(28,812)</b>	<b>(102,410)</b>	<b>(52,873)</b>	<b>(141,119)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE 9-MONTH PERIOD ENDED 31 MARCH 2021**

RM'000	Current quarter ended <u>3-month</u> 31.03.2021	Comparative quarter ended <u>3-month</u> 31.03.2020	Cumulative quarter ended <u>9-month</u> 31.03.2021	Cumulative quarter ended <u>9-month</u> 31.03.2020
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(25,174)	(36,569)	(38,516)	(77,109)
Non-controlling interests	(1,925)	(5,421)	(3,687)	(5,016)
<b>Total comprehensive loss for the period</b>	<b>(27,099)</b>	<b>(41,990)</b>	<b>(42,203)</b>	<b>(82,125)</b>
<b>Loss per ordinary share (sen)</b>	<b>(4.48)</b>	<b>(16.42)</b>	<b>(8.06)</b>	<b>(22.95)</b>
<b>Note 1:</b>				
Operating expenses represents the following:				
Cost of sales	208,313	236,330	598,949	762,409
Loss on foreign exchange - unrealised	12,146	96,648	18,978	91,969
Other operating expenses	23,868	23,318	61,704	89,513
<b>Total</b>	<b>244,327</b>	<b>356,296</b>	<b>679,631</b>	<b>943,891</b>
<b>Note 2:</b>				
Loss is arrived at after (crediting)/ charging the following items:				
Interest income	(1,793)	(172)	(2,363)	(667)
Accretion of fair value of non-current receivables	(13,590)	(13,909)	(41,016)	(41,959)
Interest expenses	17,133	13,582	47,500	37,765
Depreciation and amortisation of non-current assets	2,106	7,272	16,261	20,807
Employee retirement benefits provision	261	6	544	(210)
Employee share scheme expenses	-	-	-	306

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
 31 MARCH 2021**

RM'000	Unaudited as at 31.03.2021	Audited as at 30.06.2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	626,187	592,750
Right-of-use assets	8,138	8,648
Prepaid lease payments	18,975	21,704
Land held for development	63,973	57,970
Intangible assets	17,299	18,609
Concession service assets	1,861,506	1,625,946
Goodwill	38,887	38,887
Investments in associates	2,802	2,802
Investments in financial assets	116	116
Deferred tax assets	27,257	27,585
Trade and other receivables	579,486	593,419
<b>Total non-current assets</b>	<b>3,244,626</b>	<b>2,988,436</b>
<b>Current assets</b>		
Biological assets	31	31
Inventories	27,226	17,516
Property development costs	23,619	20,621
Tax recoverable	10,275	5,727
Construction contract assets	116,582	201,998
Trade and other receivables	486,447	522,784
Financial assets at fair value through profit or loss	262,767	323,821
Cash and deposits	250,366	425,292
<b>Total current assets</b>	<b>1,177,313</b>	<b>1,517,790</b>
<b>Total assets</b>	<b>4,421,939</b>	<b>4,506,226</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
 31 MARCH 2021**

<b>RM'000</b>	<b>Unaudited as at 31.03.2021</b>	<b>Audited as at 30.06.2020</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	197,536	197,536
Reserves	119,046	157,562
<b>Equity attributable to owners of the Company</b>	<b>316,582</b>	<b>355,098</b>
Non-controlling interests	1,751	5,438
<b>Total equity</b>	<b>318,333</b>	<b>360,536</b>
<b>Non-current and deferred liabilities</b>		
Loans and borrowings	2,631,411	2,612,678
Lease liabilities	2,280	5,183
Employee benefits	5,338	4,935
Deferred tax liabilities	92,477	95,973
Trade and other payables	198,654	206,957
<b>Total non-current and deferred liabilities</b>	<b>2,930,160</b>	<b>2,925,726</b>
<b>Current liabilities</b>		
Loans and borrowings	334,937	371,822
Lease liabilities	6,163	3,646
Trade and other payables	815,884	834,174
Tax liabilities	16,462	10,322
<b>Total current liabilities</b>	<b>1,173,446</b>	<b>1,219,964</b>
<b>Total liabilities</b>	<b>4,103,606</b>	<b>4,145,690</b>
<b>Total equity and liabilities</b>	<b>4,421,939</b>	<b>4,506,226</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE 9-MONTH PERIOD ENDED 31 MARCH 2021**

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	-	-	-	-	-	-	(48,187)	(48,187)	(4,686)	(52,873)
Foreign currency translation differences for foreign operations	-	(451)	-	10,122	-	-	-	9,671	999	10,670
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>(451)</b>	<b>-</b>	<b>10,122</b>	<b>-</b>	<b>-</b>	<b>(48,187)</b>	<b>(38,516)</b>	<b>(3,687)</b>	<b>(42,203)</b>
<b>At 31 Mar 2021</b>	<b>197,536</b>	<b>1,143</b>	<b>27,889</b>	<b>19,418</b>	<b>1,506</b>	<b>(1,026)</b>	<b>70,116</b>	<b>316,582</b>	<b>1,751</b>	<b>318,333</b>

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE 9-MONTH PERIOD ENDED 31 MARCH 2021**

RM'000	← Attributable to the owners of the Company →									
	← Non-distributable →					Distributable				
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employee share scheme reserve	Treasury shares	Retained profits	Subtotal	Non-controlling interests	Total Equity
<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 9-MONTH PERIOD ENDED 31 MARCH 2021**

RM'000	Cumulative quarter ended <u>9-month</u> 31.03.2021	Audited for period ended <u>18-month</u> 30.06.2020
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>		
Loss before tax	(46,976)	(75,790)
Adjustments for:		
Accretion of fair value on non-current receivables	(41,016)	(84,131)
Interest income	(2,363)	(2,889)
Interest expense	47,500	83,753
Finance costs on lease liabilities	239	480
Employees' Share Scheme gain	-	(825)
Allowance for doubtful debt	97	678
Bad debt written-off	-	505
Loss on foreign exchange - unrealised	18,978	8,767
Amortisation of transaction costs	1,338	1,712
Loss on liquidation of interest in joint ventures	-	16
Depreciation of property, plant and equipment	12,520	53,212
Depreciation of right-of-use assets	1,351	8,019
Amortisation of prepaid lease payments	1,124	1,589
Amortisation of intangible assets	1,267	2,534
Impairment of goodwill	-	2,894
Share of loss of associates	-	3
Inventories written-down	-	595
Employee retirement benefits provision	544	1,810
Gain on disposal of property, plant and equipment - net	(67)	(360)
Fair value loss arising from biological assets	-	46
<b>Operating profit before working capital changes</b>	<b>(5,464)</b>	<b>2,618</b>
Changes in working capital:		
(Increase)/Decrease in inventories	(9,708)	8,182
Decrease in construction contract assets	85,416	202,523
Increase in property development costs	(2,998)	(10,477)
Increase in concession service assets	(235,560)	(298,900)
Decrease in trade and other receivables	107,472	299,267
Decrease in trade and other payables	(109,146)	(283,608)
<b>Cash used in operations</b>	<b>(169,988)</b>	<b>(80,395)</b>
Interest received	(2,363)	2,889
Retirement benefits paid	-	(167)
Income tax paid - net	(4,526)	(16,641)
<b>Net cash used in operating activities</b>	<b>(172,151)</b>	<b>(94,314)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE 9-MONTH PERIOD ENDED 31 MARCH 2021**

<b>RM'000</b>	<b>Cumulative quarter ended <u>9-month</u> 31.03.2021</b>	<b>Audited for period ended <u>18-month</u> 30.06.2020</b>
<b>CASH FLOWS 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	61,054	(159,483)
Proceeds from disposal of property, plant and equipment	67	14,258
Purchase of property, plant and equipment	(56,385)	(60,318)
Proceeds from liquidation of interest in joint ventures	-	18
Acquisition of intangible assets	-	(184)
<b>Net cash used in investing activities</b>	<b>4,736</b>	<b>(199,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in pledged cash and deposits	30,992	7,404
Interest paid	(47,739)	(211,631)
Dividend paid	-	(383)
Repayment of lease liabilities	(625)	(7,838)
Repayment of finance lease liabilities (net)	(6,368)	(17,623)
Proceeds from drawdown of loans and borrowings	113,913	258,641
Repayment of loans and borrowings	(64,173)	(466,537)
Proceeds from issuance of Sukuk	-	535,000
<b>Net cash from financing activities</b>	<b>26,000</b>	<b>97,033</b>
Net decrease in cash and cash equivalents	(141,415)	(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>159,642</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	82,098	128,723
Cash and bank balances	168,268	296,569
	<b>250,366</b>	<b>425,292</b>
Less:		
Bank overdrafts	(36,154)	(38,673)
Pledged deposits	(54,570)	(85,562)
	<b>159,642</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>5</sup>

Amendments to:

MFRS 3	Definition of a Business <sup>1</sup>
MFRS 3	Reference to Conceptual Framework <sup>4</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>5</sup>
MFRS 101	and MFRS 108 Definition of Material <sup>1</sup>
MFRS 116	Property, Plant and equipment - Proceeds before Intended Use <sup>4</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	Sale or Contribution of Assets between an Investor and its
MFRS 128	Associate or Joint Venture <sup>6</sup>
MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract <sup>4</sup>
MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2 <sup>3</sup>

Annual Improvements to MFRSs 2018 - 2020 Cycle<sup>4</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 2021, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

<sup>6</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 as and 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 is currently assessing the impact to the financial statements on the change in accounting policy pursuant to the IFRIC Agenda Decision which is anticipated not to have a material impact on the financial statements of the Group.

**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 31 March 2021.

**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>9-month</b>								
<b>31.03.2021</b>								
<b>Revenue</b>								
External revenue	498,334	38,440	30,983	67,965	3,004	-	-	638,726
Inter-segment revenue	-	-	5,108	-	-	14,107	(19,215)	-
<b>Total revenue</b>	<b>498,334</b>	<b>38,440</b>	<b>36,091</b>	<b>67,965</b>	<b>3,004</b>	<b>14,107</b>	<b>(19,215)</b>	<b>638,726</b>
<b>Results</b>								
Segment results	(11,040)	39,559	(2,663)	(39,036)	(3,447)	1,370	(31,719)	(46,976)
Interest income	412	33	4	-	11	1,903	-	2,363
Interest expenses	(7,824)	(6)	(4,207)	(4,959)	(531)	(29,973)	-	(47,500)
Non-cash income/ (expenses) (Note i)	67	41,016	-	(19,260)	-	(1,600)	-	20,223
Depreciation and amortisation of non-current assets	(1,314)	(47)	(3,105)	(13,179)	(548)	(304)	2,056	(16,261)
<b>9-month</b>								
<b>31.03.2020</b>								
<b>Revenue</b>								
External revenue	672,596	45,323	51,473	27,776	5,722	-	-	802,890
Inter-segment revenue	3,054	-	3,134	-	-	13,184	(19,372)	-
<b>Total revenue</b>	<b>675,650</b>	<b>45,323</b>	<b>54,607</b>	<b>27,776</b>	<b>5,722</b>	<b>13,184</b>	<b>(19,372)</b>	<b>802,890</b>
<b>Results</b>								
Segment results	(13,669)	44,930	4,067	(120,052)	(943)	(48,160)	-	(133,827)
Interest income	582	64	5	-	16	-	-	667
Interest expenses	(9,158)	(7,947)	(2,018)	(5,038)	(1,057)	(12,547)	-	(37,765)
Non-cash income/ (expenses) (Note i)	174	41,959	-	(92,147)	-	(290)	-	(50,304)
Depreciation and amortisation of non-current assets	(4,262)	(3)	(5,344)	(10,479)	(308)	(411)	-	(20,807)

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

**10. SEGMENT REPORTING (continued)**

Note i:

<b>RM'000</b>	<b>Cumulative quarter ended 9-month 31.03.2021</b>	<b>Cumulative quarter ended 9-month 31.03.2020</b>
Employee share scheme expenses	-	(306)
Employee retirement benefits provision	(544)	210
Accretion of fair value of non-current receivables	41,016	41,959
Amortisation of transaction costs	(1,338)	(347)
Loss on foreign exchange - unrealised	(18,978)	(91,969)
Gain on disposal of property, plant and equipment	67	149
<b>Total</b>	<b>20,223</b>	<b>(50,304)</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 28 May 2021 (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 ("GAZT") for additional back-taxes. Upon consulting its appointed solicitors, the Company is of the view that there are strong grounds to disagree with the GAZT 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 9-month 31.03.2021</b>	<b>Cumulative quarter ended 9-month 31.03.2020</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.	-	14,534
- Chuan Huat Steel Sdn. Bhd.	-	185
Sales to the following companies, of which certain directors have substantial financial interests and are also directors:		
- MIM Waste Services Sdn. Bhd.	-	(293)
- Kemaman Quarry Sdn. Bhd.	(108)	-
Purchases from QMC Sdn. Bhd., of which certain directors have substantial financial interests and are also directors	1,295	5
Transactions with MIM Waste Services Sdn. Bhd., a subsidiary company of Zaki Holdings (M) Sdn. Bhd.		
- Purchases of materials	1,046	-
- Sales of scrap	(275)	-
<b>Non-trade</b>		
Administrative services charged by ultimate holding company	96	94
Insurance premium charged by ultimate holding company	626	383
Rental of land charged by a director of the Company	27	339
Security services costs paid to MIM Protection Sdn. Bhd., of which certain directors have substantial financial interests and are also directors	-	5,552
Security services costs charged by ultimate holding company	5,508	-

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

**1. REVIEW OF PERFORMANCE**

For the quarter under review, AZRB and its subsidiaries (“the Group”) posted RM217.4 million of revenue, a 16% decrease from RM259.2 million recorded in the previous corresponding quarter of 2020. In relation to financial results, the Group posted lower loss before tax (“LBT”) of RM28.6 million, narrowing the loss from an LBT of RM96.4 million recorded in the corresponding quarter of last year.

In general, revenues from the Engineering & Construction, Oil & Gas and Property Divisions continue to be affected by the uncertain economic outlook in Malaysia brought about by the worsening COVID-19 pandemic situation, resulting in a slow-down of activities and demand from customers.

Although revenues posted was smaller, the Group recorded lower LBT arising from a smaller unrealised foreign exchange (“forex”) loss for the quarter of RM12.1 million, compared against forex loss of RM96.6 million previously. Operationally, the slower revenue realisation of the Construction & Engineering Division arising from projects nearing their tail-end stages, had impacted the Group’s bottom-line. This was exacerbated by wider operational losses at the Plantation Division, which came as a result of an unscheduled palm oil mill maintenance exercise, which affected oil extraction rates (“OER”) during the quarter.

In the Property and Oil & Gas Divisions, results were greatly affected by the lower revenues posted, arising from lower demand for products and services.

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

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

<b>RM'000</b>	<b>Current quarter ended 31.03.2021</b>	<b>Preceding quarter ended 31.12.2020</b>	<b>Variance + / (-)</b>
Revenue	217,370	240,568	(23,198)
(Loss)/Profit before tax	(28,620)	26,191	(54,811)
Add: Forex loss/(gain)	12,146	(23,685)	35,831
Forex-adjusted (loss)/profit before tax	(16,474)	2,506	(18,980)

The Group recorded RM217.4 million of revenue in the current quarter, a decrease from RM240.6 million recognised in the preceding quarter. As projects reach their tail-end stages, revenue recognition was slower in the Construction & Engineering Division, affecting the amount of revenue that can be recognised.

The LBT for the quarter under review was RM28.6 million, versus a profit before tax of RM26.2 million in the previous quarter. The LBT can be attributed to the unrealised forex loss incurred in the Plantation Division, arising from the weakening of the Indonesian Rupiah against other major currencies; especially the United States Dollar, during the period under review, resulting in translation losses on foreign currency denominated borrowings.

Excluding the impact of unrealised forex losses, the Group's operational results were adversely affected by the loss incurred in the Engineering & Construction Division, and continuing losses incurred by the Oil & Gas and Plantation Divisions.

In the Others Division, there was a RM4.4 million unrealised marked-to-market loss on investments which was recognised. However, as this was in relation to the Group's long-term cash holding investment, the value is expected to recover as and when the financial outlook in Malaysia improves.

Due to the factors noted above, the Group registered a forex adjusted LBT of RM16.5 million for the current quarter.



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

**3. PROSPECTS**

Currently in the Engineering & Construction Division, the Group has RM1.1 billion of outstanding order-book as at 31 March 2021. The Group is focusing in sourcing for avenues to replenish its order-book, whilst the current outstanding balance will be able to sustain AZRB for the upcoming year.

In addition to new projects being 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.

In the Oil & Gas Division, the Division's Tok Bali Supply Base is now at its last stage of preparations in anticipation of heightened activities, in particular drilling operations, of which the Division is in close discussion with the relevant parties. The Division expects that such operations to commence in the next financial year.

In relation to the Plantation Division, rising CPO prices in the recent months bode well for the Division. With the palm oil mill efficiency rate returning to normal, the Division is hopeful that production and sale can be maximised to capitalise on the current higher prices of palm products.

The Group is also encouraged by the contribution from the Concession Division, which steadily continues to provide positively to the Group, arising from its long-term concession which will last up to year 2038.

As a whole, the Group continues to observe prudent financial management and rigorously reviews its resources to ensure that it will continue to remain resilient in facing the challenges of operating in the new normal working environment.

**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 9-month 31.03.2021</b>	<b>Cumulative quarter ended 9-month 31.03.2020</b>
Current tax expense	9,457	15,432
Deferred taxation	(3,560)	(8,140)
<b>Income tax expense</b>	<b>5,897</b>	<b>7,292</b>

**6. CORPORATE PROPOSALS**

There are no corporate proposals which have been announced by the Company but not completed as at 28 May 2021 (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 31 March 2021 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	36,154	-	36,154
Trust receipts	RM	7,203	-	7,203
Revolving credits	RM	120,716	-	120,716
Revolving credits	USD	92,953	-	92,953
Term loans	RM	28,125	789,075	817,200
Term loans	USD	-	278,300	278,300
Finance lease liabilities	RM	7,684	12,364	20,048
Sukuk	RM	-	1,551,672	1,551,672
Bankers acceptance	RM	30,312	-	30,312
Invoice financing	RM	11,790	-	11,790
<b>Total</b>		<b>334,937</b>	<b>2,631,411</b>	<b>2,966,348</b>

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

**8. MATERIAL LITIGATIONS**

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 AZRB 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.

Hearing dates for this matter was fixed on 3, 5 to 7 and 18 to 19 May 2021 at the AIAC in Kuala Lumpur. The Hearing was concluded on 6 May 2021 where all witnesses from both parties have given their statement and the Hearing dates on 7, 18 and 19 May 2021 have been vacated.

The Tribunal will issue its Procedural Order for the filing of Written Submission and Submission In Reply.

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

**8. MATERIAL LITIGATIONS (continued)**

Writ and Statement of Claim against AEON Co. (M) Bhd and Counter Claim by AEON Co. (M) Bhd (“AEON”)

On 2 March 2021, Betanaz Properties Sdn Bhd (“BPSB”), a 51%-owned subsidiary of the Company served a Writ and Statement of Claim (“Claim”) on AEON pertaining to the breach of Tenancy Agreement by AEON which was entered into between both parties on 24 August 2017, where BPSB granted to AEON a tenancy and lease of a plot of land held under H.S.(D) 59653, PT No. 145020, Mukim Kuala Kuantan, Daerah Kuantan, Pahang for AEON to construct and thereafter, to operate a commercial shopping complex. The Tenancy Agreement was subsequently supplemented and/or amended by a Supplementary Tenancy Agreement dated 13 September 2019.

BPSB is claiming against AEON for the following:

- (1) Judgment in the sum of RM59,302,302.97, or such other amount as assessed by the Court;
- (2) in the alternative to (1) above, Judgment in the sum of RM18,936,207.76, or such other amount as assessed by the Court;
- (3) interest at such rate and for such period as the Court deems fit and just;
- (4) costs; and
- (5) such further and or other relief as the Court deems fit and just.

Betanaz’s solicitors and AZRB have on 29 March 2021 and 31 March 2021 respectively, received a Defence against Betanaz’s claim, and a Counterclaim by AEON against Betanaz and AZRB seeking a refund of the monies paid by AEON to Betanaz and AZRB, on the ground that the Tenancy Agreement, and the Commercial Agreement dated 24 August 2017 between AZRB and AEON (“Commercial Agreement”) were allegedly void by reason of the alleged non-fulfilment of the conditions precedent to those agreements.

AEON is claiming against Betanaz, amongst others, the return or payment of RM2,303,087 under the Tenancy Agreement and against AZRB, amongst others, the return of RM28,415,094.44 under the Commercial Agreement.

Betanaz has filed its Reply to Defence and Defence to Counterclaim on 19 April 2021 and AZRB has filed its Defence to the Counter Claim and an Application to Strike Out the Counter Claim on 7 May 2021. The matter has been fixed for Case Management of the Main Action (Writs Summons and Statement of Claim) on 30 June 2021 and hearing of the Application to Strike Out the Counter Claim is fixed on 23 July 2021.

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

**8. MATERIAL LITIGATIONS (continued)**

Writ and Statement of Claim against Edgenta Propel Berhad (“Edgenta”)

Ahmad Zaki Sdn Bhd (“AZSB”), a wholly-owned subsidiary of the Company had on 14 April 2021 served a Writ and Statement of Claim (“Claim”) on Edgenta pertaining to the Klang Valley Mass Rapid Transit’s Putrajaya Line (MRT2) project for a Protection & Relocation of Utilities (Relocation of Telecommunications Works) sub-contract work, which was awarded to the Defendant via a Letter of Award dated 5 August 2016 (“the Works”).

AZSB is claiming against Edgenta, amongst others, a sum of RM23,751,000.00 as liquidated ascertained damages and RM1,848,227.33 being the costs difference incurred by AZSB in engaging a third-party replacement sub-contractor to complete the Works.

The matter has been fixed for Case Management on 9 June 2021 for parties to get further directions from the Court on the matter.

**9. DIVIDEND**

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

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

The basic earnings/(loss) 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:

<b>RM’000</b>	<b>Current quarter ended 3-month 31.03.2021</b>	<b>Comparative quarter ended 3-month 31.03.2020</b>	<b>Cumulative quarter ended 9-month 31.03.2021</b>	<b>Cumulative quarter ended 9-month 31.03.2020</b>
Loss attributable to owners of the Company	(26,765)	(98,201)	(48,187)	(137,253)
Weighted average number of ordinary shares in issue	598,098	598,098	598,098	598,098
<b>Loss per share (sen)</b>	<b>(4.48)</b>	<b>(16.42)</b>	<b>(8.06)</b>	<b>(22.95)</b>

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

**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.