

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 1st Quarter and period ended 31 March 2015. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the quarterly condensed financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

RM	Note	2015 Current quarter ended 31 March	2014 Comparative quarter ended 31 March	2015 3 months cumulative to date	2014 3 months cumulative to date
REVENUE		153,055,103	153,794,499	153,055,103	153,794,499
OPERATING EXPENSES	1	(141,442,898)	(143,962,320)	(141,442,898)	(143,962,320)
OTHER OPERATING INCOME		1,922,800	4,067,076	1,922,800	4,067,076
PROFIT FROM OPERATIONS		13,535,005	13,899,255	13,535,005	13,899,255
FINANCE COSTS		(7,898,197)	(5,023,293)	(7,898,197)	(5,023,293)
INVESTING RESULTS	2	-	-	-	-
PROFIT BEFORE TAXATION		5,636,808	8,875,962	5,636,808	8,875,962
TAX EXPENSE		(2,221,144)	(4,398,138)	(2,221,144)	(4,398,138)
PROFIT FOR THE PERIOD	3	3,415,664	4,477,824	3,415,664	4,477,824
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Actuarial gain from employee benefits		117,736	-	117,736	-
Foreign currency translation differences for foreign operations		485,898	(1,808,386)	485,898	(1,808,386)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,019,298	2,669,438	4,019,298	2,669,438

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015**

RM	Note	2015 Current quarter ended 31 March	2014 Comparative quarter ended 31 March	2015 3 months cumulative to date	2014 3 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		3,375,513	4,479,506	3,375,513	4,479,506
NON-CONTROLLING INTERESTS		40,151	(1,682)	40,151	(1,682)
PROFIT FOR THE PERIOD		3,415,664	4,477,824	3,415,664	4,477,824
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		4,000,537	2,747,565	4,000,537	2,747,565
NON-CONTROLLING INTERESTS		18,761	(78,127)	18,761	(78,127)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,019,298	2,669,438	4,019,298	2,669,438
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		0.70	1.62	0.70	1.62
Diluted (sen)		0.70	1.62	0.70	1.62
Note 1 - Operating Expenses					
Operating expenses represents the followings:-					
Cost of sales		124,186,272	130,099,186	124,186,272	130,099,186
Other operating expenses		17,256,626	13,863,134	17,256,626	13,863,134
Total		141,442,898	143,962,320	141,442,898	143,962,320
Note 2 - Investing Results					
Investing results represents the followings:-					
Share of results from associated companies		-	-	-	-
Share of results from joint ventures		-	-	-	-
Total		-	-	-	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015**

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

RM	2015 Current quarter ended 31 Mar	2014 Comparative quarter ended 31 Mar	2015 3 months cumulative to date	2014 3 months cumulative to date
a) Interest income	(867,703)	(656,578)	(867,703)	(656,578)
b) Other income including investment income	(1,055,097)	(3,410,498)	(1,055,097)	(3,410,498)
c) Interest expense	7,708,000	4,577,437	7,708,000	4,577,437
d) Depreciation and amortisation	3,620,924	4,391,293	3,620,924	4,391,293
e) Provision for and write off of receivable	18,631	-	18,631	-
f) Foreign exchange (gain) or loss	2,246,055	(1,697,240)	2,246,055	(1,697,240)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

RM	(Not Audited) As at 31/03/2015	(Audited) As at 31/12/2014
Non-current assets		
Property, plant and equipment	98,005,671	96,273,850
Prepaid lease payment	7,947,308	8,045,685
Land held for development	16,627,223	8,958,539
Biological assets	126,998,285	124,968,527
Goodwill	6,158,155	6,158,155
Intangible assets	16,409,759	16,409,759
Investments in associates	165,004	165,005
Interest in joint ventures	447,525	447,525
Available-for-sale investments	115,500	115,500
Deferred tax assets	29,548,127	24,694,953
Trade receivable-Long term	90,382,208	87,591,176
Total non current assets	392,804,765	373,828,674
Current assets		
Inventories	13,645,630	13,176,419
Property development costs	10,393,483	11,942,888
Trade & other receivables	733,203,073	660,710,453
Current tax assets	9,075,228	6,519,134
Cash & cash deposits	111,963,750	132,005,159
Total current assets	878,281,164	824,354,053
Total assets	1,271,085,929	1,198,182,727
Equity attributable to equity holders of the parent		
Share capital	120,885,064	120,885,064
Reserves and treasury shares	211,863,221	207,862,683
Total equity	332,748,285	328,747,747
Minority interest	4,012,282	3,993,522
Total equity and minority interest	336,760,567	332,741,269
Non-current liabilities		
Long-term borrowings	459,403,008	403,809,897
Retirement benefits	1,825,160	1,720,862
Deferred tax	53,381,767	45,854,278
Total non-current liabilities	514,609,935	451,385,037
Current liabilities		
Short term borrowings	79,000,133	63,332,108
Current portion of long-term borrowings	19,429,658	19,424,777
Trade and other payables	316,783,268	325,954,004
Current tax liabilities	4,502,368	5,345,532
Total current liabilities	419,715,427	414,056,421
Total liabilities	934,325,362	865,441,458
Total equity and liabilities	1,271,085,929	1,198,182,727

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 31 MARCH 2015**

RM	Attributable to owners of the Company							Non-Controlling Interests	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Warrant Reserve	Capital Reserve	Retained Profits	Treasury Shares			Sub-total
Period ended 31 March 2015										
Balance at the beginning of the period	120,885,064	21,888,800	3,366,111	27,890,739	7,667,033	148,075,787	(1,025,787)	328,747,747	3,993,522	332,741,269
Movements during the period										
Profit for the period	-	-	-	-	-	3,375,513	-	3,375,513	40,151	3,415,664
Actuarial gain from employee benefits	-	-	-	-	-	117,736	-	117,736	-	117,736
Foreign currency translation differences for foreign operations	-	-	507,289	-	-	-	-	507,289	(21,391)	485,898
Total comprehensive income for the period	-	-	507,289	-	-	3,493,249	-	4,000,538	18,760	4,019,298
Balance at the end of the period	120,885,064	21,888,800	3,873,400	27,890,739	7,667,033	151,569,036	(1,025,787)	332,748,285	4,012,282	336,760,567
Period ended 31 March 2014										
Balance at the beginning of the period	138,471,095	24,636	3,506,815	-	-	73,110,899	(1,025,787)	214,087,658	5,326,675	219,414,333
Movements during the period										
Profit for the period	-	-	-	-	-	4,479,506	-	4,479,506	(1,682)	4,477,824
Foreign currency translation differences for foreign operations	-	-	(1,731,941)	-	-	-	-	(1,731,941)	(76,445)	(1,808,386)
Total comprehensive income for the period	-	-	(1,731,941)	-	-	4,479,506	-	2,747,565	(78,127)	2,669,438
Balance at the end of the period	138,471,095	24,636	1,774,874	-	-	77,590,405	(1,025,787)	216,835,223	5,248,548	222,083,771

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

	3 months ended 31 March 2015 RM	3 months ended 31 March 2014 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,636,808	8,875,962
Adjustments for:-		
Amortisation of prepaid land lease payments	109,609	109,566
Amortisation of biological assets	1,298,946	1,783,837
Depreciation of property, plant & equipment	2,161,758	2,327,818
Provision for and write off of receivable	18,631	-
Amortisation of transaction costs	50,611	170,072
Interest expenses	7,708,000	4,577,437
Interest revenue	(867,703)	(656,578)
Gain on disposal of property, plant & equipment	(37,344)	(54,754)
Property, plant & equipment written off	-	289,657
Employee benefits	104,297	85,313
Loss/(Gain) on foreign exchange -unrealised	2,246,058	(1,697,240)
Operating profit before working capital changes	18,429,671	15,811,090
(Increase)/Decrease in inventories	(469,211)	3,148,594
Increase in in amount due from customers for contract work	(66,173,867)	(68,988,523)
Decrease/(Increase) in property development expenditure	1,549,405	(1,052,904)
Increase in trade and other receivables	(11,107,428)	(15,982,305)
Decrease/(Increase) in amount due to customers for contract work	305,564	(1,086,214)
(Decrease)/Increase in trade and other payables	(9,476,303)	24,549,158
Cash used in operations	(66,942,169)	(43,601,104)
Tax paid	(2,837,376)	(2,710,464)
Interest received	671,043	452,921
Interest paid	(7,708,000)	(4,300,707)
Net cash used in operating activities	(76,816,502)	(50,159,354)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(2,091,172)	(3,053,476)
Purchase of land held for development	(7,668,684)	(300,766)
Purchase of property, plant & equipment	(3,615,065)	(189,658)
Proceeds from disposal of property, plant & equipment	59,300	-
Net cash used in investing activities	(13,315,621)	(3,543,900)
BALANCE CARRIED FORWARD	(90,132,123)	(53,703,254)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

	3 months ended 31 March 2015 RM	3 months ended 31 March 2014 RM
BALANCE CARRIED DOWN	(90,132,123)	(53,703,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	-	(108,725)
Repayment to related companies	(70,377)	(8,160)
Decrease/(Increase) in pledged fixed deposits	676,036	(284,998)
Proceeds from trust receipts/revolving credits	17,342,181	7,155,705
Repayment of trust receipts/revolving credits	(4,859,817)	(1,060,218)
Payment for finance lease liabilities	(1,092,370)	(1,140,158)
Term loan drawdown	56,940,899	32,918,765
Term loan repayment	(3,783,576)	(3,776,790)
Net cash generated from financing activities	65,152,976	33,695,421
Effects of exchange difference on cash & cash equivalents	2,428,114	(1,398,811)
Net decrease in cash and cash equivalents	(24,979,147)	(20,007,833)
Cash and cash equivalents at beginning of the period	72,695,787	40,639,274
Cash and cash equivalents at end of the period	50,144,754	19,232,630
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	67,105,266	29,459,028
Cash deposits with licensed banks	44,858,484	59,433,418
Bank overdrafts	(24,267,548)	(24,738,117)
Less: Pledged fixed deposits	(37,551,448)	(44,921,699)
	50,144,754	19,232,630

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 2014 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 year ended 31 December 2014.

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 2014 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2015.

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 2014 was not subject to any qualification.

4. REVIEW OF SEASONALITY OR CYCLICALITY OF OPERATIONS

The divisions are not significantly affected by any seasonal or cyclical factors.

5. ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL TO THE NATURE, SIZE OR INCIDENCE

There were no unusual items due to the nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows for the financial quarter ended 31 March 2015.

6. CHANGES IN ESTIMATES REPORTED IN PRIOR FINANCIAL PERIOD

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

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

7. CHANGES IN EQUITY/DEBT SECURITIES

Treasury Shares

There was no share buyback exercise during the financial quarter under review. The total treasury shares as at 31 March 2015 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 .

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

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.

	Construction	Trading in oil and gas & other related services	Plantation	Other operations	Eliminations	Consolidated
31-Mar-15	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	136,961,985	8,057,051	1,618,686	6,417,381	-	153,055,103
Inter – segment revenue	-	441,332	-	-	(441,332)	-
Total revenue	136,961,985	8,498,383	1,618,686	6,417,381	(441,332)	153,055,103
RESULT						
Segment results	13,960,510	3,796,586	(8,449,553)	(3,670,735)	-	5,636,808
Interest income	582,962	22,438	1,400	260,903	-	867,703
Interest expenses	(5,420,226)	(10,680)	(1,351,758)	(925,336)	-	(7,708,000)
Non cash expenses Note (i)	(9,141)	-	(1,457,432)	(19,658)	8,434	(1,477,797)
Depreciation	(1,417,444)	(288,149)	(205,819)	(250,346)	-	(2,161,758)
31-Mar-14	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	144,174,861	10,644,913	1,295,196	1,919,121	(4,239,592)	153,794,499
Inter – segment revenue	-	2,706,567	-	-	(2,706,567)	-
Total revenue	144,174,861	13,351,480	1,295,196	1,919,121	(6,946,159)	153,794,499
RESULT						
Segment results	13,365,729	3,654,890	(4,501,528)	(3,643,129)	-	8,875,962
Interest income	614,676	24,533	2,696	14,673	-	656,578
Interest expenses	(2,967,484)	(14,235)	(574,004)	(1,021,714)	-	(4,577,437)
Non cash expenses Note (i)	-	-	(2,061,739)	(291,393)	-	(2,353,132)
Depreciation	(1,483,366)	(260,334)	(341,914)	(242,204)	-	(2,327,818)

Note (i) : Non cash expenses

	Group	
	2015	2014
	RM	RM
Amortisation of planting expenditures	1,298,946	1,783,837
Amortisation of prepaid land lease payments	109,609	109,566
Amortisation of transaction costs	50,611	170,072
Provision for and write off of receivable	18,631	-
Property , plant and equipment written off	-	289,657
	1,477,797	2,353,132

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

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.

11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 29 May 2015 (being the latest practicable date from the date of issuance of the 1st Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date except for the following:

- a) On 2 April 2015, AZRB informed that AZRB Construction (India) Pvt Ltd (“AZRB Construction”), a wholly-owned subsidiary of AZRB International Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of AZRB, had on 17 February 2015, applied to the Registrar of Companies (“Registrar”) for striking off pursuant to Section 560 of the India Companies Act, 1956.

The Registrar has replied enclosing a notice dated 2 March 2015 informing that at the expiration of 30 days from the date of the notice, AZRB Construction name will, unless cause is shown to the contrary, be struck off from the register by the Registrar and AZRB Construction will be dissolved.

On 2 April 2015, AZRB was notified by its agent managing the striking off that the 30 days period expired on 1 April 2015 and that no cause to the contrary was raised by any party with regards to the striking off of AZRB Construction.

AZRB Construction is a dormant company. The striking off of AZRB Construction has no material financial effect on AZRB.

- b) On 20 May 2015, Ahmad Zaki Sdn Bhd received a Letter of Acceptance from East Coast Economic Region Development Council (“ECERDC”) (“the Award”) for a project known as “The Proposed Construction and Completion of the KPC Port Link Road in Kuantan Port City, Pahang Darul Makmur for ECERDC Package 3A – Elevated Interchange at Gebeng Bypass and Dual Carriageway Road from Ch5600 to Ch9500 (“the Works”).

The Award for the Works amounts to a total value of RM 113,264,221.04 with a contractual period of 108 weeks commencing from the date of site possession.

The Works shall not have any effect on the issued and paid-up share capital of AZRB. However, the Works is expected to contribute positively to AZRB Group’s earnings and the net tangible assets from the financial year ending 31 December 2015 onwards.

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial year-to-date

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 29 May 2015 (being the latest practicable date from the date of issuance of the 1st Quarter Report) save as disclosed in Part B item 8.

14. SIGNIFICANT RELATED PARTY'S TRANSACTION

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

	2015 3 months cumulative to date RM	2014 3 months cumulative to date RM
Trade		
Purchases from following subsidiaries of Chuan Huat Resources Berhad, a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director :-		
- Chuan Huat Industrial Marketing Sdn Bhd	3,421,472	1,873,461
- Chuan Huat Hardware Sdn Bhd	141,338	56,970
Purchases from /(Sales to) following companies, companies in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director		
- QMC Sdn Bhd	-	13,640
- Kemaman Quarry Sdn Bhd	(110,947)	-
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	30,000	30,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	242,634	253,145
Accommodation charges paid and payable to Residence Inn & Motels Sdn Bhd	25,033	5,112
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	464,482	36,000

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

1. REVIEW OF PERFORMANCE

The Group's revenue of RM153.1 million was slightly lower than preceding year's revenue of RM153.8 million by RM0.7 million or 0.5%. The pre-tax profit reduced by RM3.3 million (37%) from RM8.9 million in 1st quarter 2014 to RM5.6 million in 1st quarter 2015. This was mainly due to decrease in other operating income and increase in finance cost as compared to previous comparative quarter.

Overall, the balance order book in Construction Division stood at **RM3,388 million** mainly comprising The Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan, Pahang through Private Finance Initiative (**RM138 million**), Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang for the Package V6 Construction and Completion of Viaduct Guideway and Other Associated Works from Plaza Phoenix to Bandar Tun Hussein Onn Station (**RM227 million**), Upgrading existing 35 storey office blocks and reconstruction of new 56 storey hotel tower at Lot 1194, Jalan Sultan Ismail, Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan for Permodalan Nasional Berhad (**RM628 million**), The Design and Build Students Accommodation Complex at University Technology Malaysia, Jalan Semarak, Kuala Lumpur (**RM140 million**), The Proposed Construction and Completion of the Pangkalan Semenanjung Pasukan Gerakan Udara Polis Diraja Malaysia on Part of Lot 1210 (PA 27811), and Jalan Lapangan Terbang Subang, Seksyen U3, Shah Alam Selangor (**RM139 million**), The Proposed Construction and Completion of 2 Blocks of Office Buildings, Retails Spaces and External Works on Plots Z1 and Z2, 3 levels of Basement Parking and Access Road on Plots Z1, Z2, Z3 and Z4; and Upgrading Works to Jalan Alamanda with Associated Infrastructures and Landscaping Works at Precinct 1, Wilayah Persekutuan Putrajaya (**RM180 million**), The design and construction of Phase 1- East Klang Valley Expressway (**RM1,535 million**), The Proposed Development of Langat 2 Water Treatment Plant and Water Reticulation System in Selangor Darul Ehsan/Wilayah Persekutuan Kuala Lumpur (Langat 2 WTP and Water Reticulation – Phase 1) and Package 2A – Construction and Completion of 1130 MLD Langat 2 Water Treatment Plant (**RM288 million** or 30% of joint venture) and The Proposed Construction and Completion of the KPC Port Link Road in Kuantan Port City, Pahang Darul Makmur for ECERDC Package 3A – Elevated Interchange at Gebeng Bypass and Dual Carriageway Road from Ch5600 to Ch9500 (**RM113 million**).

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

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

	Current Qtr	Preceding Qtr	<i>DIFF</i>
	RM'000	RM'000	+ / (-) RM'000
REVENUE	153,055	166,155	(13,100)
PROFIT BEFORE TAX	5,637	6,949	(1,312)

On a quarter to quarter basis, the Group's revenue was lower mainly due to lower progress rate showed in on-going projects in Construction Division. Pre-tax profit was lower than preceding quarter as a result of lower progress rate recorded at better margin projects.

3. PROSPECTS

The Group's Construction Division expects to perform better as the remaining order book balance remains strong and the prospects for enhancement of the order book is encouraging. Moving forward, the Oil and Gas Division continues to be robust with steady flow of income to the Group. The Group also looks forward to achieving positive development in Plantation Division.

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

Not applicable.

5. TAXATION

Taxation comprises :

	Current Qtr 31.03.2015 RM	Cumulative Current YTD 31.03.2015 RM
Current tax expense	(561,882)	(561,882)
Deferred tax expenses:		
- Origination of temporary differences	2,783,026	2,783,026
Total income tax expense	2,221,144	2,221,144

**PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD
 LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B**
5. TAXATION (continued)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before taxation as a result of the following differences :

	Current Qtr 31.03.2015 RM	Cumulative Current YTD 31.03.2015 RM
Accounting profits before taxation	5,636,808	5,636,808
Tax at the statutory income tax rate of 25%	1,409,202	1,409,202
- Non taxable revenue	(375,482)	(375,482)
- Deferred tax assets not recognised	942,108	942,108
- Non deductible expenses	245,316	245,316
Tax Expense	2,221,144	2,221,144

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before taxation as a result of the following differences :

Movement of Deferred Tax Liabilites /(Assets)

	Current Qtr 31.03.2015 RM	Cumulative Current YTD 31.03.2015 RM
At beginning of the period/year	21,159,325	21,159,325
Transfer to income statement	2,783,026	2,783,026
Translation differences	(108,711)	(108,711)
At end of the period	23,833,640	23,833,640

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

5. TAXATION (continued)

Recognised deferred tax assets/(liabilities)

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	29,280,878	-	29,280,878
Taxable temporary differences	696,965	(43,411,822)	(42,714,857)
Employee benefits	267,249	-	267,249
Property, plant and equipment	312,768	(3,285,081)	(2,972,313)
Fair value adjustment of investment property	-	(494,140)	(494,140)
Fair value adjustment of acquisition of subsidiary	-	(2,610,777)	(2,610,777)
Derecognition of results of joint venture in MCHJV	-	(4,589,680)	(4,589,680)
Tax assets/(liabilities)	30,557,860	(54,391,500)	(23,833,640)
Set off of tax	(1,009,733)	1,009,733	-
Net tax assets/(liabilities)	29,548,127	(53,381,767)	(23,833,640)

6. CORPORATE PROPOSALS

- (a) There are no corporate proposals which have been announced by the Company but not completed as at 29 May 2015 (being the latest practicable date from the date of issuance of the 1st Quarter Report).
- (b) Status of Right Issues' proceeds utilisation

As at 31 March 2015, the status of utilisation of the proceeds raised from the Right Issues which was completed on 16 May 2014 are as follows:

	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation Amount (RM'000)	Explanations
(a) Funding of projects	74,446	47,479	Within 18 months	NA	Not yet fully utilised
(b) Repayment of borrowings	15,000	15,000	Within 6 months	-	Completed
(c) Working capital	12,053	12,000	Within 12 months	NA	Completed
(d) Estimated expenses	1,800	1,666	Within 6 months	NA	Completed
Total	103,299	76,145			

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

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 31 March 2015 are as follows:

Secured	Denominated in currency	Current	Non Current	Total
		RM'000	RM'000	RM'000
Bank Overdrafts	RM	24,268	-	24,268
Trust Receipts	RM	7,492	-	7,492
Revolving Credits	RM	47,240	-	47,240
Term Loans	RM	15,617	371,242	386,859
Term Loans	USD	-	62,405	62,405
Term Loans	IDR	7	21,586	21,593
Finance Lease Liabilities	RM	3,615	4,010	7,625
Finance Lease Liabilities	IDR	190	160	350
Total		98,429	459,403	557,832

8. MATERIAL LITIGATION

At the date of this announcement, the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group and the Company except as disclosed as follows:

a) Claim or litigation brought against the Company :

(i) **Arbitration on Alfaisal University project**

On 3 March 2011, the Company filed its arbitration notice with the ICC International Court of Arbitration seeking various reliefs and claims including the bonds liquidated by King Faisal Foundation in respect of the contract entered into by Al-Faisal University and the Company pertaining to Al-Faisal University Campus Development Project Phase 1 & 2 in Riyadh, Saudi Arabia. AZRB filed its statement of claim in respect of the final relief on 18 January 2012.

The hearing was held on 27 May 2012 and on 29 July 2013, the Company received notification that the Sole Arbitrator in ICC Arbitration case No. 17768/ND/MCP, AZRB Vs AFU and King Faisal Foundation (“KFF”) pertaining to the Contract (“the Arbitration”) had issued his final judgment and award. In the aforesaid final judgment and award, the Sole Arbitrator had ordered AFU and KFF to jointly and severally pay to AZRB the total amount of SAR 92,570,300 in respect of claims made by the Company in the Arbitration. The Group is now in the process of submitting this award and judgment to the local courts in Saudi Arabia for enforcement.

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

8. MATERIAL LITIGATION (continued)

(ii) Notice of Arbitration by Cobrain Holdings Sbd Bhd

On 20 October 2014, AZRB had received a Notice of Arbitration from Cobrain Holdings Sdn Bhd (“CHSB”) to commence arbitration proceedings against AZRB.

CHSB is a sub-contractor appointed by AZRB to undertake the sub-contract work to “Supply, Install, Testing and Commissioning of Electrical High Tension, Low Voltage and Structure Cabling Services for the Construction of Phase 1 and Phase 2” for the project known as “Al-Faisal University Campus Development Project” in Riyadh, Kingdom of Saudi Arabia.

The arbitration proceeding is commenced against AZRB to seek relief in respect of its alleged payment of the final claim totalling SAR14,370,941.28 (approximately RM12,485,653). AZRB has consulted its solicitors who will defend the case on AZRB’s behalf.

b) Claim or litigation brought against its subsidiary:

Multiglow Corporation Sdn Bhd (“Multiglow”) vs Ahmad Zaki Sdn Bhd (“AZSB”)

On 7 May 2014, its wholly-owned subsidiary, AZSB has been served with Writs of Summons and Statement of Claims dated 2 May 2014 by its subcontractor, Multiglow claiming for the sum of RM9,860,691.78 in relation to Kertih Polymer Park (“KPP”) Phase 1 Project (“KPP1 Project”) and KPP Phase 2 Project (“KPP2 Project”) and for the sum of RM2,722,476.33 in relation to Lebuhraya Pantai Timur Phase 2 5A Project (“LPT2 5A Project”) in Terengganu (collectively, known as “the Projects”). AZSB contests the alleged claims and has consulted its solicitors who will defend the suits on AZSB’s behalf.

On 28th April 2015, parties had reached an amicable settlement to the suits and there shall be no other or further claim by Multiglow in respect of the suits.

9. DIVIDEND

The Board did not recommend any dividend for the current financial period or year under review.

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

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 while diluted earnings per share was calculated based the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares calculated as follows:

	Current Quarter ended 31/03/2015	Current Quarter ended 31/03/2014	Cumulative Quarter ended 31/03/2015	Cumulative Quarter ended 31/03/2014
	RM	RM	RM	RM
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	3,375,513	4,479,506	3,375,513	4,479,506
Basic				
Weighted average number of ordinary shares in issue	483,540,255	276,942,189	483,540,255	276,942,189
Diluted				
Weighted average number of ordinary shares in issue	483,540,255	276,942,189	483,540,255	276,942,189
Effects of dilution resulting from unexercised warrants on issue	1,454,916	-	1,454,916	-
Adjusted weighted average number of ordinary shares in issue and issuable	484,995,171	276,942,189	484,995,171	276,942,189

**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 Quarter ended 31.03.2015	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	198,689	183,076
- Unrealised	(19,959)	(14,730)
	<u>178,730</u>	<u>168,346</u>
Total share of retained profits from associated companies		
- Realised	55	55
- Unrealised	-	-
	<u>55</u>	<u>55</u>
Total share of retained profits from jointly controlled companies		
- Realised	83	83
- Unrealised	-	-
	<u>83</u>	<u>83</u>
Less : Consolidated adjustments	(27,299)	(20,408)
Total Group retained profits as per consolidated accounts	<u>151,569</u>	<u>148,076</u>