

AHMAD ZAKI RESOURCES BERHAD (432768-X)
 INCORPORATED IN MALAYSIA
 QUARTERLY REPORT ON THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 2015

ANNOUNCEMENT

The Board of Directors of Ahmad Zaki Resources Berhad (“AZRB” or “the Company”) would like to announce the following unaudited consolidated results for the 2nd Quarter and period ended 30 June 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 30 JUNE 2015

RM	Note	2015 Current quarter ended 30 June	2014 Comparative quarter ended 30 June	2015 6 months cumulative to date	2014 6 months cumulative to date
REVENUE		155,567,391	171,360,280	308,622,494	325,154,779
OPERATING EXPENSES	1	(148,759,182)	(159,700,002)	(290,202,080)	(303,662,321)
OTHER OPERATING INCOME		13,284,822	93,146	15,207,622	4,160,222
PROFIT FROM OPERATIONS		20,093,031	11,753,424	33,628,036	25,652,680
FINANCE COSTS		(7,942,722)	(5,418,417)	(15,840,919)	(10,441,710)
INVESTING RESULTS	2	-	-	-	-
PROFIT BEFORE TAXATION		12,150,309	6,335,007	17,787,117	15,210,970
TAX EXPENSE		(2,660,098)	(3,011,588)	(4,881,242)	(7,409,726)
PROFIT FOR THE PERIOD	3	9,490,211	3,323,419	12,905,875	7,801,244
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Actuarial gain from employee benefits		-	-	117,736	-
Foreign currency translation differences for foreign operations		2,499,575	1,399,930	2,985,473	(408,456)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,989,786	4,723,349	16,009,084	7,392,788

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015**

RM	Note	2015 Current quarter ended 30 June	2014 Comparative quarter ended 30 June	2015 6 months cumulative to date	2014 6 months cumulative to date
PROFIT ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		9,630,542	3,637,888	13,006,055	8,117,395
NON-CONTROLLING INTERESTS		(140,331)	(314,469)	(100,180)	(316,151)
PROFIT FOR THE PERIOD		9,490,211	3,323,419	12,905,875	7,801,244
COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
OWNERS OF THE COMPANY		12,027,827	4,953,173	16,028,364	7,700,739
NON-CONTROLLING INTERESTS		(38,041)	(229,824)	(19,280)	(307,951)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,989,786	4,723,349	16,009,084	7,392,788
EARNINGS PER SHARE (SEN) ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic (sen)		1.99	1.10	2.69	2.46
Diluted (sen)		1.99	1.09	2.68	2.43
Note 1 - Operating Expenses					
Operating expenses represents the followings:-					
Cost of sales		131,343,330	146,062,421	255,529,602	276,161,607
Other operating expenses		17,415,852	13,637,581	34,672,478	27,500,714
Total		148,759,182	159,700,002	290,202,080	303,662,321
Note 2 - Investing Results					
Investing results represents the followings:-					
Share of results from associated companies		-	-	-	-
Share of results from joint ventures		-	-	-	-
Total		-	-	-	-

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015**

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

RM	2015 Current quarter ended 30 June	2014 Comparative quarter ended 30 June	2015 6 months cumulative to date	2014 6 months cumulative to date
a) Interest income	(1,141,927)	(842,023)	(2,009,630)	(1,498,601)
b) Other income including investment income	(12,142,895)	748,877	(13,197,992)	(2,661,621)
c) Interest expense	7,488,387	5,025,790	15,196,387	9,603,227
d) Depreciation and amortisation	3,542,809	3,957,700	7,163,733	8,348,993
e) Provision for and write off of receivable	46	-	18,677	-
f) Foreign exchange loss	1,236,716	2,243,327	3,482,771	546,087

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2015**

RM	(Not Audited) As at 30/06/2015	(Audited) As at 31/12/2014
Non-current assets		
Property, plant and equipment	98,010,467	96,273,850
Prepaid lease payment	7,831,497	8,045,685
Land held for development	16,732,510	8,958,539
Biological assets	130,449,363	124,968,527
Goodwill	6,158,155	6,158,155
Intangible assets	16,409,759	16,409,759
Investments in associates	165,005	165,005
Interest in joint ventures	747,525	447,525
Available-for-sale investments	115,500	115,500
Deferred tax assets	30,154,622	24,694,953
Trade receivable-Long term	91,465,936	87,591,176
Total non current assets	398,240,339	373,828,674
Current assets		
Inventories	13,523,310	13,176,419
Property development costs	9,601,683	11,942,888
Trade & other receivables	843,027,127	660,710,453
Current tax assets	9,970,057	6,519,134
Cash & cash deposits	116,290,646	132,005,159
Total current assets	992,412,823	824,354,053
Total assets	1,390,653,162	1,198,182,727
Equity attributable to equity holders of the parent		
Share capital	120,885,064	120,885,064
Reserves and treasury shares	214,249,804	207,862,683
Total equity	335,134,868	328,747,747
Minority interest	3,974,242	3,993,522
Total equity and minority interest	339,109,110	332,741,269
Non-current liabilities		
Long-term borrowings	514,605,484	403,809,897
Retirement benefits	1,910,541	1,720,862
Deferred tax liabilities	55,248,171	45,854,278
Total non-current liabilities	571,764,196	451,385,037
Current liabilities		
Short term borrowings	100,711,170	63,332,108
Current portion of long-term borrowings	3,516,592	19,424,777
Trade and other payables	370,753,170	325,954,004
Current tax liabilities	4,798,924	5,345,532
Total current liabilities	479,779,856	414,056,421
Total liabilities	1,051,544,052	865,441,458
Total equity and liabilities	1,390,653,162	1,198,182,727

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE PERIOD ENDED 30 JUNE 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 30 June 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	-	-	-	-	-	13,006,055	-	13,006,055	(100,180)	12,905,875
Actuarial gain from employee benefits	-	-	-	-	-	117,736	-	117,736	-	117,736
Foreign currency translation differences for foreign operations	-	-	2,904,573	-	-	-	-	2,904,573	80,900	2,985,473
Total comprehensive income for the period	-	-	2,904,573	-	-	13,123,791	-	16,028,364	(19,280)	16,009,084
Dividend to owner of the Company	-	-	-	-	-	(9,641,243)	-	(9,641,243)	-	(9,641,243)
Total transactions with owners of the Company	-	-	-	-	-	(9,641,243)	-	(9,641,243)	-	(9,641,243)
Balance at the end of the period	120,885,064	21,888,800	6,270,684	27,890,739	7,667,033	151,558,335	(1,025,787)	335,134,868	3,974,242	339,109,110
Period ended 30 June 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	-	-	-	-	-	8,117,395	-	8,117,395	(316,151)	7,801,244
Foreign currency translation differences for foreign operations	-	-	(416,656)	-	-	-	-	(416,656)	8,200	(408,456)
Total comprehensive income for the period	-	-	(416,656)	-	-	8,117,395	-	7,700,739	(307,951)	7,392,788
Par value reduction	(69,235,547)	-	-	-	7,667,034	61,568,513	-	-	-	-
Right issue with free warrants	51,649,516	23,758,778	-	27,890,739	-	-	-	103,299,033	-	103,299,033
Right issue expenses	-	(1,658,849)	-	-	-	-	-	(1,658,849)	-	(1,658,849)
Total transactions with owners of the Company	(17,586,031)	22,099,929	-	27,890,739	7,667,034	61,568,513	-	101,640,184	-	101,640,184
Balance at the end of the period	120,885,064	22,124,565	3,090,159	27,890,739	7,667,034	142,796,807	(1,025,787)	323,428,581	5,018,724	328,447,305

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	6 months ended 30 June 2015 RM	6 months ended 30 June 2014 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	17,787,117	15,210,970
Adjustments for:-		
Amortisation of prepaid land lease payments	217,100	218,573
Amortisation of biological assets	2,578,089	3,216,919
Depreciation of property, plant & equipment	4,368,544	4,577,229
Provision for and write off of receivable	18,677	-
Amortisation of transaction costs	373,965	336,272
Interest expenses	15,196,387	9,603,226
Interest revenue	(2,009,630)	(1,498,601)
Gain on disposal of property, plant & equipment	(12,087,146)	(200,478)
Employee benefits	189,679	54,132
Loss on foreign exchange -unrealised	3,482,771	546,087
Operating profit before working capital changes	30,115,553	32,064,329
(Increase)/Decrease in inventories	(346,891)	4,302,749
Increase in in amount due from customers for contract work	(117,229,159)	(134,559,289)
Decrease/(Increase) in property development expenditure	2,341,204	(405,578)
Increase in trade and other receivables	(66,200,779)	(18,413,249)
Decrease/(Increase) in amount due to customers for contract work	3,683,545	(7,068,555)
Increase in trade and other payables	31,474,375	40,602,897
Cash used in operations	(116,162,152)	(83,476,696)
Tax paid	(4,881,900)	(3,417,496)
Interest received	1,616,309	1,107,694
Interest paid	(15,196,387)	(8,976,894)
Net cash used in operating activities	(134,624,130)	(94,763,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(8,058,923)	(6,302,724)
Purchase of land held for development	(7,773,971)	(248,826)
Purchase of property, plant & equipment	(7,753,816)	(1,465,995)
Proceeds from disposal of property, plant & equipment	14,814,746	258,696
Investment in joint controlled entity	(300,000)	(300,000)
Net cash used in investing activities	(9,071,964)	(8,058,849)
BALANCE CARRIED FORWARD	(143,696,094)	(102,822,241)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	6 months ended 30 June 2015 RM	6 months ended 30 June 2014 RM
BALANCE CARRIED DOWN	(143,696,094)	(102,822,241)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	-	(142,246)
Repayment to related companies	(3,169,616)	(3,131,595)
Advance to joint controlled entity	(2,700,000)	-
Decrease/(Increase) in pledged fixed deposits	442,656	(609,315)
Proceeds from issuance of shares	-	101,640,184
Proceeds from trust receipts/revolving credits	29,134,181	11,122,893
Repayment of trust receipts/revolving credits	(11,083,196)	(10,419,661)
Payment for finance lease liabilities	(2,088,078)	(2,010,523)
Term loan drawdown	115,935,720	81,703,512
Term loan repayment	(8,334,222)	(7,553,790)
Net cash generated from financing activities	118,137,445	170,599,459
Effects of exchange difference on cash & cash equivalents	7,029,069	(795,979)
Net decrease in cash and cash equivalents	(25,558,649)	67,777,218
Cash and cash equivalents at beginning of the period	72,695,787	40,639,274
Cash and cash equivalents at end of the period	54,166,207	107,620,513
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	72,186,973	110,286,071
Cash deposits with licensed banks	44,103,673	52,279,541
Bank overdrafts	(24,339,611)	(9,699,083)
Less: Pledged fixed deposits	(37,784,828)	(45,246,016)
	54,166,207	107,620,513

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 30 June 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.

7. CHANGES IN EQUITY/DEBT SECURITIES

Treasury Shares

There was no share buyback exercise during the financial quarter under review. The total treasury shares as at 30 June 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 financial quarter 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
30-Jun-15	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	275,275,266	18,809,716	3,567,644	10,969,868	-	308,622,494
Inter – segment revenue	-	994,569	-	-	(994,569)	-
Total revenue	275,275,266	19,804,285	3,567,644	10,969,868	(994,569)	308,622,494
RESULT						
Segment results	33,756,966	7,251,646	(17,175,159)	(6,046,336)	-	17,787,117
Interest income	1,464,768	44,954	4,500	495,408	-	2,009,630
Interest expenses	(11,212,963)	(19,947)	(2,948,787)	(1,014,690)	-	(15,196,387)
Non cash expenses Note (i)	718,238	-	(7,377,613)	(19,658)	8,431	(6,670,602)
Depreciation	(2,881,693)	(618,014)	(379,282)	(489,555)	-	(4,368,544)
30-Jun-14	RM	RM	RM	RM	RM	RM
REVENUE						
External revenue	296,909,689	20,567,437	2,605,055	5,072,598	-	325,154,779
Inter – segment revenue	-	4,169,864	-	-	(4,169,864)	-
Total revenue	296,909,689	24,737,301	2,605,055	5,072,598	(4,169,864)	325,154,779
RESULT						
Segment results	28,612,852	6,906,894	(12,457,837)	(7,850,939)	-	15,210,970
Interest income	1,173,587	59,403	4,906	260,705	-	1,498,601
Interest expenses	(6,037,844)	(27,014)	(1,517,698)	(2,020,671)	-	(9,603,227)
Non cash expenses Note (i)	19,716	-	(3,768,291)	(889,290)	320,014	(4,317,851)
Depreciation	(2,895,915)	(520,865)	(676,042)	(484,407)	-	(4,577,229)

Note (i) : Non cash expenses

	Group	
	2015	2014
	RM	RM
Amortisation of planting expenditures	2,578,089	3,216,919
Amortisation of prepaid land lease payments	217,100	218,573
Amortisation of transaction costs	373,965	336,272
Loss on foreign exchange -unrealised	3,482,771	546,087
Provision for and write off of receivable	18,677	-
	6,670,602	4,317,851

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 27 August 2015 (being the latest practicable date from the date of issuance of the 2nd Quarter Report) that have not been reflected in the financial statements for the current quarter and financial year-to-date.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 27 August 2015 (being the latest practicable date from the date of issuance of the 2nd Quarter Report) save as disclosed in Part B item 8.

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

14. SIGNIFICANT RELATED PARTY'S TRANSACTION

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

	2015 6 months cumulative to date RM	2014 6 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	5,731,938	4,260,834
- Chuan Huat Hardware Sdn Bhd	273,406	256,266
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	3,000,000	17,260
- Kemaman Quarry Sdn Bhd	(202,970)	-
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	60,000	60,000
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	439,437	463,340
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	928,964	36,000

1. REVIEW OF PERFORMANCE

For the six (6) months ended 30th June 2015, the Group's revenue of RM308.6 million was lower than preceding year's revenue of RM325.2 million by RM16.6 million or 5%. The pre-tax profit was higher by RM2.6 million (17%) from RM15.2 million in 1st half 2014 to RM17.8 million in 1st half 2015. This was mainly due to increase in other operating income as compared to previous comparative year.

Overall, the balance order book in Construction Division stood at **RM3,231 million** mainly comprising The Proposed Development of International Islamic University Malaysia Teaching Hospital in Kuantan, Pahang through Private Finance Initiative (**RM93 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 (**RM171 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 (**RM624 million**), The Design and Build Students Accommodation Complex at University Technology Malaysia, Jalan Semarak, Kuala Lumpur (**RM129 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 (**RM129 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 (**RM168 million**), The design and construction of Phase 1- East Klang Valley Expressway (**RM1,537 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 (**RM267 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 RM	Preceding Qtr RM	+ /(-) RM
Revenue	155,567	153,055	2,512
Profits before tax	12,150	5,637	6,513

On a quarter to quarter basis, the Group's revenue improved with higher progress achieved by Construction Division. The pre-tax profit improved mainly due to increase in other operating income during the quarter.

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 offer a 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 30.06.2015 RM	Cumulative Current YTD 30.06.2015 RM
Current tax expense	1,446,251	884,369
Deferred tax expenses:		
- Origination of temporary differences	1,213,847	3,996,873
Total income tax expense	2,660,098	4,881,242

**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 30.06.2015 RM	Cumulative Current YTD 30.06.2015 RM
Accounting profits before taxation	12,150,309	17,787,117
Tax at the statutory income tax rate of 25%	3,037,577	4,446,779
- Non taxable revenue	(2,740,123)	(3,115,605)
- Deferred tax assets not recognised	774,898	1,717,006
- Non deductible expenses	1,587,746	1,833,062
Tax Expense	2,660,098	4,881,242

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 30.06.2015 RM	Cumulative Current YTD 30.06.2015 RM
At beginning of the period/year	23,833,640	21,159,325
Transfer to income statement	1,213,848	3,996,874
Translation differences	46,061	(62,650)
At end of the period	25,093,549	25,093,549

**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	29,887,373	-	29,887,373
Taxable temporary differences	-	(45,841,698)	(45,841,698)
Employee benefits	267,249	-	267,249
Property, plant and equipment	721,522	(2,433,398)	(1,711,876)
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)	30,876,144	(55,969,693)	(25,093,549)
Set off of tax	(721,522)	721,522	-
Net tax assets/(liabilities)	30,154,622	(55,248,171)	(25,093,549)

6. CORPORATE PROPOSALS

- (a) There are no corporate proposals which have been announced by the Company but not completed as at 27 August 2015 (being the latest practicable date from the date of issuance of the 2nd Quarter Report).
- (b) Status of Right Issues' proceeds utilisation

As at 30 June 2015, the status of utilisation of the proceeds raised from the Right Issues which was completed on 16 May 2014 are as follows:

	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation Amount (RM'000)	Explanations
(a)	Funding of projects	74,446	54,720	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	83,386			

**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 30 June 2015 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	24,340	-	24,340
Trust Receipts	RM	1,269	-	1,269
Revolving Credits	RM	59,032	-	59,032
Term Loans	RM	16,063	418,641	434,704
Term Loans	USD	-	70,383	70,383
Term Loans	IDR	7	21,324	21,331
Finance Lease Liabilities	RM	3,362	4,101	7,463
Finance Lease Liabilities	IDR	155	156	311
Total		104,228	514,605	618,833

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.

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 RM14,463,362). AZRB has consulted its solicitors who will defend the case on AZRB’s behalf.

9. DIVIDEND

On 12 June 2015, the Board declared a single tier interim dividend of 2.0 sen per ordinary share of RM0.25 each for the financial year ending 31 December 2015 amounting to RM 9,641,243 paid on 14 August 2015.

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:

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

10. EARNINGS PER SHARE (continued)

	Current Quarter ended 30/06/2015	Current Quarter ended 30/06/2014	Cumulative Quarter ended 30/06/2015	Cumulative Quarter ended 30/06/2014
	RM	RM	RM	RM
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	9,630,542	3,637,888	13,006,055	8,117,395
Basic				
Weighted average number of ordinary shares in issue	483,540,255	329,447,775	483,540,255	329,447,775
Diluted				
Weighted average number of ordinary shares in issue	483,540,255	329,447,775	483,540,255	329,447,775
Effects of dilution resulting from unexercised warrants on issue	1,454,916	4,245,166	1,454,916	4,245,166
Adjusted weighted average number of ordinary shares in issue and issuable	484,995,171	333,692,941	484,995,171	333,692,941

**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 30.06.2015	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	210,931	183,076
- Unrealised	(22,456)	(14,730)
	<u>188,475</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	(37,055)	(20,408)
Total Group retained profits as per consolidated accounts	<u>151,558</u>	<u>148,076</u>