

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 2016. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015 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 2016

RM'000	Note	2016 Current quarter ended 31 March	2015 Comparative quarter ended 31 March	2016 3 months cumulative to date	2015 3 months cumulative to date
REVENUE		309,371	153,055	309,371	153,055
OPERATING EXPENSES	1	(303,427)	(141,443)	(303,427)	(141,443)
OTHER OPERATING INCOME		13,250	1,923	13,250	1,923
PROFIT FROM OPERATIONS		19,194	13,535	19,194	13,535
FINANCE COSTS		(13,085)	(7,898)	(13,085)	(7,898)
INVESTING RESULTS	2	-	-	-	-
PROFIT BEFORE TAXATION		6,109	5,637	6,109	5,637
TAX EXPENSE		(2,096)	(2,221)	(2,096)	(2,221)
PROFIT FOR THE PERIOD	3	4,013	3,416	4,013	3,416
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Actuarial gain from employee benefits		-	118	-	118
Foreign currency translation differences for foreign operations		8,479	485	8,479	485
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		12,492	4,019	12,492	4,019
PROFIT ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		4,197	3,376	4,197	3,376
NON-CONTROLLING INTEREST		(184)	40	(184)	40
PROFIT FOR THE PERIOD		4,013	3,416	4,013	3,416

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016**

RM'000	Note	2016 Current quarter ended 31 March	2015 Comparative quarter ended 31 March	2016 3 months cumulative to date	2015 3 months cumulative to date
COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		13,109	4,000	13,109	4,000
NON-CONTROLLING INTERESTS		(617)	19	(617)	19
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		12,492	4,019	12,492	4,019

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

Basic (sen)	0.87	0.70	0.87	0.70
Diluted (sen)	-	0.70	-	0.70

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	285,334	124,186	285,334	124,186
Other operating expenses	18,093	17,257	18,093	17,257
TOTAL	303,427	141,443	303,427	141,443

Note 2 - Investing Results

Investing results represents the followings:-

Share of results from associated companies	-	-	-	-
Share of results from joint ventures	-	-	-	-
TOTAL	-	-	-	-

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

a) Interest income	(519)	(868)	(519)	(868)
b) Other income including investment income	(7,043)	(1,055)	(7,043)	(1,055)
c) Interest expense	11,604	7,708	11,604	7,708
d) Depreciation and amortisation	3,722	3,621	3,722	3,621
e) Provision for and write off of receivable	-	19	-	19
f) Foreign exchange (gain)/loss	(5,712)	2,246	(5,712)	2,246

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

RM '000	(Not Audited) As at 31/03/2016	(Audited) As at 31/12/2015
Non-current assets		
Property, plant and equipment	118,111	114,671
Prepaid lease payment	4,827	7,800
Land held for development	24,228	24,228
Biological assets	137,961	140,457
Goodwill	6,158	6,158
Intangible assets	113,088	39,920
Investments in associates	165	165
Interest in joint ventures	3,104	3,104
Available-for-sale investments	116	116
Deferred tax assets	32,400	31,517
Trade and other receivables	118,493	108,305
Total non-current assets	558,651	476,441
Current assets		
Inventories	18,521	13,450
Property development costs	23,473	23,473
Trade and other receivables	1,239,419	1,036,818
Current tax assets	2,960	8,858
Other investment	883,000	-
Cash and deposits	200,220	153,096
Total current assets	2,367,593	1,235,695
TOTAL ASSETS	2,926,244	1,712,136
Equity attributable to equity holders of the parent		
Share capital	120,885	120,885
Reserves	231,009	217,900
Total equity	351,894	338,785
Minority interest	1,707	2,324
Total equity and minority interest	353,601	341,109
Non-current liabilities		
Loans and borrowings	1,802,140	690,663
Employee benefits	2,044	2,324
Deferred tax liabilities	58,584	56,291
Total non-current liabilities	1,862,768	749,278
Current liabilities		
Loans and borrowings	184,976	159,149
Trade and other payables	522,521	457,440
Current tax liabilities	2,378	5,160
Total current liabilities	709,875	621,749
Total liabilities	2,572,643	1,371,027
TOTAL EQUITY AND LIABILITIES	2,926,244	1,712,136

AHMAD ZAKI RESOURCES BERHAD (432768-X)
 INCORPORATED IN MALAYSIA
 QUARTERLY REPORT ON THE FIRST QUARTER AND PERIOD ENDED 31 MARCH 2016



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 MARCH 2016**

RM'000	Attributable to the owners of the Company							Non Controlling Interests	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Share Reserve	Warrant Reserve	Capital Reserve	Retained Profits	Treasury Shares			Subtotal
Period ended 31 March 2016										
Balance at the beginning of the period	120,885	21,889	167	27,891	7,667	161,312	(1,026)	338,785	2,324	341,109
Movement during the period:										
Profit for the period	-	-	-	-	-	4,197	-	4,197	(184)	4,013
Foreign currency translation differences for foreign operations	-	-	8,912	-	-	-	-	8,912	(433)	8,479
Total comprehensive income for the period	-	-	8,912	-	-	4,197	-	13,109	(617)	12,492
Balance at the end of the period	120,885	21,889	9,079	27,891	7,667	165,509	(1,026)	351,894	1,707	353,601
Period ended 31 March 2015										
Balance at the beginning of the period	120,885	21,889	3,366	27,891	7,667	148,075	(1,026)	328,747	3,994	332,741
Movement during the period:										
Profit for the period	-	-	-	-	-	3,376	-	3,376	40	3,416
Actuarial gain from employee benefits	-	-	-	-	-	118	-	118	-	118
Foreign currency translation differences for foreign operations	-	-	507	-	-	-	-	507	(21)	486
Total comprehensive income for the period	-	-	507	-	-	3,494	-	4,001	19	4,020
Balance at the end of the period	120,885	21,889	3,873	27,891	7,667	151,569	(1,026)	332,748	4,013	336,761

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

RM '000	3 months ended 31 March 2016	3 months ended 31 March 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,109	5,637
Adjustments for:-		
Amortisation of prepaid land lease payments	333	110
Amortisation of biological assets	1,371	1,299
Depreciation of property, plant and equipment	1,668	2,162
Provision for and write off of receivable	-	19
Amortisation of transaction costs	350	50
Interest expenses	11,604	7,708
Interest income	(519)	(868)
Gain on disposal of property, plant and equipment	-	(37)
Employee benefits	110	104
(Gain)/Loss on foreign exchange –unrealised	(5,712)	2,246
Operating profit before working capital changes	15,314	18,430
Increase in inventories	(5,071)	(469)
Increase in amount due from customers for contract work	(142,621)	(66,174)
Decrease in property development expenditure	-	1,549
Increase in intangible assets	(73,168)	-
Increase in trade and other receivables	(64,806)	(11,107)
Increase in amount due to customers for contract work	13,031	305
Increase/(Decrease) in trade and other payables	52,050	(9,476)
Cash used in operations	(205,271)	(66,942)
Tax paid	(3,011)	(2,837)
Interest received	519	671
Interest paid	(12,104)	(7,708)
Net cash used in operating activities	(219,867)	(76,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(2,113)	(2,091)
Purchase of land held for development	-	(7,669)
Placement of other investment	(883,000)	-
Purchase of property, plant and equipment	(613)	(3,615)
Proceeds from disposal of property, plant and equipment	-	59
Net cash used in investing activities	(885,726)	(13,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to related companies	-	(70)
(Increase)/Decrease in pledged fixed deposits	(9,978)	676
Proceeds of trust receipts/revolving credits	9,284	17,342
Repayment of trust receipts/revolving credits	(11,806)	(4,860)
Payment for finance lease liabilities	(3,718)	(1,092)
Sukuk drawdown	1,000,000	-
Term loan drawdown	181,114	56,941
Term loan repayment	(29,176)	(3,784)
Net cash generated from financing activities	1,135,720	65,153
Net increase/(decrease) in cash and cash equivalents (carried down)	30,127	(24,979)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016
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RM '000	3 months ended 31 March 2016	3 months ended 31 March 2015
Net increase/(decrease) in cash and cash equivalents (brought down)	30,127	(24,979)
Effects of exchange difference on cash and cash equivalents	6,474	2,428
Cash and cash equivalents at beginning of the period	89,901	72,696
Cash and cash equivalents at end of the period	126,502	50,145
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	149,874	67,105
Cash deposits with licensed banks	50,346	44,858
Bank overdrafts	(25,503)	(24,268)
Less: Pledged fixed deposits	(48,215)	(37,550)
	126,502	50,145

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 2015 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 2015.

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 2015 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2016.

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 2015 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 2016.

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 2016 comprise 1,478,100 units at RM1,025,787.

Other than the above, there were no issuance, cancellation, resale of treasury shares and repayment of debt and equity securities by the Company during the current quarter and financial year-to-date.

8. DIVIDENDS PAID

No dividend was paid for the period under review.

9. SEGMENT REPORTING

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

	Construction RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
31-Mar-16							
REVENUE							
External revenue	333,241	7,607	2,393	3,258	-	(37,128)	309,371
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	333,241	7,607	2,393	3,258	-	(37,128)	309,371
RESULTS							
Segment results	9,065	2,786	(4,544)	363	(966)	(595)	6,109
Interest income	432	4	3	9	71	-	519
Interest expenses	(8,959)	(52)	(2,489)	(8)	(96)	-	(11,604)
Share of results in joint ventures	-	-	-	-	-	-	-
Share of results in associated company	-	-	-	-	-	-	-
Non cash expenses (Note i)	-	-	(1,721)	-	-	(333)	(2,054)
Depreciation	(980)	(292)	(186)	(69)	(141)	-	(1,668)

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

9. SEGMENT REPORTING (continued)

	Construction RM'000	Oil and gas RM'000	Plantation RM'000	Property RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
31-Mar-15							
REVENUE							
External revenue	136,962	8,057	1,619	5,370	1,047	-	153,055
Inter-segment revenue	-	441	-	-	-	(441)	-
Total revenue	136,962	8,498	1,619	5,370	1,047	(441)	153,055
RESULTS							
Segment results	13,961	3,796	(8,450)	960	(4,630)	-	5,637
Interest income	583	22	1	7	255	-	868
Interest expenses	(5,420)	(10)	(1,352)	(1)	(925)	-	(7,708)
Share of results in joint ventures	-	-	-	-	-	-	-
Share of results in associated company	-	-	-	-	-	-	-
Non cash expenses (Note i)	(9)	-	(1,457)	-	(20)	8	(1,478)
Depreciation	(1,417)	(288)	(206)	(19)	(232)	-	(2,162)

Note (i): Non cash expenses

	31/3/2016 RM'000	Group 31/3/2015 RM'000
Amortisation of planting expenditures	1,371	1,299
Amortisation of prepaid land lease payments	333	110
Amortisation of transaction costs	350	50
Provision for and write off of receivable	-	19
	2,054	1,478

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 26 May 2016 (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:

On 1 April 2016, Ahmad Zaki Sdn Bhd a wholly-owned subsidiary of AZRB, received a Letter of Acceptance (“LoA”) from Mass Rapid Transit Corporation Sdn Bhd (“MRT Corp”) (“the Awards”) for a project known as “Package V202: Construction and Completion of Viaduct Guideway and Other Associated Works from Persiaran Dagang to Jinjang” (“the Works”). The Awards for the Works amounts to a total value of RM1,439,529,169.38.

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 26 May 2016 (being the latest practicable date from the date of issuance of the 1st Quarter Report) except as disclosed in Part B item 8.

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

	2016	2015
	3 months	3 months
	cumulative	cumulative
	to date	to date
	RM'000	RM'000
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	784	3,421
- Chuan Huat Hardware Sdn Bhd	7	141
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:-		
- Kemaman Quarry Sdn Bhd	35	(111)
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	30	30
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	252	243
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	464	464
Rental paid/payable to Zaki Holdings (M) Sdn Bhd	30	-

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

1. REVIEW OF PERFORMANCE

The Group recorded revenue of RM309.4 million for the current quarter ended 31 March 2016 as compared to revenue of RM153.1 million in the corresponding quarter of the previous financial period. The higher revenue by RM156.3 million (102%) was mainly contributed by Construction Division as certain projects have shown higher progress during the period.

The Group pre-tax profit increased by RM0.4 million (7%) to RM6.1 million when compared to pre-tax profit of RM5.7 million achieved in the corresponding quarter in 2015, mainly due to lower losses in Plantation Division as yield improved over the period offset by lower profit in Construction Division and Oil and Gas Division.

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

	Current Quarter RM'000	Preceding Quarter RM'000	Diff +/- RM'000
REVENUE	309,371	229,214	80,157
PROFIT BEFORE TAX	6,109	8,773	(2,664)

On a quarter to quarter basis, the Group's revenue was higher mainly due to higher progress rate shown in on-going projects in Construction Division. Pre-tax profit was lower than preceding quarter as certain construction project with higher margin had been completed during the preceding quarter.

3. PROSPECTS

The Group's Construction Division remaining order book balance as at the date of this 1st Quarter Report stands at RM4.218 billion. We are positive on our prospects of adding to and enhancing the order book. Therefore, the Construction Division is confident to give continued strong performance in future quarters.

The Oil and Gas Division expects to remain steady despite the continuing prolongation of weak global oil prices and sentiments. The division also expects increasing contribution from its operations at Tok Bali Supply Base as the port continues to develop and mature.

The Plantation Division expects yields of Fresh Fruit Bunches (FFB) to continually improve, thereby generating higher revenue going forward. The division also expects to improve its overall contribution to the Group through increasing yields and stringent cost controls being implemented. The division has also commenced construction on its maiden Palm Oil Mill which would greatly help the division in delivering desired results to the Group.

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

The Property Division is currently planning and embarking on several residential development projects for launch in 2016. Upon the successful launches of these projects, the Property Division will be expected to contribute positively to the Group. As at the date of this report, the division has development projects with an estimated Gross Development Value (GDV) of RM1.4 billion. The hotel properties under the Property Division is also expected to contribute more from 2016 onwards with the completion of a new hotel wing at the existing Residence Inn Cherating in early 2016.

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

Not applicable.

5. TAXATION

	Current 31.03.2016 RM'000	Cumulative Current YTD RM'000
Current tax expense	2,141	2,141
Deferred tax expenses:		
- Origination of temporary differences	(45)	(45)
Total	2,096	2,096

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 31.03.2016 RM'000	Cumulative Current YTD RM'000
Accounting profits before taxation	<u>6,109</u>	<u>6,109</u>
Tax at the statutory income tax rate of 24%:	1,466	1,466
- Non taxable income	(2,098)	(2,098)
- Non deductible expenses	2,728	2,728
Tax expense	2,096	2,096

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:

Movement of Deferred Tax Liabilities /(Assets):

	Current 31.03.2016 RM'000	Cumulative Current YTD RM'000
At beginning of the year period/year	(24,774)	(24,774)
Transfer to income statement	45	45
Translation differences	(1,455)	(1,455)
At end of the period	(26,184)	(26,184)

Recognised deferred tax assets/(liabilities):

	Assets RM	Liabilities RM	Net RM
Tax loss carry-forward	43,038	-	43,038
Taxable temporary differences	-	(61,769)	(61,769)
Employee benefits	469	-	469
Property, plant and equipment	779	(2,534)	(1,755)
Fair value adjustment of acquisition of subsidiary	-	(2,611)	(2,611)
Derecognition of results of joint venture in MCHJV	-	(4,406)	(4,406)
Provisions	850	-	850
Tax assets/(liabilities)	45,136	(71,320)	(26,184)
Set off of tax	(12,736)	12,736	-
Net tax assets/(liabilities)	32,400	(58,584)	(26,184)

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

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 26 May 2016 (being the latest practicable date from the date of issuance of the 1st Quarter Report) other than as follows:

Acquisition of 51% Equity Interest in Matrix Reservoir Sdn Bhd

The Company had on 25 November 2015 entered into the following agreements:-

- a) Share Purchase Agreement with the existing shareholders (“the Sellers”) of Matrix Reservoir Sdn Bhd (“Matrix Reservoir”) relating to the sale and purchase of 10,000 ordinary shares of RM1.00 each in Matrix Reservoir, representing 1% equity interest in the share capital of Matrix Reservoir, for a total cash consideration of RM10,000,000/- (“the Proposed Share Acquisition”);
- b) Subscription Agreement with Matrix Reservoir for AZRB’s subscription of 500,000 ordinary shares of RM1.00 each in Matrix Reservoir, representing 50% of the equity interest in Matrix Reservoir (“Subscription Shares”), at a subscription price of RM45,000,000/- (“the Proposed Share Subscription”), to be satisfied by:
 - i. Payment of RM22,500,000/- in cash by AZRB to Matrix Reservoir; and
 - ii. Transfer of shares in Astral Far East Sdn Bhd, a wholly-owned subsidiary of AZRB, from AZRB to Matrix Reservoir, to set off against and towards the amount of monies that AZRB is required to pay Matrix Reservoir pursuant to the Subscription Shares, equivalent to RM22,500,000/-; and
- c) Shareholders’ Agreement with the Sellers and Matrix Reservoir to regulate the affairs of Matrix Reservoir and the respective rights of AZRB and the Sellers as shareholders of Matrix Reservoir.

Upon the completion of the Proposed Share Acquisition and Proposed Subscription, Matrix Reservoir will become a 51%- owned subsidiary of AZRB.

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 2016 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	25,503	-	25,503
Trust Receipts	RM	16,160	-	16,160
Revolving Credits	RM	87,576	-	87,576
Term Loans	RM	54,421	647,474	701,895
Term Loans	USD	-	124,876	124,876
Term Loans	IDR	164	22,509	22,673
Finance Lease Liabilities	RM	996	7,239	8,235
Finance Lease Liabilities	IDR	156	42	198
Sukuk	RM	-	1,000,000	1,000,000
Total		184,976	1,802,140	1,987,116

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

8. MATERIAL LITIGATION

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

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.

(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.

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

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

10. EARNINGS PER SHARE

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

	Current Quarter ended 31/03/2016	Current Quarter ended 31/03/2015	Cumulative Quarter ended 31/03/2016	Cumulative Quarter ended 31/03/2015
	RM'000	RM'000	RM'000	RM'000
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	4,197	3,376	4,197	3,376
Basic				
Weighted average number of ordinary shares in issue	483,540,255	483,540,255	483,540,255	483,540,255
Diluted				
Weighted average number of ordinary shares in issue	483,540,255	483,540,255	483,540,255	483,540,255
Effect of warrants issue	*	1,454,916	*	1,454,916
Adjusted weighted average number of ordinary shares in issue	483,540,255	484,995,171	483,540,255	484,995,171

There was no dilutive potential ordinary share as at 31 March 2016.

- * The effects of potential ordinary shares arising from the exercise of warrant is anti-dilutive and accordingly is excluded from the diluted earnings per share computation above.

PART B :EXPLANATORY NOTES TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B
11. STATEMENT ON REALISED AND UNREALISED RETAINED PROFITS DISCLOSURE

	Current financial Quarter ended 31.03.2016 RM'000	As at the end of last financial year RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	197,984	193,996
- Unrealised	(14,350)	(15,213)
	183,634	178,783
Total share of retained profits from associated companies		
- Realised	55	55
- Unrealised	-	-
	55	55
Total share of retained profits jointly controlled companies		
- Realised	83	83
- Unrealised	-	-
	83	83
Less: Consolidated adjustments	(18,263)	(17,610)
Total Group retained profits as per consolidated accounts	165,509	161,311