

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 2017. This announcement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016 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 2017**

RM'000	Note	2017 Current quarter ended 31 March	2016 Comparative quarter ended 31 March	2017 3 months cumulative to date	2016 3 months cumulative to date
REVENUE		250,186	309,371	250,186	309,371
OPERATING EXPENSES	1	(240,994)	(303,427)	(240,994)	(303,427)
OTHER OPERATING INCOME		14,837	13,250	14,837	13,250
PROFIT FROM OPERATIONS		24,029	19,194	24,029	19,194
FINANCE COSTS		(17,250)	(13,085)	(17,250)	(13,085)
PROFIT BEFORE TAXATION		6,779	6,109	6,779	6,109
TAX EXPENSE		(1,686)	(2,096)	(1,686)	(2,096)
PROFIT FOR THE PERIOD	2	5,093	4,013	5,093	4,013
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Foreign currency translation differences for foreign operations		1,760	8,479	1,760	8,479
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,853	12,492	6,853	12,492
PROFIT ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		6,115	4,197	6,115	4,197
NON-CONTROLLING INTEREST		(1,022)	(184)	(1,022)	(184)
PROFIT FOR THE PERIOD		5,093	4,013	5,093	4,013

AHMAD ZAKI RESOURCES BERHAD (432768-X)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017**

RM'000	Note	2017 Current quarter ended 31 March	2016 Comparative quarter ended 31 March	2017 3 months cumulative to date	2016 3 months cumulative to date
COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		7,779	13,109	7,779	13,109
NON-CONTROLLING INTERESTS		(926)	(617)	(926)	(617)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,853	12,492	6,853	12,492

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

Basic (sen)	1.26	0.87	1.26	0.87
Diluted (sen)	-	-	-	-

Note 1 - Operating Expenses

Operating expenses represents the followings:-

Cost of sales	220,531	285,334	220,531	285,334
Other operating expenses	20,463	18,093	20,463	18,093
TOTAL	240,994	303,427	240,994	303,427

**Note 2 - Profit is arrived at after charging/
 (crediting) the following items:-**

a) Interest income	(611)	(519)	(611)	(519)
b) Accretion of fair value of non-current receivables	(11,460)	(6,190)	(11,460)	(6,190)
c) Interest expense	15,219	11,604	15,219	11,604
d) Depreciation and amortisation	5,758	3,722	5,758	3,722
e) Gain on foreign exchange - unrealised	(2,115)	(5,712)	(2,115)	(5,712)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
 AT 31 MARCH 2017**

RM '000	(Not Audited) As at 31/03/2017	(Audited) As at 31/12/2016
Non-current assets		
Property, plant and equipment	291,034	285,064
Prepaid lease payment	21,353	20,860
Property development costs	36,130	38,630
Biological assets	180,299	173,055
Intangible assets	41,060	41,060
Goodwill	36,490	36,490
Concession assets	501,206	398,071
Investments in associates	165	165
Interest in joint ventures	34	34
Available-for-sale investments	116	116
Deferred tax assets	24,454	22,712
Trade and other receivables	681,409	704,236
Total non-current assets	1,813,750	1,720,493
Current assets		
Inventories	22,627	12,222
Property development costs	19,023	19,366
Trade and other receivables	796,298	786,517
Current tax assets	7,495	11,782
Other investment	734,996	823,856
Cash and deposits	398,014	190,052
Total current assets	1,978,453	1,843,795
TOTAL ASSETS	3,792,203	3,564,288
Equity attributable to equity holders of the parent		
Share capital	120,885	120,885
Reserves	252,810	244,031
Total equity	373,695	364,916
Minority interest	22,505	23,431
Total equity and minority interest	396,200	388,347
Non-current liabilities		
Loans and borrowings	2,191,687	2,000,353
Employee benefits	2,902	2,836
Deferred tax liabilities	71,534	75,097
Trade and other payables	69,208	57,800
Total non-current liabilities	2,335,331	2,136,086
Current liabilities		
Loans and borrowings	234,320	187,424
Trade and other payables	826,352	852,127
Current tax liabilities	-	304
Total current liabilities	1,060,672	1,039,855
Total liabilities	3,396,003	3,175,941
TOTAL EQUITY AND LIABILITIES	3,792,203	3,564,288

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 MARCH 2017**

RM'000	Attributable to the owners of the Company								Non Controlling Interests	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Employee Share Scheme Reserve	Warrant Reserve	Capital Reserve	Retained Profits	Treasury Shares			Subtotal
Period ended 31 March 2017											
Balance at the beginning of the period	120,885	21,889	8,753	-	27,891	7,667	178,857	(1,026)	364,916	23,431	388,347
Movement during the year:											
Profit for the period	-	-	-	-	-	-	6,115	-	6,115	(1,022)	5,093
Foreign currency translation differences for foreign operations	-	-	1,664	-	-	-	-	-	1,664	96	1,760
Total comprehensive income for the period	-	-	1,664	-	-	-	6,115	-	7,779	(926)	6,853
Employee share scheme expenses	-	-	-	1,000	-	-	-	-	1,000	-	1,000
Total transactions with owners of the Company	-	-	-	1,000	-	-	-	-	1,000	-	1,000
Balance at the end of the period	120,885	21,889	10,417	1,000	27,891	7,667	184,972	(1,026)	373,695	22,505	396,200
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 year:											
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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
 PERIOD ENDED 31 MARCH 2017**

RM '000	3 months ended 31 March 2017	3 months ended 31 March 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,779	6,109
Adjustments for:-		
Amortisation of prepaid land lease payments	680	333
Amortisation of planting expenditures	1,697	1,371
Depreciation of property, plant and equipment	3,381	1,668
Amortisation of transaction costs	-	350
Accretion of non-current receivables	(11,460)	(6,190)
Interest expenses	15,219	11,604
Interest income	(611)	(519)
Employee share scheme expenses	1,000	-
Employee benefits	66	110
Gain on foreign exchange –unrealised	(2,115)	(5,712)
Operating profit before working capital changes	14,636	9,124
Increase in inventories	(10,405)	(5,071)
Decrease in property development expenditure	343	-
Increase in intangible assets	-	(73,168)
Increase in concession assets	(101,135)	-
Decrease/(Increase) in trade and other receivables	27,111	(188,206)
(Decrease)/Increase in trade and other payables	(14,367)	52,050
Cash used in operations	(83,817)	(205,271)
Tax paid	(3,007)	(3,011)
Interest received	611	519
Interest paid	(15,219)	(12,104)
Net cash used in operating activities	(101,432)	(219,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
New planting expenditures incurred	(10,173)	(2,113)
Purchase of leasehold land	(1,173)	-
Withdrawal/(Placement) of other investment	88,869	(883,000)
Purchase of property, plant and equipment	(3,986)	(613)
Net cash generated from/(used in) investing activities	73,537	(885,726)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
 PERIOD ENDED 31 MARCH 2017**

RM '000	Period ended 31 March 2017	Period ended 31 March 2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged fixed deposits	(6,194)	(9,978)
Proceeds of trust receipts/revolving credits	38,825	9,284
Repayment of trust receipts/revolving credits	(12,631)	(11,806)
Payment for finance lease liabilities	(1,560)	(3,718)
Term loan drawdown	239,321	181,114
Term loan repayment	(31,901)	(29,176)
Sukuk drawdown	-	1,000,000
Net cash generated from financing activities	225,860	1,135,720
Net increase in cash and cash equivalents	197,965	30,127
Effects of exchange difference on cash and cash equivalents	3,937	6,474
Cash and cash equivalents at beginning of the year	115,289	89,901
Cash and cash equivalents at end of the year	317,191	126,502
Cash and cash equivalents included in the condensed cash flows statements comprise the following amounts :-		
Cash and bank balances	340,630	149,874
Cash deposits with licensed banks	57,384	50,346
Bank overdrafts	(24,694)	(25,503)
Less: Pledged fixed deposits	(56,129)	(48,215)
	317,191	126,502

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 2016 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 financial year ended 31 December 2016.

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 2016 audited financial statements as well as those mandatory new/revised standards that take effects on annual financial year commencing on and after 1 January 2017.

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 2016 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 2017.

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 2017 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.

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.

	Engineering & Construction RM'000	Oil & Gas RM'000	Plantation RM'000	Property RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
31-Mar-2017							
REVENUE							
External revenue	228,677	9,068	3,461	8,980	-	-	250,186
Inter-segment revenue	-	-	-	-	1,703	(1,703)	-
Total revenue	228,677	9,068	3,461	8,980	1,703	(1,703)	250,186
RESULTS							
Segment results	10,818	(648)	(6,579)	7,771	(4,583)	-	6,779
Interest income	554	3	5	29	20	-	611
Interest expenses	(898)	(1,229)	(5,358)	(6,426)	(1,308)	-	(15,219)
Non cash expenses (Note i)	-	-	(262)	-	-	-	(262)
Depreciation	(2,097)	(724)	(242)	(124)	(194)	-	(3,381)

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

9. SEGMENT REPORTING (continued)

	Engineering & Construction RM'000	Oil & 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	296,113	7,607	2,393	3,258	-	-	309,371
Inter-segment revenue	-	-	-	-	1,504	(1,504)	-
Total revenue	296,113	7,607	2,393	3,258	1,504	(1,504)	309,371
RESULTS							
Segment results	9,065	2,786	(4,544)	363	(1,561)	-	6,109
Interest income	432	4	3	9	71	-	519
Interest expenses	(8,959)	(52)	(2,489)	(8)	(96)	-	(11,604)
Non cash expenses (Note i)	-	-	3,991	-	-	(333)	3,658
Depreciation	(980)	(292)	(186)	(69)	(141)	-	(1,668)

Note (i): Non cash expenses/(income)

	31/3/2017 RM'000	Group 31/3/2016 RM'000
Amortisation of planting expenditures	1,697	1,371
Amortisation of prepaid land lease payments	680	333
Amortisation of transaction costs	-	350
Gain on foreign exchange - unrealised	(2,115)	(5,712)
	<u>262</u>	<u>(3,658)</u>

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 30 May 2017 (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 except for the following:

- i. On 31 March 2017, the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of AZRB (excluding treasury shares) to third party investors (“Proposed Private Placement”).
- ii. On 4 April 2017, the Company submitted the application pursuant to the Proposed Private Placement to Bursa Malaysia Securities Berhad ("Bursa Securities"). On 10 April 2017, the Company announced that Bursa Securities has, vide its letter dated 10 April 2017, resolved to approve the listing of and quotation for up to 58,683,928 new ordinary shares to be issued pursuant to the Proposed Private Placement.
- iii. On 12 April 2017, the Company has resolved to fix the issue price for the Proposed Private Placement comprising 48,000,000 Placement Shares, representing approximately 10.0% of the issued shares of AZRB (excluding treasury shares), at RM0.98 per Placement Share. The aforementioned issue price represents a discount of approximately 3.9% to the 5-day volume weighted average market price of AZRB Shares up to and including 11 April 2017, being the last market day immediately preceding the Price-Fixing Date, of RM1.02 per Company Share.

The above proposal was completed on 21 April 2017.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any material contingent liabilities as at 30 May 2017 (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

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:

	2017 3 months cumulative to date RM'000	2016 3 months cumulative to date 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	5,466	784
- Chuan Huat Hardware Sdn Bhd	445	7
Purchases from/(Sales to) following companies, in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda has substantial financial interest and is also a director:-		
- QMC Sdn Bhd	34	-
- Kemaman Quarry Sdn Bhd	-	35
Non-Trade		
Administrative service charged by Zaki Holdings (M) Sdn Bhd	31	30
Insurance premium paid and payable to Zaki Holdings (M) Sdn Bhd	174	252
Rental paid/payable to Dato' Sri Haji Wan Zaki bin Haji Wan Muda	434	464
Rental paid/payable to Zaki Holdings (M) Sdn Bhd	-	30
Security services charges paid to MIM Protection Sdn Bhd	778	-

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

1. REVIEW OF PERFORMANCE

Group

The Group recorded revenue of RM250.2 million in the quarter ended 31 March 2017 (1Q17), a drop of 19.1% from RM309.4 million in the quarter ended 31 March 2016 (1Q16). The drop was largely attributable to the dip in revenue of the construction division but was mitigated by an increase in revenue of the property division.

In spite of the lower revenue, the Group had an 11.0% increase in pre-tax profit to RM6.8 million in the current quarter, from RM6.1 million of the corresponding quarter of the previous year, attributable to the new income stream of International Islamic University Malaysia (IIUM) Medical Centre facilities management which only came in mid-2016.

Engineering and Construction

Revenue dropped 22.8% to RM228.7 million in 1Q17, versus RM296.1 million in 1Q16. The decrease was mainly due to slower progress of work for some projects during the quarter as a result of rainy weather that affected the site readiness for subsequent work. In effect, the weather condition impacted the division's progress billings and the profit recognition for the quarter under review. However, further stages of progress billings shall be recognised in upcoming quarters. Pre-tax profit increased to RM10.8 million, compared to RM9.1 million in the previous year's corresponding quarter due to favourable margins of certain projects.

Property

The property division charted significant growth during the quarter in both revenue and pre-tax profit in comparison to the corresponding quarter in 2016. Revenue grew by 175.6% to RM9.0 million while pre-tax profit jumped more than twenty times to RM7.8 million. The better performance was mainly attributed to the income generated from facilities management of IIUM Medical Centre, which was completed in mid-2016.

Oil and Gas

Revenue derived from this division came in at RM9.1 million, growing by 19.2% from RM7.6 million in the same quarter of the previous year. However, there was a pre-tax loss of RM0.6 million in 1Q17 compared to a pre-tax profit of RM2.8 million in 1Q16. The loss was the result of first time taking into full consolidation of Matrix Reservoir Sdn Bhd and its subsidiaries (MRSB Group), the companies operating Tok Bali Supply Base (TBSB) which had not yet reached optimal operation levels. The acquisition of MRSB Group was only completed in December 2016.

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

1. REVIEW OF PERFORMANCE (continued)

Plantation

The plantation division recorded higher revenue of RM3.5 million as compared to RM2.4 million in the corresponding quarter of 2016, attributed to the higher sales of fresh fruit bunches (FFB) and contribution from sales of crude palm oil (CPO) from the newly commissioned mill. Despite the increase in revenue, pre-tax losses for the division increased to RM6.6 million from RM4.5 million previously. The increase in pre-tax loss was attributed to the lower forex gains in 1Q17 as compared to previous year.

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

	Current Quarter (Q1'17) RM'000	Preceding Quarter (Q4'16) RM'000	Diff + / (-) RM'000
REVENUE	250,186	357,976	(107,790)
PROFIT BEFORE TAX	6,779	12,930	(6,151)

The Group recorded revenue of RM250.2 million in 1Q17, which is a drop of 30.1% from RM358.0 million of the quarter ended 31 December 2016 (4Q16). The difference in revenue is due to a higher progress rate in construction work in 4Q16 compared to 1Q17. In line with the lower revenue, the pre-tax profit for the quarter under review declined 47.6% to RM6.8 million, compared to RM12.9 million in 4Q16.

3. PROSPECTS

Engineering and Construction

The Group currently has an orderbook balance of RM3.7 billion as at 31 March 2017, whereby projects are expected to be completed within the next one to three years. The Group also expects to add on to its orderbook as the Group is actively tendering for more works including infrastructure projects, commercial buildings, hospitals and government buildings. With the government intending to undertake many major projects such as the East Coast Rail Link, High Speed Rail, Mass Rapid Transit 3 and Light Rail Transit 3, the Group intends to leverage on its position as a reputable infrastructure player to tap into the opportunities in the sector.

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

3. PROSPECTS (continued)

Property

For the current financial year, the Group has already launched one mixed development project with an estimated Gross Development Value (GDV) of RM217.7 million in Marang, Terengganu. Together with previously launched developments, property division is expected to contribute positively to the Group. In addition to that, the facilities management at IIUM Medical Centre is expected to continue contributing income to the Group.

Oil and Gas

The outlook for the Oil and Gas sector is expected to improve this year, with oil price currently sustained above USD50 per barrel. The division's prospects are positive after the addition of TBSB as a full-fledged supply base in East Coast of Malaysia after a purely bunkering operation out of Kemaman Supply Base. This is supported by the division recently gaining Carigali HESS in a 2-year contract for crew boat activity and other support services at TBSB. Going forward, the Group intends to install more facilities to better accommodate current customers as well as to attract more customers to set up their base of operations at TBSB.

Plantation

With the palm oil mill being commissioned in February 2017, the division is able to process own FFB, as well as third-party FFB from neighbouring plantations. The 60 metric tonne (MT) per hour mill aims to produce more than 40,000MT Crude Palm Oil per year. The Group remains optimistic because the mill is the largest palm oil mill within an 80km radius of KabupatenLandak, Indonesia. The division also intends to plant a further 1,200 hectares of trees in the current financial year, bringing the total planted area to 10,000 hectares. From the planted trees, about 51% of them will be mature trees, thus increasing the acreage yield and generating higher revenue for the Group going forward.

Generally, looking at the above, the Group is confident that it can sustain the level of productivity to at least match the level of performance of 2016.

**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

	Current Quarter ended 31.03.2017 RM'000	Cumulative Current YTD 31.03.2017 RM'000
Current tax expense	3,378	3,378
Deferred tax expenses:		
-Origination of temporary differences	(1,692)	(1,692)
Total	1,686	1,686

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 30 May 2017 (being the latest practicable date from the date of issuance of the 1st Quarter Report).

7. GROUP BORROWINGS AND DEBTS SECURITIES

The Group borrowings as at 31 March 2017 are as follows:

Secured	Denominated in currency	Current RM'000	Non Current RM'000	Total RM'000
Bank Overdrafts	RM	24,694	-	24,694
Trust Receipts	RM	13,472	-	13,472
Revolving Credits	RM	126,070	-	126,070
Term Loans	RM	61,750	874,008	935,758
Term Loans	USD	-	283,511	283,511
Term Loans	IDR	8	26,794	26,802
Finance Lease Liabilities	RM	8,320	17,124	25,444
Finance Lease Liabilities	IDR	6	-	6
Sukuk	RM	-	990,250	990,250
Total		234,320	2,191,687	2,426,007

**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 Al-Faisal 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 Sdn 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 year calculated as follows:

	Current Quarter ended 31/3/2017	Current Quarter ended 31/3/2016	Cumulative Quarter ended 31/3/2017	Cumulative Quarter ended 31/3/2016
	RM'000	RM'000	RM'000	RM'000
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	6,115	4,197	6,115	4,197
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	*	(4,625,330)	*	(4,625,330)
Adjusted weighted average number of ordinary shares in issue	483,540,255	478,914,925	483,540,255	478,914,925

There was no dilutive potential ordinary share as at 31 March 2017.

- * 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 31.3.2017 RM'000	As at the end of last financial year 31.12.2016 RM'000
Total retained profits of Ahmad Zaki Resources Berhad and its subsidiaries		
- Realised	225,123	264,141
- Unrealised	(40,425)	(49,848)
	184,698	214,293
Total share of retained profits from associated companies		
- Realised	55	55
- Unrealised	-	-
	55	55
Less: Consolidated adjustments	219	(35,491)
Total Group retained profits as per consolidated accounts	184,972	178,857