

LOTTE CHEMICAL TITAN HOLDING BERHAD  
199101012045 (222357-P)

**Unaudited condensed consolidated  
interim financial statements**

For the quarter and year-to-date ended 30 June 2024

**Lotte Chemical Titan Holding Berhad  
(Incorporated in Malaysia)**

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**Lotte Chemical Titan Holding Berhad**  
(Incorporated in Malaysia)

**Unaudited condensed consolidated interim financial statements**  
**For the quarter and year-to-date ended 30 June 2024**

The Board of Directors of Lotte Chemical Titan Holding Berhad ("LCT" or "the Company") is pleased to announce the following unaudited condensed consolidated financial statements of LCT and its subsidiaries ("the Group") for the quarter and year-to-date ended 30 June 2024, which should be read in conjunction with the accompanying explanatory notes on page 8 to 29.

	Note	Individual Quarter ended 30.06.2024 RM'000	Individual Quarter ended 30.06.2023 RM'000	Changes		Cumulative Quarters ended 30.06.2024 RM'000	Cumulative Quarters ended 30.06.2023 RM'000	Changes	
				RM'000	%			RM'000	%
<b>Revenue</b>	A8	1,778,038	1,858,046	(80,008)	-4%	3,695,703	3,829,344	(133,641)	-3%
Cost of goods sold		(1,990,256)	(2,161,513)	171,257	8%	(4,026,106)	(4,315,077)	288,971	7%
<b>Gross loss</b>		(212,218)	(303,467)	91,249	30%	(330,403)	(485,733)	155,330	32%
Other income		6,474	6,569	(95)	-1%	11,271	8,826	2,445	28%
Distribution expenses		(22,902)	(26,992)	4,090	15%	(48,459)	(55,591)	7,132	13%
Administrative expenses		(45,864)	(54,370)	8,506	16%	(89,189)	(97,316)	8,127	8%
Foreign exchange differences		(8,369)	(1,098)	(7,271)	-662%	(10,346)	(541)	(9,805)	-1812%
Fair value changes on derivatives		-	61	(61)	-100%	(20)	6,599	(6,619)	-100%
Other expenses		(4,087)	(4,767)	680	14%	(6,953)	(6,079)	(874)	-14%
<b>Loss from operations</b>		(286,966)	(384,064)	97,098	25%	(474,099)	(629,835)	155,736	25%
Finance income		4,397	7,320	(2,923)	-40%	8,364	17,498	(9,134)	-52%
Finance costs	B6	(16,330)	(8,828)	(7,502)	-85%	(27,985)	(16,082)	(11,903)	-74%
<b>Net finance (loss) / income</b>		(11,933)	(1,508)	(10,425)	-691%	(19,621)	1,416	(21,037)	-1486%
Share of results of associate		(32,757)	(4,873)	(27,884)	-572%	(51,623)	(48,414)	(3,209)	-7%
<b>Loss before tax</b>	B5	(331,656)	(390,445)	58,789	15%	(545,343)	(676,833)	131,490	19%
Income tax	B7	70,300	62,731	7,569	12%	94,824	117,563	(22,739)	-19%
<b>Net loss for the period</b>		(261,356)	(327,714)	66,358	20%	(450,519)	(559,270)	108,751	19%

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**Unaudited condensed consolidated statement of comprehensive income (cont'd)**

	Individual Quarter ended 30.06.2024 RM'000	Individual Quarter ended 30.06.2023 RM'000	Cumulative Quarters ended 30.06.2024 RM'000	Cumulative Quarters ended 30.06.2023 RM'000
<b>Other comprehensive income, net of tax</b>				
<b>Item that may be reclassified</b>				
<b>subsequently to profit or loss:</b>				
Foreign currency translation				
Foreign currency translation differences	(56,917)	908,083	388,465	897,512
Cash flow hedge	5,767	10,597	2,316	99,019
	<u>(51,150)</u>	<u>918,680</u>	<u>390,781</u>	<u>996,531</u>
<b>Total comprehensive (loss) / income for the period</b>	<u>(312,506)</u>	<u>590,966</u>	<u>(59,738)</u>	<u>437,261</u>
<b>Net loss for the period attributable to:</b>				
Owners of the Company	(248,887)	(313,472)	(426,912)	(538,229)
Non-controlling interests	(12,469)	(14,242)	(23,607)	(21,041)
	<u>(261,356)</u>	<u>(327,714)</u>	<u>(450,519)</u>	<u>(559,270)</u>
<b>Total comprehensive (loss) / income for the period attributable to:</b>				
Owners of the Company	(289,203)	391,551	(128,410)	204,353
Non-controlling interests	(23,303)	199,415	68,672	232,908
	<u>(312,506)</u>	<u>590,966</u>	<u>(59,738)</u>	<u>437,261</u>
<b>Basic and diluted earnings per ordinary share (sen)</b>	B22 (10.93)	(13.76)	(18.74)	(23.63)

The unaudited condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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**Unaudited condensed consolidated statement of financial position**

	Note	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	B13	18,485,867	16,476,809
Right-of-use assets		686,951	694,268
Investments in associate		2,512,729	2,499,976
Non-current tax assets		41,416	83,536
Non-current lease receivables		7,778	7,907
Deferred tax assets		771	-
		<u>21,735,512</u>	<u>19,762,496</u>
<b>Current assets</b>			
Inventories		1,534,190	1,445,285
Trade and other receivables	B14	1,045,094	927,545
Current tax assets		123,206	118,116
Prepayments		40,235	95,619
Other investments	B15	13,162	12,506
Cash and bank balances	B16	667,537	760,664
		<u>3,423,424</u>	<u>3,359,735</u>
<b>Total assets</b>		<u>25,158,936</u>	<u>23,122,231</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital		5,827,149	5,827,149
Other reserves		2,785,767	2,487,265
Retained earnings		2,984,125	3,411,037
Treasury shares, at cost		(226,252)	(226,252)
		<u>11,370,789</u>	<u>11,499,199</u>
Total equity attributable to owners of the Company		<u>11,370,789</u>	<u>11,499,199</u>
Non-controlling interests		3,580,161	3,511,489
		<u>14,950,950</u>	<u>15,010,688</u>
<b>Total equity</b>		<u>14,950,950</u>	<u>15,010,688</u>

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**Unaudited condensed consolidated statement of financial position (cont'd)**

	Note	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
<b>Non-current liabilities</b>			
Provision		424,737	463,900
Trade and other payables	B17	281,854	244,327
Deferred tax liabilities		187,885	279,403
Defined benefit obligation		22,629	21,949
Lease liabilities		15,957	21,708
Derivative financial instruments		2,483	3,582
Loan and borrowings	B18	7,515,405	5,536,967
		<u>8,450,950</u>	<u>6,571,836</u>
<b>Current liabilities</b>			
Loan and borrowings	B18	709,283	406,627
Trade and other payables		1,009,599	1,092,699
Current tax liabilities		944	2,157
Lease liabilities		12,263	12,084
Derivative financial instruments		24,947	26,140
		<u>1,757,036</u>	<u>1,539,707</u>
<b>Total liabilities</b>		<u>10,207,986</u>	<u>8,111,543</u>
<b>Total equity and liabilities</b>		<u>25,158,936</u>	<u>23,122,231</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		<u>4.99</u>	<u>5.05</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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**Unaudited condensed consolidated statement of changes in equity**

Note	----- Attributable to owners of the Company -----						Distributable	Attributable to owners of the Company	Non-controlling interest	Total equity
	Share capital	Treasury Shares	Equity transaction reserves	Foreign currency translation reserve	Hedging reserve	Retained earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2023</b>	5,827,149	(226,252)	26,539	1,996,937	(58,248)	4,191,774	11,757,899	2,765,746	14,523,645	
Net loss for the period	-	-	-	-	-	(538,229)	(538,229)	(21,041)	(559,270)	
Other comprehensive income	-	-	-	692,082	50,500	-	742,582	253,949	996,531	
Total comprehensive income/(loss) for the period	-	-	-	692,082	50,500	(538,229)	204,353	232,908	437,261	
Proceeds from issuance of ordinary share by a subsidiary to Lotte Chemical Corporation, the ultimate holding company	-	-	-	-	-	-	-	596,168	596,168	
<b>At 30 June 2023</b>	<b>5,827,149</b>	<b>(226,252)</b>	<b>26,539</b>	<b>2,689,019</b>	<b>(7,748)</b>	<b>3,653,545</b>	<b>11,962,252</b>	<b>3,594,822</b>	<b>15,557,074</b>	
<b>At 1 January 2024</b>	<b>5,827,149</b>	<b>(226,252)</b>	<b>26,539</b>	<b>2,475,860</b>	<b>(15,134)</b>	<b>3,411,037</b>	<b>11,499,199</b>	<b>3,511,489</b>	<b>15,010,688</b>	
Net loss for the period	-	-	-	-	-	(426,912)	(426,912)	(23,607)	(450,519)	
Other comprehensive income	-	-	-	297,321	1,181	-	298,502	92,279	390,781	
Total comprehensive income/(loss) for the period	-	-	-	297,321	1,181	(426,912)	(128,410)	68,672	(59,738)	
<b>At 30 June 2024</b>	<b>5,827,149</b>	<b>(226,252)</b>	<b>26,539</b>	<b>2,773,181</b>	<b>(13,953)</b>	<b>2,984,125</b>	<b>11,370,789</b>	<b>3,580,161</b>	<b>14,950,950</b>	

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

**Lotte Chemical Titan Holding Berhad  
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**Unaudited condensed consolidated interim financial statements  
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**Unaudited condensed consolidated statement of cash flows**

	<b>Cumulative Quarters ended 30.06.2024 RM'000</b>	<b>Cumulative Quarters ended 30.06.2023 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(545,343)	(676,833)
Adjustments for:-		
Depreciation of property, plant and equipment and right-of-use assets	257,400	258,391
Finance costs	27,985	16,082
Property, plant and equipment written off	446	790
Write-down of inventories to net realisable value	15,019	28,305
Expenses recognised in respect of defined benefit plan	2,254	2,321
Inventories written off	164	8
(Reversal of allowance)/allowance on trade receivables	(1,802)	2,049
Share of results of associates	51,623	48,414
Gain on disposal of property, plant and equipment	(56)	(20)
Finance income	(8,364)	(17,498)
Fair value changes in derivatives	20	(6,599)
Unrealised loss / (gain) on foreign exchange	18,369	(12,381)
	<hr/>	<hr/>
Operating loss before working capital changes	(182,285)	(356,971)
Change in inventories	(66,914)	(19,427)
Change in trade and other receivables	(16,319)	(84,959)
Change in trade and other payables	(168,595)	(82,302)
	<hr/>	<hr/>
Cash used in operations	(434,113)	(543,659)
Payments under defined benefit plan	(719)	(414)
Finance costs paid	(2,760)	(3,173)
Income tax paid	(8,183)	(10,082)
	<hr/>	<hr/>
Net cash used in operating activities	(445,775)	(557,328)



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**Unaudited condensed consolidated statement of cash flows (cont'd)**

	<b>Cumulative Quarters ended 30.06.2024 RM'000</b>	<b>Cumulative Quarters ended 30.06.2023 RM'000</b>
<b>Cash flows from investing activities</b>		
Finance income received	8,364	17,498
Proceeds from disposal of property, plant and equipment	55	20
Lease payment received	128	81
Acquisition of property, plant and equipment	(1,438,836)	(2,425,104)
Repayment of interest expenses capitalised	(289,751)	(33,193)
Fund (placement) / redemption to other investment	(656)	2,302
	<hr/>	<hr/>
Net cash used in investing activities	(1,720,696)	(2,438,396)
<b>Cash flows from financing activities</b>		
Interest paid on short-term borrowings	(15,510)	(5,598)
Payment of transaction costs in relation to term loan	-	(468,591)
Net proceeds from borrowings	2,109,665	2,221,810
Proceeds from issuance of ordinary share by a subsidiary to Lotte Chemical Corporation, the ultimate holding company	-	596,168
Payment of lease liabilities	(6,531)	(6,009)
	<hr/>	<hr/>
Net cash generated from financing activities	2,087,624	2,337,780
<b>Net decrease in cash and cash equivalents</b>	(78,847)	(657,944)
<b>Effect of exchange rate changes on the balance of cash held in foreign currencies</b>	(14,280)	52,762
<b>Cash and cash equivalents at beginning of period</b>	<hr/>	<hr/>
	760,664	1,304,993
<b>Cash and cash equivalents at end of period (Note B16)</b>	<hr/> <hr/>	<hr/> <hr/>
	667,537	699,811

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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**Part A - Explanatory notes pursuant to MFRS 134**

**A1. Basis of preparation**

The condensed financial statements are unaudited and have been prepared in accordance with IAS 34, MFRS 134 Interim Financial Reporting and paragraph 9.22 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. They should also be read in conjunction with the financial statements of the Group for the year ended 31 December 2023 and the accompanying notes attached to the unaudited condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 31 July 2024.

**A2. Significant accounting policies**

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2023, except for the adoption of the following amendments to MFRSs during the financial year:

Amendments to MFRS 16, Leases - Lease Liability in a Sale and Leaseback

Amendments to MFRS 101, Presentation of Financial Statements

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments

- Disclosures - Supplier Finance Arrangements

The adoption of the above amendments had no significant impact to the financial statements of the Group.

**A3. Seasonality or cyclicity of operations**

The petrochemical industry and the operating margins in this industry have historically been cyclical. Changes in supply and demand, both domestically and internationally (including in Southeast Asia, China and other markets the Group sells to), and resulting utilisation rates are key factors that influence the cycle and profitability of the petrochemical industry.

Supply is affected by significant capacity additions in the market, and if such additions are not matched by corresponding growth in demand, average industry utilisation rates and margins will face downward pressures. Conversely, if capacity additions are not able to keep up with increased demand, average industry utilisation rates and margins face upward pressure. As a result, the petrochemical industry is cyclical and characterised by periods of tight supply, leading to high utilisation rates and margins, followed by periods of oversupply primarily resulting from significant capacity additions, leading to reduced utilisation rates and margins. The demand and supply balance may favour one position or the other for an extended period of time and may not rebalance quickly.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A3. Seasonality or cyclicity of operations (cont'd)**

As the petrochemical industry is cyclical, new investments usually occur at the same time, following periods of sustained higher profitability. Cyclical changes in supply and demand are usually closely linked to economic growth patterns.

It is not possible to predict accurately the supply and demand balances, market conditions and other factors that may affect industry capacity utilisation rates and margins in the future.

**A4. Exceptional items**

There was no exceptional item during the period under review.

**A5. Material changes in estimates**

The Group regularly reviews the significant assumptions used in measuring its provision for dismantling cost to ensure that the assumptions are in line with economic measurements. In Q2 2024, based on an analysis performed by the management, the Group has revised the discount rate from 4.38% to 4.55%. This change has resulted in a net decrease by approximately RM 22.5 million in the provision for dismantling cost in Q2 2024.

**A6. Debt and equity securities**

There were no other material issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the period under review.

**A7. Dividend paid**

There were no dividend paid in the current financial period.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A8. Revenue**

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<b>Olefins and derivative products RM'000</b>	<b>Polyolefin products RM'000</b>	<b>Total RM'000</b>	<b>Percentage %</b>
<b>For the financial period ended 30 June 2024</b>				
<b>Geographical markets</b>				
Malaysia	205,300	1,155,034	1,360,334	36
Indonesia	43,719	1,296,114	1,339,833	36
China	81,363	70,751	152,114	4
Southeast Asia	345,057	213,129	558,186	15
Northeast Asia	111,382	62,329	173,711	5
Indian Sub-Continent	8,688	83,715	92,403	3
Others	-	19,122	19,122	1
<b>Total revenue from contracts with customers</b>	<b>795,509</b>	<b>2,900,194</b>	<b>3,695,703</b>	<b>100</b>
<b>For the financial period ended 30 June 2023</b>				
<b>Geographical markets</b>				
Malaysia	140,973	1,124,537	1,265,510	33
Indonesia	24,998	1,313,258	1,338,256	35
China	72,485	124,343	196,828	5
Southeast Asia	245,464	332,944	578,408	15
Northeast Asia	158,589	69,477	228,066	6
Indian Sub-Continent	53,322	146,465	199,787	5
Others	-	22,489	22,489	1
<b>Total revenue from contracts with customers</b>	<b>695,831</b>	<b>3,133,513</b>	<b>3,829,344</b>	<b>100</b>

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A9. Operating segments**

For management purposes, the Group is organised into business units based on its products and has two reportable segments, as follows:

- (i) Olefins and derivative products - Manufacture and sale of olefins and derivative products
- (ii) Polyolefin products - Manufacture and sale of polyolefin products

The following table provides an analysis of the Group's revenue and results by business segment:

	<b>Olefins and derivative products RM'000</b>	<b>Polyolefin products RM'000</b>	<b>Eliminations and unallocated results RM'000</b>	<b>Total RM'000</b>
<b>For the financial period ended 30 June 2024</b>				
<b>Revenue</b>				
External customers	795,509	2,900,194	-	3,695,703
Inter-segment	1,690,841	-	(1,690,841)	-
Total revenue	<u>2,486,350</u>	<u>2,900,194</u>	<u>(1,690,841)</u>	<u>3,695,703</u>
<b>Expenses</b>				
Depreciation of property, plant and equipment and right-of-use assets	160,586	94,821	1,993	257,400
Property, plant and equipment written off	206	5	235	446
Write-down of inventories to net realisable value	6,482	8,537	-	15,019
<b>Segment results</b>	<u>(110,735)</u>	<u>(328,249)</u>	<u>(106,359)</u>	<u>(545,343)</u>

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A9. Operating segments (cont'd)**

	Olefins and derivative products RM'000	Polyolefin products RM'000	Eliminations and unallocated results RM'000	Total RM'000
<b>For the financial period ended 30 June 2023</b>				
<b>Revenue</b>				
External customers	695,831	3,133,513	-	3,829,344
Inter-segment	2,059,603	-	(2,059,603)	-
Total revenue	<u>2,755,434</u>	<u>3,133,513</u>	<u>(2,059,603)</u>	<u>3,829,344</u>
<b>Expenses</b>				
Depreciation of property, plant and equipment and right-of-use assets	166,337	91,155	899	258,391
Property, plant and equipment written off	65	291	434	790
Write-down of inventories to net realisable value	21,689	6,616	-	28,305
<b>Segment results</b>	<u>(155,721)</u>	<u>(428,058)</u>	<u>(93,054)</u>	<u>(676,833)</u>

**Adjustments and eliminations**

Finance income are allocated to individual segments other than finance income derived from the Company's proceeds from its initial public offering amounting to approximately RM440,000 for the financial period ended 30 June 2023 which are managed on a group basis.

Foreign exchange gain/loss are allocated to individual segments other than foreign exchange gain arising from the conversion of the unutilised proceeds of the Company's initial public offering to USD amounting to approximately RM368,000 for the financial period ended 30 June 2023 which are managed on a group basis.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A9. Operating segments (cont'd)**

**Reconciliation of loss**

	<b>Cumulative Quarters ended 30.06.2024 RM'000</b>	<b>Cumulative Quarters ended 30.06.2023 RM'000</b>
Segment loss of:		
- Olefins and derivative products	(110,735)	(155,721)
- Polyolefin products	(328,249)	(428,058)
Total segment loss	(438,984)	(583,779)
Inter-segment sales (elimination)	-	(626)
Share of results of associates	(51,623)	(48,414)
Finance income derived from IPO proceeds	-	440
Foreign exchange gain arise as a result of converting a portion of IPO proceed to USD	-	368
Other unallocated cost	(54,736)	(44,822)
Eliminations and unallocated results	(106,359)	(93,054)
<b>Loss before tax</b>	<b>(545,343)</b>	<b>(676,833)</b>

**A10. Valuation of property, plant and equipment**

There were no revaluations of property, plant and equipment for the period under review. As at 30 June 2024, all property, plant and equipment were stated at cost less accumulated depreciation.

**A11. Material subsequent event**

There were no material events subsequent to the end of the current financial period.

**A12. Contingencies**

There were no material contingent liabilities or contingent assets since the last consolidated statement of financial position as at 31 December 2023.

**A13. Changes in composition of the Group**

There were no material changes in the composition of the Group for the current financial period.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A14. Capital commitments**

Capital expenditure as at the reporting date is as follows:

	<b>As at 30.06.2024 RM'000</b>	<b>As at 31.12.2023 RM'000</b>
Contracted but not provided for	<u>725,019</u>	<u>1,682,399</u>

**A15. Fair value information**

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values:

- (i) Trade and other receivables
- (ii) Trade and other payables - Current
- (iii) Cash and bank balances
- (iv) Short term deposits with licensed financial institutions with maturity more than 3 months

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Derivatives at fair value through profit or loss

Fair values of forward exchange contract are calculated by reference to forward rates quoted at the reporting date for contracts with similar maturity profiles. As at 30 June 2024, the contract amount, fair value and the maturity tenor of the forward exchange contracts are as follows.

	<b>Contract Amount RM'000</b>	<b>Fair Value Liabilities RM'000</b>
Less than 1 year	<u>98,000</u>	<u>68</u>



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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A15. Fair value information (cont'd)**

Derivatives used for hedging

The Group has entered into a number of forward exchange contracts to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

Fair values of forward exchange contracts are estimated by discounting future cash flows using valuation technique with market observable input.

As at 30 June 2024, the contract amount, fair value and maturity tenor of the forward exchange contracts are as follows:

	<b>Contract Amount RM'000</b>	<b>Fair Value Liabilities RM'000</b>
Less than 1 year	273,708	24,879
1 - 2 years	27,314	2,483

Fund placement with licensed financial institutions

The fair value of the fund placements with licensed financial institutions is calculated by reference to the quoted net asset values of the fund.

Other payables - Non-current

The fair value of non-current other payables is measured based on discounted cash flow using the current market rate at the reporting date.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A15. Fair value information (cont'd)**

Fair value hierarchy

The following table is the fair value measurement hierarchy of the Group's assets and liabilities.

	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
<b>As at 30 June 2024</b>				
<b>Financial assets</b>				
Fund placements with licensed financial institutions	13,162	-	13,162	-
<b>Financial liabilities</b>				
Other payables – Non-current	(281,854)	-	-	(281,854)
Derivatives at fair value through profit - Forward exchange contracts	(68)	-	(68)	-
Derivatives used for hedging - Forward exchange contracts	(27,362)	-	(27,362)	-
<b>As at 31 December 2023</b>				
<b>Financial assets</b>				
Fund placements with licensed financial institutions	12,506	-	12,506	-
<b>Financial liabilities</b>				
Other payables – Non-current	(244,327)	-	-	(244,327)
Derivatives at fair value through profit - Forward exchange contracts	(47)	-	(47)	-
Derivatives used for hedging - Forward exchange contracts	(29,675)	-	(29,675)	-

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**A16. Related parties**

For the purposes of these interim financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Group are as follows:

	<b>Cumulative Quarters ended 30.06.2024 RM'000</b>	<b>Cumulative Quarters ended 30.06.2023 RM'000</b>
<b>Ultimate holding company</b>		
Sales of goods	6,679	6,168
Catalyst trial fee received/receivable	-	6,177
Management and consulting fees incurred	720	449
Reimbursement of payroll for secondment of expatriates	30,472	14,325
Purchase of materials	406	-
Commission expense	438	637
Royalty expense	13,803	14,363
Commission income	21	19
Capital expenditure incurred	27,602	14,118
IT support services fee paid/payable	200	224
Other administrative expenses	19	19
<b>Related companies</b>		
Sales of goods	133,030	61,475
Sales of utilities	5,891	4,617
Capital expenditure incurred	682,952	1,908,907
IT support services fee paid/payable	2,415	1,782
Commission expense	182	258
Warehouse and logistics services incurred	11,910	13,318
Other administrative expenses	1,047	390
Office space sublease	67	80
Interest income	1,233	1,636
Lease rental income	1,651	1,072
Income from shared services	38	57
Service fee	323	336

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**Part B - Other explanatory notes**

**B1. Review of group performance**

**(a) Performance of the current quarter against the corresponding quarter**

	Individual quarter ended 30 June					
	2024	2023	2024	2023	2024	2023
	Group		Olefins and derivative products		Polyolefin products	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,778,038	1,858,046	390,234	337,055	1,387,804	1,520,991
Loss before tax	(331,656)	(390,445)	(101,294)	(126,522)	(168,653)	(229,335)
EBITDA*	<u>(155,574)</u>	<u>(261,805)</u>	<u>(17,050)</u>	<u>(50,015)</u>	<u>(110,728)</u>	<u>(179,802)</u>

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation and is computed based on profit from operations plus depreciation of property, plant and equipment and right-of-use assets.

The Group's revenue decreased by 4.3% or RM 80.0 million, from RM 1,858.0 million in Q2 2023 to RM 1,778.0 million in Q2 2024, primarily attributed to scheduled statutory maintenance in Q2 2024 resulting in lower sales volume. The decrease in revenue was partially mitigated by the appreciation of US Dollar against Ringgit Malaysia and increase of average selling price.

The plants recorded an average capacity utilization at 47% compared to 66% in the corresponding quarter.

The loss before tax for the Group decreased by 15.1%, from RM 390.4 million in Q2 2023 to RM 331.6 million in Q2 2024, mainly attributed to lower sales volume, lower gross negative margin and lower write down of inventories to its net realizable value. The reduction in loss before tax was partially offset by higher share of losses from associate company, Lotte Chemical USA Corp.

As a result of the above, the net loss of the Group decreased by 20.2% to RM 261.3 million in Q2 2024.

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**Part B - Other explanatory notes (cont'd)**

**B1. Review of group performance (cont'd)**

**(a) Performance of the current quarter against the corresponding quarter (cont'd)**

**Olefins and derivative products**

Revenue increased from RM 337.0 million in Q2 2023 to RM 390.2 million in Q2 2024 driven by higher average product selling price and appreciation of US Dollar against Ringgit Malaysia. The revenue growth was partially offset by decrease in sales volume.

Concurrently, the segment loss before tax narrowed by 20% to RM 101.3 million in Q2 2024, mainly due to lower gross negative margin and lower write down of inventories to its net realizable value.

**Polyolefin products**

The segment recorded a 8.7% decline in revenue to RM 1,387.8 million in Q2 2024 mainly attributed to reduced sales volume. The decrease in revenue was partially mitigated by appreciation of US Dollar against Ringgit Malaysia and increased in the average selling price.

The segment loss before tax decreased from RM 229.3 million in Q2 2023 to RM 168.6 million in Q2 2024 mainly due to lower sales volume, lower gross negative margin and lower write down of inventories to its net realizable value.

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**Part B - Other explanatory notes (cont'd)**

**B1. Review of group performance (cont'd)**

**(b) Performance of the current year against the corresponding year**

	Cumulative quarters ended 30 June					
	2024	2023	2024	2023	2024	2023
	Group		Olefins and derivative products		Polyolefin products	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,695,703	3,829,344	795,509	695,831	2,900,194	3,133,513
Loss before tax	(545,343)	(676,833)	(110,735)	(155,721)	(328,249)	(428,058)
EBITDA*	<u>(216,699)</u>	<u>(371,444)</u>	<u>52,882</u>	<u>10,035</u>	<u>(216,762)</u>	<u>(329,933)</u>

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation and is computed based on profit from operations plus depreciation of property, plant and equipment and right-of-use assets.

The Group's revenue decreased by 3.5% or RM 133.6 million from RM 3,829.3 million in 2023 to RM 3,695.7 million in 2024, mainly due to scheduled statutory maintenance in Q2 2024 resulting in lower sales volume. The decrease in revenue was partially mitigated by strengthening of US Dollar against Ringgit Malaysia resulting in higher average selling price.

Overall average plant utilization decreased from 68% to 56% due to the scheduled statutory turnaround conducted in 2024.

The Group's loss before tax decreased by RM131.5 million to RM 545.3 million in 2024, mainly attributed to lower sales volume and lower gross negative margin.

As a result of the above, the net loss of the Group decreased by RM 108.8 million to RM 450.5 million in 2024.

**Olefins and derivative products**

Revenue increased by 14.3% from RM 695.8 million in 2023 to RM 795.5 million in 2024, driven mainly by higher average selling price and appreciation of US Dollar against Ringgit Malaysia. The revenue growth was partially offset by decrease in sales volume.

The segment's loss before tax decreased by 28.9% to RM 110.7 million. The reduction in loss before tax was mainly due to lower gross negative margin and changes in the write-down of inventories to their net realizable value.

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**Part B - Other explanatory notes (cont'd)**

**B1. Review of group performance (cont'd)**

**(b) Performance of the current year against the corresponding year (con'd)**

**Polyolefin products**

Revenue decreased by 7.4% to RM 2,900.2 million in 2024, mainly due to lower sales volume. The decrease in revenue was partially mitigated by strengthening of US Dollar against Ringgit Malaysia.

The segment recorded a loss before tax of RM 328.2 million compared to RM 428.0 million in prior year mainly attributed to lower sales volume and lower gross negative margin.

**B2. Variation of results against the preceding quarter**

	<b>Individual Quarter ended 30 June 2024 RM'000</b>	<b>Individual Quarter ended 31 March 2024 RM'000</b>
Revenue	1,778,038	1,917,665
Loss before tax	(331,656)	(213,687)
EBITDA	<u>(155,574)</u>	<u>(61,125)</u>

The Group's revenue decreased by 7.3% to RM 1,778.0 million, mainly due to scheduled statutory maintenance in Q2 2024 resulting in lower sales volume. The decrease in revenue was partially offset by strengthening of US Dollar against Ringgit Malaysia resulting in higher average selling price.

The average utilization rate was recorded at 47% as compared to 65% in the preceding quarter, mainly due to major statutory turnaround conducted in Q2 2024.

The Group's loss before tax increased from RM 213.7 million in Q1 2024 to RM 331.7 million in Q2 2024, mainly due to changes in write down of inventories to net realisable value and increased in share of losses from associate company, Lotte Chemical USA Corp.

As a result of the above, the Group resulted in loss after tax at RM 261.4 million compared to RM 189.2 million in the preceding quarter.

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**Part B - Other explanatory notes (cont'd)**

**B3. Commentary on prospects**

The results of our operations are expected to be primarily influenced by the following factors:

- a) Fluctuations in feedstock, naphtha prices that closely correlate with crude oil prices;
- b) Market dynamics affecting supply and demand for petrochemical products;
- c) Optimization of production outputs and enhancing economic efficiencies; and
- d) Economic expansion worldwide and regionally fueled by consumption and population growth.

The Group anticipates that the business environment will remain volatile in the near future. Geopolitical events such as the Russia-Ukraine War and conflicts in the Middle East continue to contribute to volatility in crude oil prices. Additionally, the sluggish economy and oversupply of petrochemical products in China have impacted market dynamics of supply and demand. Nonetheless, the Group's primary markets span Malaysia, Indonesia, and the ASEAN Region. The International Monetary Fund (IMF) has projected higher Gross Domestic Product (GDP) growth rates for these regions in 2024 compared to 2023. Specifically, Malaysia is expected to achieve a growth rate of 4.4% (up from 3.7% in 2023), Indonesia 5% (consistent with 2023), and ASEAN as a whole 4.6% (compared to 4.2% in 2023).

The Company completed its statutory turnaround in Q2 2024 and is expected to optimize its operating rates in Q3 and Q4.

Barring unforeseen circumstances and taking into consideration plant statutory turnaround and business optimization, the operating rate guidance for FY2024 is 65% to 70%. This guidance may change from time to time.

**B4. Profit forecast or profit guarantee**

Not applicable as there was no profit forecast or profit guarantee issued.



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**Part B - Other explanatory notes (cont'd)**

**B5. Loss before tax**

Loss before tax is arrived at after charging / (crediting):

	Individual quarter ended 30 June		Cumulative quarters ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Depreciation of property, plant and equipment and right-of-use assets	131,392	122,259	257,400	258,391
Loss / (Gain) on foreign exchange:				
- Realised	2,398	5,682	(8,023)	12,922
- Unrealised	5,971	(4,584)	18,369	(12,381)
Inventories written off	162	4	164	8
Property, plant and equipment written off	390	168	446	790
Gain on disposal of property, plant and equipment	(1)	(20)	(56)	(20)
(Reversal of)/allowance of impairment loss on trade receivables	-	-	(1,802)	2,049
Write-down inventories to net realisable value	39,730	78,837	15,019	28,305
Bad debts recovered	-	(2)	-	(2)
Fair value changes on derivatives	-	(61)	20	(6,599)

**B6. Finance costs**

	Individual quarter ended 30 June		Cumulative quarters ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expenses on loans and borrowings	172,736	36,675	306,722	38,791
Interest expenses on lease liabilities	435	421	844	873
Bank charges	804	916	1,414	1,716
Letter of credit charges	212	299	502	584
Unwinding of discount on provision	4,864	3,710	9,715	7,311
Amortisation of transaction costs	9,317	1,465	17,003	1,465
	188,368	43,486	336,200	50,740
Less: Amounts capitalised in				
- Borrowing costs	(162,721)	(33,193)	(291,212)	(33,193)
- Amortisation of transaction costs	(9,317)	(1,465)	(17,003)	(1,465)
	(172,038)	(34,658)	(308,215)	(34,658)
	16,330	8,828	27,985	16,082

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**Part B - Other explanatory notes (cont'd)**

**B7. Income tax**

	Individual quarter ended 30 June		Cumulative quarters ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Current tax</b>				
Current year	1,830	2,710	4,122	8,264
Under provision in prior year	-	-	-	9
	<u>1,830</u>	<u>2,710</u>	<u>4,122</u>	<u>8,273</u>
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(72,130)	(65,441)	(98,946)	(125,836)
	<u>(70,300)</u>	<u>(62,731)</u>	<u>(94,824)</u>	<u>(117,563)</u>
<b>Total income tax recognised in profit or loss</b>				

By excluding the share of results of associates, the Group effective tax rate for the period ended 30 June 2024 is lower than the statutory tax rate of 24%. This is primarily due to decrease in our net deferred tax liabilities as a result of the depreciation of Ringgit Malaysia ("RM") against US Dollar ("USD") and current period's tax losses of certain subsidiary not being recognised as deferred tax assets.

**B8. Sales of unquoted investments/properties**

There were no material disposals of unquoted investments or properties by the Group for the period under review.

**B9. Quoted securities**

There were no material dealings in quoted securities during the period under review.

**B10. Status of corporate proposals**

As at the date of this report, there were no new corporate proposals during the period under review since the last audited consolidated financial statements for the year ended 31 December 2023.

**B11. Derivative financial instruments**

The Group's derivative financial instruments are as disclosed in Note A15.

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**Part B - Other explanatory notes (cont'd)**

**B12. Fair value changes of financial liabilities**

Other than derivatives which are measured at fair value and are classified as liabilities only when they are at a loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after initial recognition.

**B13. Property, plant and equipment**

Included in construction-in-progress of RM14,384 million (2023: RM12,451 million) of which RM205 million (2023: RM260 million) relates to prepayment to related companies pursuant to the terms and conditions of the construction contracts. The prepayment is made after receipt of advance payment bonds and performance bond.

**B14. Trade and other receivables**

	<b>As at 30 June 2024 RM'000</b>	<b>As at 31 December 2023 RM'000</b>
<b>Trade receivables</b>		
Third parties	489,331	522,288
Amount due from ultimate holding company	12	5,066
Amounts due from related companies	97,579	60,280
	<u>586,922</u>	<u>587,634</u>
<b>Other receivables</b>	461,020	344,482
	1,047,942	932,116
Less: Allowance for impairment	(2,848)	(4,571)
	<u>1,045,094</u>	<u>927,545</u>

The ageing analysis of the Group's trade receivables is as follows:

Neither past due nor impaired	519,316	483,244
1 to 30 days past due not impaired	29,844	83,974
31 to 90 days past due not impaired	21,943	245
More than 90 days past due not impaired	12,971	15,600
	<u>584,074</u>	<u>99,819</u>
Credit impaired	2,848	4,571
	<u>586,922</u>	<u>587,634</u>

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**Part B - Other explanatory notes (cont'd)**

**B15. Other investments**

	<b>As at 30 June 2024 RM'000</b>	<b>As at 31 December 2023 RM'000</b>
Fund placements with licensed financial institutions	13,162	12,506

**B16. Cash and bank balances**

	<b>As at 30 June 2024 RM'000</b>	<b>As at 31 December 2023 RM'000</b>
Cash at banks and on hand	295,189	373,070
Short term deposits with licensed financial institutions	372,348	387,594
Cash and cash equivalents	<u>667,537</u>	<u>760,664</u>

**B17. Trade and other payables**

Included in trade and other payables are RM166,317,494 (2023: RM143,572,262) in relation to retention sum payable to related companies for the construction of plant.

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**Part B - Other explanatory notes (cont'd)**

**B18. Borrowings**

	<i>In denominated currency</i>		<i>In presentation currency</i>	
	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
<b><u>Current</u></b>	<b>USD'000</b>	<b>USD'000</b>	<b>RM'000</b>	<b>RM'000</b>
-Revolving credits - Unsecured	51,000	16,000	240,873	73,664
-Invoices financing - Unsecured	44,317	16,000	209,307	73,664
-Bill discounting - Secured	382	6,364	1,803	29,299
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
-Bankers' acceptances - Unsecured	131,800	230,000	131,800	230,000
-Invoices financing - Unsecured	125,500	-	125,500	-
			<u>709,283</u>	<u>406,627</u>
<b><u>Non-current</u></b>	<b>USD'000</b>	<b>USD'000</b>	<b>RM'000</b>	<b>RM'000</b>
-Term loan - Secured	1,591,235	1,202,643	7,515,405	5,536,967
			<u>8,224,688</u>	<u>5,943,594</u>

The USD secured term loan is used to fund the development work of the LOTTE Chemical Indonesia New Ethylene Project ("LINE PROJECT").

Included in borrowings are transaction costs amounting to RM 466.5 million (2023: RM471.3 million) that are directly attributable to the term loan.

**B19. Off balance sheet financial instruments**

There were no off balance sheet financial instruments for the period ended 30 June 2024.

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**Part B - Other explanatory notes (cont'd)**

**B20. Material litigation**

Lotte Chemical Titan International Limited (“LCTIL”), an indirect subsidiary of the Company, which is under liquidation process has filed a Judicial Review Application to the High Court, to appeal against Minister of Finance Malaysia’s decision on rejecting LCTIL’s application for a determination of the term “chargeable profit” for a Labuan entity carrying on a Labuan non-trading activity under the Labuan Business Activity Tax Act 1990 (“Decision”). The said Decision may give rise to a tax liability amounting to USD 8.5 million (equivalent to RM 40.20 million) to LCTIL. The hearing and case management took place since 21 June 2021. The High Court has allowed the Inland Revenue Board's application to intervene in the Judicial Review proceedings on 16 February 2023 and approved the Judicial Review application of LCTIL on 11 January 2024.

On 11 July 2024, LCTIL informed the High court that the parties are in the stage of settlement and LCTIL has submitted an application elected to be taxed under the ITA to the IRB. IRB has confirmed the same and requested 2 to 3 months to update the High Court on the status of the application. As a result, the High Court directed Ministry of Finance ("MoF") and LCTIL to attend the case management on 7 November 2024 to update the status of settlement. In the event that no settlement is reached, the case will proceed with a hearing fixed for 27 February 2025. Interim stayed granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.

Upon consulting its tax consultant and solicitors, LCTIL is of the view that there are reasonable grounds to contest the Decision and LCTIL intends to take all steps necessary to contest the Decision.

The additional tax liability is not expected to have a material impact on the net assets or gearing of the Group for the financial period ended 30 June 2024.

**B21. Dividends**

No dividend has been paid or declared by the Company for the period ended 30 June 2024.

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**Part B - Other explanatory notes (cont'd)**

**B22. Earnings per share ("EPS")**

Basic and diluted EPS are calculated by dividing net loss for the period attributable to the owner of the Company by the weighted average number of ordinary shares outstanding during the period. The Company did not issue any instruments that will give effect to dilutive potential ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	<b>Individual quarter ended 30 June</b>		<b>Cumulative quarters ended 30 June</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net loss attributable to the owner of the Company (RM'000)	<u>(248,887)</u>	<u>(313,472)</u>	<u>(426,912)</u>	<u>(538,229)</u>
Weighted average number of ordinary shares at the end of the period ('000)	<u>2,277,557</u>	<u>2,277,557</u>	<u>2,277,557</u>	<u>2,277,557</u>
Basic and diluted earning per share (sen)	<u>(10.93)</u>	<u>(13.76)</u>	<u>(18.74)</u>	<u>(23.63)</u>

**B23. Audit report of preceding annual financial statements**

The auditors have expressed an unqualified opinion on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2023.