



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

AZAM JAYA

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2024 (RM'000)	⁽²⁾ 30.09.2023 (RM'000)	30.09.2024 (RM'000)	⁽²⁾ 30.09.2023 (RM,000)
Revenue	58,359	N/A	207,182	N/A
Cost of sales	(45,960)	N/A	(156,172)	N/A
Gross profit	12,399	N/A	51,010	N/A
Other operating income	197	N/A	1,023	N/A
Administrative expenses	(7,319)	N/A	(26,937)	N/A
Profit from operations	5,277	N/A	25,096	N/A
Finance income	286	N/A	969	N/A
Finance costs	(1,862)	N/A	(9,771)	N/A
Net finance costs	(1,576)	N/A	(8,802)	N/A
Profit before tax	3,701	N/A	16,294	N/A
Income tax expense	676	N/A	(4,094)	N/A
Net profit/Total comprehensive income for the period	4,377	N/A	12,200	N/A
Net profit/Total comprehensive income attributable to:				
Owners of the Company	4,377	N/A	12,200	N/A
Non-controlling Interests	-	N/A	-	N/A
	4,377	N/A	12,200	N/A
Earnings per share				
Basic and diluted (sen)⁽³⁾	0.88	N/A	2.44	N/A

Notes:

- (1) The combined statements of comprehensive income should be read in conjunction with the Accountants' Report disclosed in the prospectus of Azam Jaya Berhad ("**Azam Jaya**" or the "**Company**") dated 18 October 2024 ("**Prospectus**") and accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding year corresponding quarter and cumulative quarter are presented as this is the first interim financial report on the combined results for the third quarter ended 30 September 2024 announced by the Company following the listing of Azam Jaya on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 11 November 2024.
- (3) Based on the enlarged total number of 500,000,000 shares in issue after the initial public offering of the Company on the Main Market of Bursa Securities which was completed on 11 November 2024 ("**IPO**").

N/A Not applicable.



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024⁽¹⁾

	Unaudited 30.09.2024 (RM'000)	Audited 31.12.2023 (RM'000)
Non current assets		
Property, plant and equipment	57,693	53,125
Right of use assets	34,195	29,451
Investment property	1,660	1,687
Inventories	3,210	3,210
Trade receivables	-	1,500
Total non-current assets	96,758	88,973
Current assets		
Inventories	-	9,280
Trade receivables	16,570	43,257
Other receivables, deposits and prepayments	49,085	33,712
Contract assets	130,499	77,639
Contract costs	2,988	6,377
Tax recoverable	2,352	578
Fixed deposits with licensed banks	59,110	49,274
Cash and bank balances	9,722	29,691
Total current assets	270,326	249,808
Total assets	367,084	338,781
Equity		
Share capital	71,670	-
Invested equity	-	6,800
Merger reserve	(64,870)	
Retained profits	94,149	81,949
Total equity	100,949	88,749
Non current liabilities		
Term loans	20,080	23,872
Lease liabilities	10,282	6,338
Deferred tax liabilities	11,034	10,621
Trade payables	35,432	24,147
Total non-current liabilities	76,828	64,978



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024⁽¹⁾ (CONT'D)

	Unaudited 30.09.2024 (RM'000)	Audited 31.12.2023 (RM'000)
Current liabilities		
Trade payables	26,281	37,289
Other payables and accruals	8,727	4,476
Dividend payable	-	8,557
Contract liabilities	43,601	18,046
Borrowings	97,989	103,821
Lease liabilities	11,451	9,482
Tax payable	1,258	3,383
Total current liabilities	189,307	185,054
Total liabilities	266,135	250,032
Total equity and liabilities	367,084	338,781
Net assets per share⁽²⁾ (RM)	0.20	0.18

Notes:

- (1) The combined statements of financial position should be read in conjunction with the Accountants' Report disclosed in the Prospectus and accompanying explanatory notes attached to this interim financial report.
- (2) Based on the enlarged total number of 500,000,000 shares in issue after the IPO.



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾

	Share capital (RM'000)	Invested equity (RM'000)	Merger reserve (RM'000)	Retained profits (RM'000)	Equity attributable to owners of the Group (RM'000)	Non- controlling interests (RM'000)	Total equity (RM'000)
At 1 January 2024	*	6,800	-	81,949	88,749	-	88,749
Transactions with owners:							
- Acquisition of subsidiaries and share split	71,670	(6,800)	(64,870)	-	-	-	-
Net profit/Total comprehensive income for the period	-	-	-	12,200	12,200	-	12,200
At 30 September 2024	71,670	-	(64,870)	94,149	100,949	-	100,949

Note:

(1) The Combined Statement of Changes in Equity should be read in conjunction with the Accountants' Report disclosed in the Prospectus and the accompanying explanatory notes attached to the interim financial report.

* *Less than RM1,000*



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

COMBINED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾

	Unaudited 1.01.2024 to 30.09.2024 (RM'000)	Unaudited 1.01.2023 to 30.09.2023⁽²⁾ (RM'000)
Cash flows from/(used in) operating activities		
Profit before tax	16,294	N/A
Adjustments for:		
Depreciation	8,393	N/A
Loss on disposals of plant and equipment	11	N/A
Gain on disposals of right of use assets	(146)	N/A
Plant and equipment written off	22	N/A
Interest expense	9,771	N/A
Interest income	(969)	N/A
Operating profit before working capital changes	33,376	N/A
Decrease in inventories	9,280	N/A
Changes in contract assets/liabilities – net	(27,305)	N/A
Decrease in contract costs	3,389	N/A
Decrease in trade and other receivables	9,288	N/A
Increase in trade and other payables	406	N/A
Cash generated used in operations	28,434	N/A
Income tax refunded	329	N/A
Income tax paid	(7,910)	N/A
Net cash generated from operating activities	20,853	N/A
Cash flows from/(used in) investing activities		
Interest received	969	N/A
Repayments from companies in which certain directors have interest	3,526	N/A
Purchase of plant and equipment	(2,299)	N/A
Purchase of right of use assets	(837)	N/A
Proceeds from disposal of plant and equipment	45	N/A
Proceeds from disposal of right of use assets	257	N/A
Increase in fixed deposits with initial maturity of more than 3 months	(30)	N/A
Net cash from investing activities	1,631	N/A



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

AZAM JAYA

COMBINED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾ (CONT'D)

	Unaudited 1.01.2024 to 30.09.2024 (RM'000)	Unaudited 1.01.2023 to 30.09.2023 ⁽²⁾ (RM'000)
Cash flows from/(used in) financing activities		
Interest paid	(6,476)	N/A
Dividend paid	(8,557)	N/A
Increase in fixed deposits pledged	(9,806)	N/A
Proceeds from		
- lease liabilities	442	N/A
- trust receipts	94,430	N/A
- revolving credits	24,980	N/A
Repayments of		
- lease liabilities	(8,432)	N/A
- term loans	(3,498)	N/A
- trust receipts	(107,102)	N/A
Net cash used in financing activities	(24,019)	N/A
Net decrease in cash and cash equivalents	(1,535)	N/A
Cash and cash equivalents at beginning of period	3,263	N/A
Cash and cash equivalents at end of period	1,728	N/A
Cash and cash equivalents comprise:		
Cash and bank balances	9,722	N/A
Fixed deposits with licensed banks	59,110	N/A
Bank overdrafts	(7,994)	N/A
	60,838	N/A
Less:		
- Fixed deposits with initial maturity of more than 3 months	(1,424)	N/A
- Fixed deposits pledged with licensed bank	(57,686)	N/A
	(59,110)	N/A
	1,728	N/A

Notes:

- (1) The combined statements of cash flows should be read in conjunction the Accountants' Report disclosed in the Prospectus and accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding year corresponding quarter and cumulative quarter are presented as this is the first interim financial report on the combined results for the third quarter ended 30 September 2024 announced by the Company following the listing of Azam Jaya on the Main Market of Bursa Securities on 11 November 2024.

N/A Not applicable.



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial report of Azam Jaya and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements.

This is the first interim financial report on the Company’s combined results for the third quarter ended 30 September 2024. There are no comparative figures for the preceding year’s corresponding period as the Company was listed on the Main Market of Bursa Securities on 11 November 2024. This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2023 except for the adoption of the following new accounting standards, amendments and interpretation:

New and amendment to MFRSs and IC Interpretations effective for annual periods beginning on or after 1 January 2024:

Title

Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

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

Amendments to MFRS 101 – Non-current liabilities and Covenants

The adoption of the above new and amendment to MFRSs and IC Interpretations do not have a material impact on the financial statements of the Group.

New and amendment to MFRSs and IC Interpretations that have been issued, but not yet effective

Title

Effective Date

Amendments to MFRS 9 and MFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
---	----------------

Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
--	-------------------------------

MFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
---	----------------

MFRS 19 – Subsidiaries without Public Accountability: Disclosure	1 January 2027
--	----------------

Amendments to MFRS 121 – Lack of Exchangeability	1 January 2025
--	----------------

These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application.



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A3. AUDITORS' REPORT

There was no qualification on the audited combined financial statements of the Group for the financial year ended 31 December 2023.

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group were not affected by any seasonal or cyclical trend.

A5. MATERIAL UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and cumulative quarter ended 30 September 2024 except for the recognition of RM10,618,708 liability arising from the settlement of a litigation as disclosed in Note B9 (ii).

A6. MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported that have a material effect in the current quarter and cumulative quarter ended 30 September 2024.

A7. DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter and cumulative quarter ended 30 September 2024.

A8. DIVIDEND

There was no dividend declared in the current quarter and cumulative quarter ended 30 September 2024.

A9. SEGMENTAL INFORMATION

Information about operating segment has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely construction services.

The business activities of the Group are all located in Malaysia and as such segmental reporting by geographical location is not presented.



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

Save as disclosed in the note on the Status of Corporate Proposals, there were no other material events subsequent to the end of the current quarter and cumulative quarter ended 30 September 2024 that have not been reflected in the interim financial report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

In conjunction with the IPO, the Company had on 30 September 2024 completed the acquisition of the following:

- (i) the entire equity interests in Pembinaan Azam Jaya Sdn Bhd (“PAJ”) comprising 5,000,000 ordinary shares for a purchase consideration of RM49,705,340 which was satisfied by way of issuance of 49,705,340 new ordinary shares in the Company at an issue price of RM1.00 each to the existing shareholders of PAJ;
- (ii) the entire equity interests in Azam Jaya Properties Sdn Bhd (“AJP”) comprising 800,000 ordinary shares for a purchase consideration of RM12,039,034 which was satisfied by way of issuance of 12,039,034 new ordinary shares in the Company at an issue price of RM1.00 each to the existing shareholders of AJP; and
- (iii) the entire equity interests in Kolopis Jaya Sdn Bhd (“KJ”) comprising 1,000,000 ordinary shares for a purchase consideration of RM9,925,429 which was satisfied by way of issuance of 9,925,429 new ordinary shares in the Company at an issue price of RM1.00 each to the existing shareholders of KJ.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets as at the date of this interim financial report.

A13. MATERIAL CAPITAL COMMITMENT

The Group does not have any material capital commitment as at the date of this interim financial report.

(The rest of this page is intentionally left blank)



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Individual Quarter		Cumulative Quarter	
	30.09.2024	30.09.2023 ⁽¹⁾	30.09.2024	30.09.2023 ⁽¹⁾
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Related parties:				
- Rental payable	54	N/A	162	N/A

Notes:

(1) No comparative figures for the preceding year corresponding quarter and cumulative quarter are presented as this is the first interim financial report on the combined results for the third quarter ended 30 September 2024 announced by the Company following the listing of Azam Jaya on the Main Market of Bursa Securities on 11 November 2024.

N/A Not applicable.

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

A15. DERIVATIVES

There were no derivatives used in the current quarter and cumulative quarter ended 30 September 2024.

A16. FAIR VALUE OF FINANCIAL LIABILITIES

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and cumulative quarter ended 30 September 2024.

(The rest of this page is intentionally left blank)



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

AZAM JAYA

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1. PERFORMANCE REVIEW

The Group's performance for the current quarter and cumulative quarter ended 30 September 2024 are tabled below:

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.09.2024 (RM'000)	Unaudited 30.09.2023 ⁽¹⁾ (RM'000)	Unaudited 30.09.2024 (RM'000)	Unaudited 30.09.2023 ⁽¹⁾ (RM'000)
Revenue	58,359	N/A	207,182	N/A
Gross profit ("GP")	12,399	N/A	51,010	N/A
Profit before taxation ("PBT")	3,701	N/A	16,294	N/A
GP margin (%)	21.25	N/A	24.62	N/A
PBT margin (%)	6.34	N/A	7.86	N/A

Notes:

(1) No comparative figures for the preceding year corresponding quarter and cumulative quarter are presented as this is the first interim financial report on the combined results for the third quarter ended 30 September 2024 announced by the Company following the listing of Azam Jaya on the Main Market of Bursa Securities on 11 November 2024.

N/A Not applicable.

Commentaries

The Group recorded revenue, GP and PBT of RM207.18 million, RM51.01 million and RM16.29 million, respectively for the cumulative quarter under review. The revenue of the Group as at 30 September 2024 mainly contributed by our on-going construction projects.

The Group's GP and PBT were impacted by the settlement agreement entered into between OTA Tunnel Squad Sdn Bhd and the Group dated 9 September 2024 as further elaborated in Note B9(ii) below ("**OTA Settlement**"). Pursuant to the OTA Settlement, the Group recognised a total expense of RM10.61 million comprising RM7.36 million as cost of sales and RM3.25 million as interest expenses.

For information purposes, excluding the OTA Settlement, the GP and PBT of the Group would have been RM58.37 million and RM26.90 million, respectively.

(The rest of this page is intentionally left blank)



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

AZAM JAYA

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

The Group's performance for the third quarter ended 30 September 2024 are tabled below:

	Q3 FY2024	Q2 FY2024	Variance	
	(RM'000)	(RM'000)	(RM'000)	(%)
Revenue	58,359	75,036	(16,677)	(22.23)
GP	12,399	19,939	(7,540)	(37.82)
PBT	3,701	6,710	(3,009)	(44.84)

The Group's revenue for the current financial quarter ended 30 September 2024 decreased by RM16.68 million or approximately 22.23% to RM58.36 million compared to the preceding financial quarter ended 30 June 2024. The decrease in revenue was mainly due to the differences in the project lifecycle stages of our Group's ongoing construction projects particularly:

- (i) 3 projects namely the Jalan Lintas Upgrading Project, Jalan UMS Upgrading Project and Pan Borneo Highway (WP06) Project were nearing its completion; and
- (ii) 3 projects namely the Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project were in their early stages of project cycle resulting in only the cost incurred as part of the preliminaries for these abovementioned projects being recognised as revenue. For information, the Group will only start recognising profits from these projects after the completion of the preliminary work.

The Group's gross profit for the current financial quarter ended 30 September 2024 decreased by RM7.54 million or approximately 37.82% to RM12.40 million compared to the preceding financial quarter ended 30 June 2024. The decrease in gross profit was mainly due to the lower revenue recognised as mentioned above as well as the recognition of only the cost incurred for Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project as revenue.

The Group's PBT for the current financial quarter ended 30 September 2024 decreased by RM3.01 million or approximately 44.84% to RM3.70 million compared to the preceding financial quarter ended 30 June 2024. The decrease in PBT was mainly due to the lower gross profit recognised as mentioned above as well as the professional expenses incurred by the Group in relation to the IPO in the current financial quarter under review.

B3. PROSPECTS

The Group is currently managing nine (9) ongoing construction projects with an unbilled contract value (order book) of RM1.39 billion as at 30 September 2024 of which 3 projects namely the Jalan Lintas Upgrading Project, Jalan UMS Upgrading Project and Pan Borneo Highway (WP06) Project are nearing its completion and 3 projects namely the Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project are in their early stages of project cycle. This order book is expected to sustain our earnings and cash flow up to March 2028. Our primary focus remains on the execution and completion of these ongoing infrastructure construction projects.

In light of the recent Malaysia 2025 budget, where the Prime Minister emphasized the need for the Sabah government to promptly and efficiently address the state's infrastructure issues, the increased budget allocation of RM6.7 billion to Sabah underscores the government's commitment to infrastructure development in the state.



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

AZAM JAYA

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B3. PROSPECTS (CONT'D)

The Group is particularly optimistic about the potential for more road infrastructure projects. We aim to secure future phases of the Pan Borneo Highway Project, as well as other rural road projects, to further enhance our portfolio and contribute to the state's development.

B4. PROFIT FORECAST

The Group did not issue any revenue or profit estimate, forecast, projection or internal targets in any announcement or public document.

B5. TAXATION

The Group's taxation together with the comparison between the effective and statutory tax rates for the current quarter and cumulative quarter ended 30 September 2024 are as follows:

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.09.2024 (RM'000)	Unaudited 30.09.2023 ⁽¹⁾ (RM'000)	Unaudited 30.09.2024 (RM'000)	Unaudited 30.09.2023 ⁽¹⁾ (RM'000)
Income tax expenses				
Current year	1,300	N/A	3,114	N/A
Under-provision in prior years	-	N/A	567	N/A
	<u>1,300</u>	<u>N/A</u>	<u>3,681</u>	<u>N/A</u>
Deferred tax				
Current year	(1,976)	N/A	798	N/A
Over-provision in prior years	-	N/A	(385)	N/A
	<u>(1,976)</u>	<u>N/A</u>	<u>413</u>	<u>N/A</u>
Total tax expense	<u>(676)</u>	<u>N/A</u>	<u>4,094</u>	<u>N/A</u>
Effective tax rate (%)	(18.27)	N/A	25.12	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

(1) No comparative figures for the preceding year corresponding quarter and cumulative quarter are presented as the Company was listed on the Main Market of Bursa Securities on 11 November 2024 and as such no interim financial report was prepared for the financial period concerned.

N/A Not applicable.

The Group's effective tax rate of 25.12% was higher than the statutory tax rate of 24.00%. This was mainly due to under-provision of current tax in prior year and non tax-deductible expenses of which mainly arising from interest restriction, depreciation of non-qualifying property, plant and equipment, donations and entertainment as well as professional and legal fees.



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

AZAM JAYA

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B6. STATUS OF CORPORATE PROPOSALS

On 11 November 2024, Azam Jaya was listed on the Main Market of Bursa Securities pursuant to the IPO comprising the public issue of 78,800,000 new ordinary shares in Azam Jaya (“**Issue Share**”) (“**Public Issue**”) and the offer for sale of 50,000,000 existing ordinary shares in Azam Jaya (“**Offer Share**”) at an issue/offer price of RM0.78 per Issue Share/Offer Share.

Save as disclosed above, there were no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

B7. UTILISATION OF PROCEEDS FROM THE PUBLIC ISSUE

On 11 November 2024, Azam Jaya was listed on the Main Market of Bursa Securities (“**Listing**”). In conjunction with the IPO of Azam Jaya, the Company issued 78,800,000 new ordinary shares (“**Issue Shares**”) at an issue price of RM0.78 per Issue Share, raising gross proceeds of approximately RM61.46 million.

The proceeds from the IPO of Azam Jaya is expected to be utilised in the following manner:

Details of use of proceeds		Estimated timeframe for use from the date of the Listing	RM'000	%
(i)	Enhance our construction capabilities	Within 36 months	8,000	13.01
(ii)	Working capital for our construction projects	Within 12 months	28,400	46.21
(iii)	Repayment of bank borrowings	Within 6 months	20,000	32.54
(iv)	Estimated listing expenses	Within 3 months	5,064	8.24
Total			61,464	100.00

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus.

B8. BORROWINGS

The borrowings of the Group as at 30 September 2024 are as follows:

	As at 30 September 2024		
	Current	Non-current	Total
	(RM'000)	(RM'000)	(RM'000)
Secured:			
Term loans	4,974	20,080	25,054
Lease liabilities	11,451	10,282	21,733
Revolving credits	59,981	-	59,981
Bank overdrafts	7,994	-	7,994
Trust receipts	25,040	-	25,040
	109,440	30,362	139,802

The above borrowings are denominated in Ringgit Malaysia.



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B9. MATERIAL LITIGATION

Save as disclosed below, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group as at the date of this interim financial report.

- (i) PAJ has taken out an action against Malayan Banking Berhad ("**Maybank**") following the termination of the Main Contract dated 25 April 2018 by Borneo Highway PDP Sdn Bhd ("**BHP**"), in relation to Projek Pelaksanaan Projek Lebuhraya Pan Borneo Sabah Membina Jalan Dari Putatan ke Inanam (WP06) ("**the Project**").

The Project was awarded by BHP to PAJ, which in turn entered into a joint venture agreement with Kumpulan Liziz Sdn Bhd ("**KLSB**") to carry out the Project ("**JV Agreement**"). Under the JV Agreement, PAJ was entitled to receive 8% of the contract proceeds and KLSB was entitled to receive 92%. KLSB had obtained a financing facility from Maybank. PAJ had executed a Third Party Deed of Assignment of Contract Proceeds, Notice of Assignment Cum Instruction, Irrevocable Letter of Instruction and Power of Attorney ("**Security Documents**"), all dated 4 January 2018 in favour of Maybank.

On 25 July 2019, KLSB gave up works under the JV Agreement, and PAJ took over the works therefrom. It was agreed between KLSB and PAJ that commencing from Progress Claim No. 17 onwards, PAJ will step in to carry out and complete the work and the whole of the contract proceeds received from BHP shall belong to PAJ. BHP later terminated the Main Contract with PAJ with effect from 22 September 2019.

Following this, BHP had made payment for Progress Claim No. 17 and 18 in the sum of RM465,100 and RM4,169,170 respectively. For Progress Claim No. 17, Maybank had only paid a sum of RM37,208 to PAJ. The remaining sum of RM427,892 was paid out to KLSB. In respect of Progress Claim No. 18, Maybank had retained the full sum of RM4,169,170 in PAJ's non-checking account and did not distribute the monies.

PAJ has taken an action to seek amongst all others, a declaration that all the Security Documents executed by PAJ in favour of Maybank are null and void and of no effect. PAJ also seeks an Order that Maybank pays the sums of RM427,892 under Progress Claim No 17, full sums under Progress Claim No. 18 and the sums under the Provisional Statement of Final Account to PAJ.

On 16 August 2022, the High Court dismissed the claim of PAJ and awarded cost of RM15,000 to Maybank. Upon the dismissal, Maybank had released the Progress Claim No. 18 of RM4,169,170 retained in PAJ's non-checking account to KLSB and PAJ based on the 92%:8% sharing ratio. Consequently, on prudent ground PAJ had provided an allowance of expected credit losses of RM4,263,528 for the outstanding amount due from KLSB for Progress Claim No 17 and 18.

PAJ has filed an appeal to the Court of Appeal and hearing date has been fixed on 13 November 2024 and was subsequently vacated. New hearing date has been fixed on 22 May 2025.



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B9. MATERIAL LITIGATION (CONT'D)

- (ii) OTA Tunnel Squad Sdn Bhd (“OTA”), a subcontractor of PAJ has filed a civil suit against PAJ, in respect of the breach of two sub-contract agreements, namely BK1-22NCvC-72/9-2019 on 19 August 2019. OTA alleged that PAJ failed to pay a sum of RM13,851,289 being sum due for work done and RM1,894,925 being retention sum due under the sub-contract agreements.

On 23 October 2019, PAJ has filed a defence and counterclaim for a sum of RM8,107,000 being liquidated damages for delay in completing works under the sub-contract agreements.

The trial was completed on 3 July 2023. On 12 July 2024, the Court has dismissed the counterclaim by PAJ and awarded the full claim in favour of OTA amounting to approximately RM21.04 million (being the claimed amount of RM15.75 million and an estimated interest of RM5.29 million) (“**Judgement**”).

Subsequently on 9 September 2024, PAJ and OTA have entered into a settlement agreement as a form of full and final settlement towards the Judgement and PAJ shall pay a total settlement sum of RM19.00 million to OTA in accordance with the following payment terms:

- (a) RM9.00 million of which, through OTA's solicitors' account by 12 September 2024; and
- (b) the following balance of RM10.00 million of which, by way of 5 instalments in equal amount via the issuance of such post-dated cheques dated 15 January 2025, 15 April 2025, 15 July 2025, 15 October 2025 and 15 January 2026, respectively payable to OTA's solicitors' account.

PAJ had recognised a total amount of RM10,618,708 which comprises RM7,364,922 (being the full claim amount of RM15,746,214 less an amount of RM8,381,292 previously recognised in financial year 2016 as its assessment of the value of work done by OTA) as construction cost and RM3,253,786 as interest expenses.

(The rest of this page is intentionally left blank)



AZAM JAYA

AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B10. EARNINGS PER SHARE ("EPS")

The basic and diluted EPS for the current quarter and financial period is computed as follows:

	9-month financial period ended 30 September 2024	9-month financial period ended 30 September 2023⁽¹⁾
	(RM'000)	(RM'000)
Profit after tax (RM'000)	12,200	N/A
Number of ordinary shares in issue ('000)	500,000	N/A
Basic EPS ⁽²⁾ (sen)	2.44	N/A
Diluted EPS ⁽³⁾ (sen)	2.44	N/A

Notes:

- (1) No comparative figures for the preceding year cumulative quarter are presented as this is the first interim financial report on the combined results for the third quarter ended 30 September 2024 announced by the Company following the listing of Azam Jaya on the Main Market of Bursa Securities on 11 November 2024.
 - (2) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the Company's enlarged total number of 500,000,000 shares after the IPO.
 - (3) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.
- N/A Not applicable.

(The rest of this page is intentionally left blank)



AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)
(Incorporated in Malaysia under the Companies Act, 2016)

AZAM JAYA

EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B11. PROFIT BEFORE TAXATION

The Group's profit before taxation was arrived at after charging/(crediting):

	9-month financial period ended 30 September 2024	9-month financial period ended 30 September 2023⁽¹⁾
	(RM'000)	(RM'000)
Interest income	(969)	N/A
Hiring charges income	(364)	N/A
Income arising from lease	(75)	N/A
Interest expense on:		
- borrowings	5,777	N/A
- lease liabilities	740	N/A
- compensatory damages	3,254	N/A
Depreciation of:		
- investment property	28	N/A
- property, plant and equipment	5,359	N/A
- right of use assets	3,006	N/A
Gain on disposal of right of use assets	(146)	N/A
Loss on disposal of plant and equipment	11	N/A
Plant and equipment written off	22	N/A

Notes:

- (1) No comparative figures for the preceding year cumulative quarter are presented as the Company was listed on the Main Market of Bursa Securities on 11 November 2024 and as this is the first interim financial report on the combined results for the third quarter ended 30 September 2024 announced by the Company following the listing of Azam Jaya on the Main Market of Bursa Securities on 11 November 2024.

N/A Not applicable.

B12. AUTHORISED FOR ISSUE

This interim financial report was authorised for issue by the Board of Directors on 28 November 2024.