

ANNOUNCEMENT

The Board of Directors of Ahmad Zaki Resources Berhad (“AZRB” or “the Company”) would like to announce the following unaudited consolidated results for the 2nd quarter and period ended 31 December 2022 of AZRB and its subsidiaries (“the Group”). This announcement should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the quarterly condensed financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 2022**

RM’000	Note	Current quarter ended <u>3-month</u> 31.12.2022	Comparative quarter ended <u>3-month</u> 31.12.2021	Cumulative quarter ended <u>6-month</u> 31.12.2022	Cumulative quarter ended <u>6-month</u> 31.12.2021
Revenue		83,377	239,635	158,176	442,344
Operating expenses	1	(119,236)	(247,188)	(217,891)	(440,191)
Other operating income		979	1,151	3,323	2,964
(Loss)/Profit from operating activities		(34,880)	(6,402)	(56,392)	5,117
Finance income		13,080	13,448	27,539	28,833
Finance expenses		(18,771)	(16,722)	(36,970)	(30,743)
Share of loss of associates		-	-	(2)	-
(Loss)/Profit before tax		(40,571)	(9,676)	(65,825)	3,207
Income tax expense		(3,625)	(3,004)	(7,212)	(6,785)
Loss for the period	2	(44,196)	(12,680)	(73,037)	(3,578)
Other comprehensive income /(loss), net of tax					
Foreign currency translation differences for foreign operations		23,907	751	16,433	(5,777)
Total comprehensive loss for the period		(20,289)	(11,929)	(56,604)	(9,355)
(Loss)/Profit attributable to:					
Owners of the Company		(42,343)	(11,436)	(70,260)	(5,216)
Non-controlling interests		(1,853)	(1,244)	(2,777)	1,638
Loss for the period		(44,196)	(12,680)	(73,037)	(3,578)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 2022**

RM'000	Current quarter ended <u>3-month</u> 31.12.2022	Comparative quarter ended <u>3-month</u> 31.12.2021	Cumulative quarter ended <u>6-month</u> 31.12.2022	Cumulative quarter ended <u>6-month</u> 31.12.2021
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	(19,700)	(9,275)	(54,652)	(10,725)
Non-controlling interests	(589)	(2,654)	(1,952)	1,370
Total comprehensive loss for the period	(20,289)	(11,929)	(56,604)	(9,355)
Loss per ordinary share (sen)	(7.08)	(1.91)	(11.75)	(0.87)
Note 1:				
Operating expenses represents the following:				
Cost of sales	78,989	227,632	147,658	410,966
Loss/(Gain) on foreign exchange - unrealised	24,102	(53)	34,443	(10,451)
Other operating expenses	16,145	19,609	35,790	39,676
Total	119,236	247,188	217,891	440,191
Note 2:				
Profit/(Loss) for the period is arrived at after (crediting)/charging the following items:				
Interest income	(251)	(117)	(1,729)	(2,084)
Accretion of fair value of non-current receivables	38,791	(13,331)	25,810	(26,749)
Interest expenses	16,494	16,636	34,365	30,563
Depreciation and amortisation of non-current assets	5,903	11,112	13,799	17,504
Employee retirement benefits provision	-	-	-	35

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31 DECEMBER 2022**

RM'000	Unaudited as at 31.12.2022	Audited as at 30.06.2022
ASSETS		
Non-current assets		
Property, plant and equipment	646,123	673,091
Right-of-use assets	18,986	9,547
Prepaid lease payments	16,338	18,146
Land held for development	78,857	79,318
Intangible assets	14,249	15,125
Concession service assets	2,278,359	2,251,485
Goodwill	38,887	38,887
Investments in associates	2,800	2,802
Investments in financial assets	116	116
Deferred tax assets	37,994	38,413
Trade and other receivables	607,415	542,521
Total non-current assets	3,740,124	3,669,451
Current assets		
Biological assets	660	660
Inventories	38,023	30,594
Property development costs	2,639	1,254
Tax recoverable	9,273	7,619
Construction contract assets	102,103	122,053
Trade and other receivables	337,897	388,507
Financial assets at fair value through profit or loss	69,332	107,455
Cash and deposits	135,396	189,500
Total current assets	695,323	847,642
Total assets	4,435,447	4,517,093

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31 DECEMBER 2022**

RM'000	Unaudited as at 31.12.2022	Audited as at 30.06.2022
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	197,536	197,536
Reserves	(27,096)	27,176
Equity attributable to owners of the Company	170,440	224,712
Non-controlling interests	(6,574)	(3,286)
Total equity	163,866	221,426
Non-current and deferred liabilities		
Loans and borrowings	2,610,878	2,667,919
Lease liabilities	16,346	7,353
Employee benefits	6,724	6,677
Deferred tax liabilities	108,802	109,044
Trade and other payables	209,748	209,815
Total non-current and deferred liabilities	2,952,498	3,000,808
Current liabilities		
Loans and borrowings	347,521	351,128
Lease liabilities	3,296	2,414
Trade and other payables	941,464	923,636
Tax liabilities	26,802	17,681
Total current liabilities	1,319,083	1,294,859
Total liabilities	4,271,581	4,295,667
Total equity and liabilities	4,435,447	4,517,093

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 2022**

RM'000	Attributable to the owners of the Company									
	Non-distributable					Distributable				
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employees' Share Scheme	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
At 1 July 2022	197,536	650	27,889	11,745	1,506	(1,026)	(13,588)	224,712	(3,286)	221,426
Adjustment	-	-	-	-	-	-	380	380	(1,336)	(956)
	197,536	650	27,889	11,745	1,506	(1,026)	(13,208)	225,092	(4,622)	220,470
Loss for the year	-	-	-	-	-	-	(70,260)	(70,260)	(2,777)	(73,037)
Foreign currency translation differences for foreign operations	-	534	-	15,074	-	-	-	15,608	825	16,433
Total comprehensive income/(loss) for the year	-	534	-	15,074	-	-	(70,260)	(54,652)	(1,952)	(56,604)
At 31 December 2022	197,536	1,184	27,889	26,819	1,506	(1,026)	(83,468)	170,440	(6,574)	163,866

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

RM'000	Attributable to the owners of the Company									
	Non-distributable					Distributable				
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employees' Share Scheme	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
At 1 July 2021	197,536	1,784	27,889	18,976	1,506	(1,026)	49,666	296,331	16	296,347
Loss for the year	-	-	-	-	-	-	(63,254)	(63,254)	(2,803)	(66,057)
Foreign currency translation differences for foreign operations	-	(608)	-	(7,231)	-	-	-	(7,839)	(471)	(8,310)
Actuarial loss from employee benefits	-	(526)	-	-	-	-	-	(526)	(28)	(554)
Total comprehensive loss for the year	-	(1,134)	-	(7,231)	-	-	(63,254)	(71,619)	(3,302)	(74,921)
At 30 June 2022	197,536	650	27,889	11,745	1,506	(1,026)	(13,588)	224,712	(3,286)	221,426

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 2022**

RM'000	Cumulative quarter ended <u>6-month</u> 31.12.2022	Audited for year ended <u>12-month</u> 30.06.2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(65,825)	(67,631)
Adjustments for:		
Accretion of fair value on non-current receivables	(25,810)	(53,119)
Interest income	(1,729)	(3,835)
Interest expense	34,365	63,562
Finance costs on lease liabilities	354	432
Allowance for doubtful debt	-	10,932
Loss on foreign exchange - unrealised	34,443	13,086
Amortisation of transaction costs	576	1,298
Depreciation of property, plant and equipment	11,363	34,869
Depreciation of right-of-use assets	1,361	5,144
Amortisation of prepaid lease payments	231	1,408
Amortisation of intangible assets	845	1,748
Share of loss of associates	2	1
Employee retirement benefits provision	-	1,646
Gain on disposal of property, plant and equipment - net	(843)	(480)
Gain on derecognition of right-of-use assets	-	(4,536)
Fair value loss on financial assets	38,123	4,029
Fair value gain arising from biological assets	-	(396)
Operating profit before working capital changes	27,456	8,158
Changes in working capital:		
Increase in inventories	(7,429)	(7,923)
Decrease in construction contract assets	19,950	4,093
(Increase)/Decrease in property development costs	(924)	26,686
Increase in concession service assets	(26,874)	(217,635)
Decrease in trade and other receivables	21,303	120,462
(Decrease)/Increase in trade and other payables	(27,246)	140,879
Cash from operations	6,236	74,720
Interest received	1,729	3,835
Retirement benefits paid	-	(237)
Income tax paid - net	(161)	(1,093)
Net cash from operating activities	7,804	77,225

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 2022**

RM'000	Cumulative quarter ended <u>6-month</u> 31.12.2022	Audited for year ended <u>12-month</u> 30.06.2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	-	(16,636)
Withdrawal of financial assets at fair value through profit or loss	-	116,578
Proceeds from disposal of property, plant and equipment	843	634
Purchase of property, plant and equipment	(200)	(70,778)
Net cash from investing activities	643	29,798
CASH FLOWS USED IN FINANCING ACTIVITIES		
Decrease in pledged cash and deposits	12,104	7,488
Interest paid	(34,719)	(143,896)
Additional/(Repayment) of lease liabilities (net)	9,521	(1,139)
Repayment of finance lease liabilities (net)	(1,311)	(8,023)
Net (repayments)/drawdowns of loans and borrowings	(32,878)	24,015
Net cash used in financing activities	(47,283)	(121,555)
Net decrease in cash and cash equivalents	(38,836)	(14,532)
Cash and cash equivalents at beginning of the period	41,680	56,212
Cash and cash equivalents at end of the period	2,844	41,680
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts:		
Deposits placed with licensed banks	57,742	69,804
Cash and bank balances	77,654	119,696
	135,396	189,500
Less:		
Bank overdrafts	(42,318)	(45,482)
Pledged deposits	(90,234)	(102,338)
Cash and cash equivalents at end of the period	2,844	41,680

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6

1. ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting*, and Paragraph 9.22 of the Main Market 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 30 June 2022 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 Company and its subsidiary companies (“the Group”) since the financial year ended 30 June 2022.

2. CHANGES IN ACCOUNTING POLICIES

The significant 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 audited financial statements for the financial year ended 30 June 2022.

Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the Amendments to MFRSs relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Disclosure of Accounting Policies ¹
Amendments to MFRS 108	Definition of Accounting Estimates ¹
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective date deferred to a date to be announced by MASB

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6

2. CHANGES IN ACCOUNTING POLICIES (continued)

Amendments to MFRSs in issue but not yet effective (continued)

The initial application of the Amendments to MFRSs above are not expected to have any material impact to the financial results of the Group.

3. STATUS OF FINANCIAL STATEMENTS QUALIFICATION

The auditors' report of the preceding audited financial statements for the financial year ended 30 June 2022 was not subject to any qualification.

4. REVIEW OF SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group was not significantly affected by any seasonal or cyclical factors.

5. ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL DUE 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 quarter ended 31 December 2022.

6. CHANGES IN ESTIMATES REPORTED IN PRIOR FINANCIAL YEARS

There were no material changes in estimates of amounts reported in prior financial years which have a material effect on the current quarter.

7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

8. DIVIDEND PAID

No dividend was paid for the period under review.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6

9. SEGMENT REPORTING

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

RM'000	Engineering & Construction	Concession	Oil & Gas	Plantation	Property	Other Operations	Eliminations	Consolidated
6-month								
31.12.2022								
Revenue								
External revenue	79,584	27,031	42,886	6,037	2,638	-	-	158,176
Inter-segment Revenue	-	-	386	-	-	8,750	(9,136)	-
Total revenue	79,584	27,031	43,272	6,037	2,638	8,750	(9,136)	158,176
Results								
Segment results	(23,443)	18,210	1,007	(53,554)	(215)	(7,830)	-	(65,825)
Interest income	378	-	2	-	3	1,346	-	1,729
Interest expenses	(11,340)	(13,381)	(2,686)	(6,815)	(142)	(1)	-	(34,365)
Non-cash income/ (expenses) (Note i)	843	25,810	-	(35,397)	-	372	-	(8,372)
Depreciation and amortisation of non-current assets	(1,882)	(57)	(2,976)	(8,606)	(249)	(29)	-	(13,799)
6-month								
31.12.2021								
Revenue								
External revenue	235,781	26,627	29,836	115,747	34,353	-	-	442,344
Inter-segment revenue	-	-	3,115	-	-	9,496	(12,611)	-
Total revenue	235,781	26,627	32,951	115,747	34,353	9,496	(12,611)	442,344
Results								
Segment results	(9,142)	25,815	2,055	(2,275)	4,923	(1,163)	(17,006)	3,207
Interest income	263	2	2	-	13	1,804	-	2,084
Interest expenses	(7,992)	(13,359)	(2,730)	(5,849)	(631)	(2)	-	(30,563)
Non-cash income (Note i)	111	26,749	-	9,743	-	185	-	36,788
Depreciation and amortisation of non-current assets	(2,887)	(45)	(4,834)	(9,458)	(223)	(57)	-	(17,504)

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6

9. SEGMENT REPORTING (continued)

Note i:

RM'000	Cumulative quarter ended 6-month 31.12.2022	Cumulative quarter ended 6-month 31.12.2021
Employee retirement benefits provision	-	(35)
Accretion of fair value of non-current receivables	25,810	26,749
Amortisation of transaction costs	(576)	(606)
Loss on foreign exchange - unrealised	(34,449)	10,451
Gain on disposal of property, plant and equipment	843	229
Total	(8,372)	36,788

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

11. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter up to 28th February 2023 (being the latest practicable date from the date of issuance of the Quarter Report) that has not been reflected in the financial statements for the current quarter.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6

13. CONTINGENT LIABILITIES

(a) Tax Review

- (i) Ahmad Zaki Saudi Arabia Co. Ltd., a subsidiary of the Company is currently undergoing a tax review with the General Authority of Zakat & Tax of Saudi Arabia (“DZIT”) for additional back taxes. Upon consulting its appointed solicitors, the Directors are of the view that there are strong grounds to disagree with the DZIT and have submitted the necessary supporting documents, and are confident of a favourable outcome.
- (ii) P.T. Ichtar Gusti Pudi (“PTIGP”), a subsidiary of the Company had undergone a tax review with the Directorate General of Taxes in Indonesia relating to claims of unpaid back taxes relating to year of assessment 2016. PTIGP had filed a tax appeal and attended a series of trials.

The outcome of trial held on 25 October 2022 is in favour of PTIGP whereby the Directorate General of Taxes in Indonesia has to make a refund to PTIGP of IDR2.1 billion due to overpayments of tax.

(b) Liquidated and Ascertained Damages

On 7 December 2020, a contract customer had issued a letter to Ahmad Zaki Sdn. Bhd. (“AZSB”), a subsidiary of the Company, imposing Liquidated and Ascertained Damages (“LAD”) of RM44,800,000. However, AZSB had submitted appeal letters to the contract customer requesting for waiver of LAD.

As a result, the contract customer had granted waiver of LAD amounting to RM15,700,000. The waiver of LAD had been reflected in the latest interim payment certificate making the net LAD charged to AZSB amounting to RM29,100,000 of which RM7,000,000 has been provided in the financial statements.

On 11 June 2021, AZSB had requested for Extension of Time (“EOT”) to revise the project completion date from 11 January 2020 to 28 October 2020. The EOT is subject to the approval by the contract customer.

Negotiations with the contract customer on the LAD are still ongoing and the Group has taken pro-active actions to appeal for further LAD waiver. Therefore, the Directors are of the opinion that AZSB’s request is relevant and could be assessed fairly and reasonably by the contract customer.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 6

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Directors regard Zaki Holdings (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company. The significant transactions with the Directors, parties connected to the Directors, and companies in which the Directors have substantial financial interests are as follows:

RM'000	Cumulative quarter ended 6-month 31.12.2022	Cumulative quarter ended 6-month 31.12.2021
Trade		
Purchases from following companies in which a director has substantial financial interests, and is also a director:		
- Kemaman Quarry Sdn. Bhd.	14	13
- QMC Sdn. Bhd.	-	552
Sales to the following companies of which a director has substantial financial interests, and is also a director:		
- MIM Waste Services Sdn. Bhd.	(126)	(92)
- Kemaman Quarry Sdn. Bhd.	(17)	(141)
Non-trade		
Administrative services charged by ultimate holding company	61	62
Insurance premium charged by ultimate holding company	286	237
Rental of land charged by a director of the Company	404	404
Security services charged by ultimate holding company	1,043	2,965

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

1. REVIEW OF PERFORMANCE

The Group posted a revenue of RM83.4 million and loss before tax of RM40.6 million for the current quarter ended 31 December 2022 compared to a revenue of RM239.6 million and loss before tax of RM9.7 million in the previous corresponding quarter ended 31 December 2021. This represents a decrease in revenue of 65% and a higher loss before tax of more than 100%, mainly due to lower revenue in the Engineering & Construction and Plantation Divisions.

The Oil & Gas Division recorded revenue of RM20.9 million during the quarter, an increase of 80% from the revenue in the previous year's corresponding quarter of RM11.6 million. This contributed to the division's lower loss before tax of RM0.8 million in current quarter, compared to RM1.7 million loss in corresponding quarter of the previous financial year. The higher volume of bunkering activities and vessel calls contributed to the healthier revenue performance of the division.

The Engineering & Construction Division reported revenue of RM45.6 million and loss before tax of RM11.0 million in the current quarter compared to revenue of RM155.3 million and loss before tax of RM5.7 million in the corresponding quarter of 2021, representing a decrease in revenue of 71% and higher loss before tax of 93%. As the Division churns through its order-book, the Division saw a number of projects reaching completion thus leading to lower revenue recognised.

The Plantation Division reported revenue of RM2.4 million and loss before tax of RM36.7 million in the current quarter compared to revenue of RM58.5 million and loss before tax of RM6.2 million in the corresponding quarter of the previous financial year. The lower revenue realisation of the plantation division was partly due to heavy rains in Kalimantan Barat which had impacted the collection of fresh fruit bunches ("FFB") to be processed. Excluding the foreign exchange loss of RM27.1 million, the division registered a loss before tax of RM9.6 million.

The Property Division reported revenue of RM0.9 million and profit before tax of RM0.2 million in the current quarter compared to revenue of RM0.5 million and loss before tax of RM0.2 million in the corresponding quarter of the previous financial year. The increase was mainly due to better performance of the hotel business.

The Group posted a quarterly loss before tax ("LBT") of RM40.6 million for the quarter, consist of LBT from Engineering & Construction Division of RM11.0 million, Plantation Division of RM36.7 million and Oil & Gas Division of RM0.8 million as compared to a LBT of RM9.7 million recorded for the same quarter in 2021. Apart from lower operational results of the divisions, the Group's LBT for the current quarter is also affected by unrealised forex exchange loss of RM24.1 million. Adjusting for unrealised forex amount, the Group recorded a forex-adjusted LBT of RM16.5 million for the current quarter as compared to a forex-adjusted LBT of RM9.7 million in the previous corresponding quarter.

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

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

RM'000	Current quarter ended 31.12.2022	Preceding quarter ended 30.09.2022	Variance + / (-)
Revenue	83,377	74,799	8,578
Loss before tax	(40,571)	(25,254)	(15,317)
Add: Forex loss	24,102	10,341	13,761
Forex-adjusted loss before tax	(16,469)	(14,913)	(1,556)

The Group's quarterly revenue increased to RM83.4 million, from RM74.8 million in the previous quarter mainly due to higher revenue generated by the Construction Division.

Despite the increase in revenue in the current quarter, the Group posted a forex-adjusted LBT of RM16.5 million, a reduction from forex-adjusted LBT of RM14.9 million reported in the preceding quarter mainly due to lower operational performance in Oil & Gas Division in the current quarter by RM2.6 million.

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

3. PROSPECTS

The Group has RM831 million of outstanding order-book as at 31 December 2022 and continues to focus in sourcing for avenues to replenish its order-book. The current outstanding balance will be able to sustain the Group for the upcoming year.

The Group is greatly encouraged by the Malaysian Government's announcement of "The Twelfth Malaysia Plan (12MP)" which highlighted 'Enhancing Connectivity & Transport Infrastructure' as one of the key Policy Enablers that will play a crucial role in facilitating growth across all sectors of Malaysia's economy. This should translate into greater opportunities for the construction industry in the coming 5 years. The recent announcement made by the Government in the revised budget also supports this intention and this augurs well with the industry we are invested in.

In addition to new projects being rolled-out by the Government, the Group continues to tender for projects in the private sector which in turn, keeps its clientele base sufficiently diversified. Moving forward, the Group intends to leverage on its position as a reputable builder of distinction to tap into any suitable opportunities on offer in the sector.

The Oil & Gas Division is also greatly encouraged by the recent up-take in the demand for its services, signifying increasing confidence in the supply bases' ability to fulfil the needs of major oil and gas companies in its vicinity. Tok Bali Supply Base is now at its last stages of preparation in anticipation of an elevated level of activities. In particularly the drilling operations, of which the Division is in its final negotiations with the relevant parties to formalise their move into the supply base in the coming months. The Division expects that such operations will contribute positively to the Group in the near future.

In relation to the Plantation Division, there remained a backlog of excess crude palm oil ('CPO') stocks following earlier constraints on sales of CPO in Indonesia as a result of the earlier export ban imposed by the local authority and limitations in local refining capacity. This condition will continue to have an impact to the Division's operation in the immediate term. The low collection of FFB due to heavy rains is also expected to impact the subsequent quarter, however the Division is hopeful for a better weather condition in coming months.

The Group also benefits by the contribution from the Concession Division. It continues to provide positively to the Group from its long-term concessions which will last up to year 2038.

As a whole, the Group continues to practice prudent financial management and rigorously manages its resources to ensure that it will continue to remain resilient in facing challenges of operating in the new normal working environment.

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

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

Not applicable.

5. TAXATION

RM'000	Cumulative quarter ended 6-month 31.12.2022	Cumulative quarter ended 6-month 31.12.2021
Current tax expense	7,455	7,027
Deferred taxation	(243)	(242)
Income tax expense	7,212	6,785

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 28th February 2023 (being the latest practicable date from the date of issuance of the Quarter Report).

7. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings (secured) as at 31 December 2022 are as follows:

RM'000	Denominated in currency	Current	Non-current	Total
Bank overdrafts	RM	42,319		42,319
Trust receipts	RM	-		-
Revolving credits	RM	162,954		162,954
Revolving credits	USD	105,188		105,188
Term loans	RM	31,927	837,570	869,497
Term loans	USD	-	317,749	317,749
Finance lease liabilities	RM	4,840	2,749	7,589
Sukuk	RM	293	1,452,810	1,453,103
Total		347,521	2,610,878	2,958,399

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

8. MATERIAL LITIGATIONS

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:

Writ and Statement of Claim against AEON Co. (M) Bhd and Counter Claim by AEON Co. (M) Bhd ("AEON")

On 2 March 2021, Betanaz Properties Sdn Bhd ("Betanaz"), a 51%-owned subsidiary of the Company served a Writ and Statement of Claim ("Claim") on AEON pertaining to the breach of Tenancy Agreement by AEON which was entered into between both parties on 24 August 2017, where Betanaz granted to AEON a tenancy and lease of a plot of land held under H.S.(D) 59653, PT No. 145020, Mukim Kuala Kuantan, Daerah Kuantan, Pahang for AEON to construct and thereafter, to operate a commercial shopping complex. The Tenancy Agreement was subsequently supplemented and/or amended by a Supplementary Tenancy Agreement dated 13 September 2019.

Betanaz is claiming against AEON for the following:

- (1) Judgment in the sum of RM59,302,302.97, or such other amount as assessed by the Court;
- (2) in the alternative to (1) above, Judgment in the sum of RM18,936,207.76, or such other amount as assessed by the Court;
- (3) interest at such rate and for such period as the Court deems fit and just;
- (4) costs; and
- (5) such further and or other relief as the Court deems fit and just.

Betanaz's solicitors and AZRB have on 29 March 2021 and 31 March 2021 respectively, received a Defence against Betanaz's claim, and a Counterclaim by AEON against Betanaz and AZRB seeking a refund of the monies paid by AEON to Betanaz and AZRB, on the ground that the Tenancy Agreement, and the Commercial Agreement dated 24 August 2017 between AZRB and AEON ("Commercial Agreement") were allegedly void by reason of the alleged non-fulfilment of the conditions precedent to those agreements.

AEON is claiming against Betanaz, amongst others, the return or payment of RM2,303,087.00 under the Tenancy Agreement and against AZRB, amongst others, the return of RM28,415,094.44 under the Commercial Agreement.

The hearing for the Application to Strike Out the Counter Claim filed by Betanaz was held on 22 October 2021 and the High Court Judge allowed the Application to Strike Out the Counter Claim with costs to be paid by AEON to AZRB.

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

8. MATERIAL LITIGATIONS (continued)

Writ and Statement of Claim against AEON Co. (M) Bhd and Counter Claim by AEON Co. (M) Bhd ("AEON") (continued)

On 26 October 2021, AEON had filed their Notice to Appeal at the Court of Appeal against the entirety of the decision of the High Court Judge. On 9 May 2022, the Court of Appeal allowed AEON's appeal with costs. Consequently, the High Court Order for the Striking Out application is set aside. A case management has been fixed at High Court on 18 May 2022.

The Main Action that had been fixed for Trial from 27 to 30 June 2022 is vacated. The new Trial Dates are 6th to 7th July 2023 and 3rd to 4th August 2023.

9. DIVIDEND

No dividend was declared or paid during the period under review.

10. LOSS PER SHARE

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

RM'000	Current quarter ended 3-month 31.12.2022	Comparative quarter ended 3-month 31.12.2021	Cumulative quarter ended 6-month 31.12.2022	Cumulative quarter ended 6-month 31.12.2021
Loss attributable to owners of the Company	(42,343)	(11,436)	(70,260)	(5,216)
Weighted average number of ordinary shares in issue	598,098	598,098	598,098	598,098
Loss per share (sen)	(7.08)	(1.91)	(11.75)	(0.87)

11. FINANCIAL INSTRUMENT - DERIVATIVES

Not applicable.

12. GAINS AND LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Not applicable. All financial liabilities are measured using the amortised cost method.