

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 4th quarter and period ended 30 June 2023 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 12-MONTH PERIOD ENDED 30 JUNE 2023**

RM’000	Note	Current quarter ended <u>3-month</u> 30.06.2023	Comparative quarter ended <u>3-month</u> 30.06.2022	Cumulative quarter ended <u>12-month</u> 30.06.2023	Cumulative quarter ended <u>12-month</u> 30.06.2022
Revenue		132,097	99,526	388,364	723,142
Operating expenses	1	(151,107)	(151,831)	(450,995)	(787,942)
Other operating income		10,809	1,944	14,522	5,508
Loss from operating activities		(8,201)	(50,361)	(48,109)	(59,292)
Finance income		12,970	13,382	54,409	56,954
Finance expenses		(30,020)	(16,786)	(88,114)	(65,292)
Share of loss of associates		(1)	(1)	(2)	(1)
Loss before tax		(25,252)	(53,766)	(81,816)	(67,631)
Income tax expense		858	10,046	(10,093)	1,574
Loss for the period	2	(24,394)	(43,720)	(91,909)	(66,057)
Other comprehensive (loss)/income, net of tax					
Actuarial gain from employee benefits		-	(554)	-	(554)
Foreign currency translation differences for foreign operations		(20,257)	(1,927)	(18,771)	(8,310)
Total comprehensive loss for the period		(44,651)	(46,201)	(110,680)	(74,921)
Loss attributable to:					
Owners of the Company		(19,413)	(41,707)	(83,160)	(63,254)
Non-controlling interests		(4,981)	(2,013)	(8,749)	(2,803)
Loss for the period		(24,394)	(43,720)	(91,909)	(66,057)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE 12-MONTH PERIOD ENDED 30 JUNE 2023**

RM'000	Current quarter ended <u>3-month</u> 30.06.2023	Comparative quarter ended <u>3-month</u> 30.06.2022	Cumulative quarter ended <u>12-month</u> 30.06.2023	Cumulative quarter ended <u>12-month</u> 30.06.2022
Total comprehensive loss attributable to:				
Owners of the Company	(38,617)	(44,007)	(100,899)	(71,619)
Non-controlling interests	(6,034)	(2,194)	(9,781)	(3,302)
Total comprehensive loss for the period	(44,651)	(46,201)	(110,680)	(74,921)
Loss per ordinary share (sen)	(3.25)	(6.97)	(13.90)	(10.58)
Note 1:				
Operating expenses represents the following:				
Cost of sales	92,961	88,739	333,641	671,102
(Gain)/Loss on foreign exchange - unrealised	(12,078)	53,511	(6,148)	44,129
Other operating expenses	70,224	9,581	123,502	72,711
Total	151,107	151,831	450,995	787,942
Note 2:				
Loss for the period is arrived at after (crediting)/charging the following items:				
Interest income	(455)	(252)	(3,409)	(3,835)
Accretion of fair value of non-current receivables	(12,515)	(13,130)	(51,000)	(53,119)
Interest expenses	31,808	17,543	85,925	65,292
Depreciation and amortisation of non-current assets	(4,257)	16,380	20,366	43,169
Employee retirement benefits provision	-	114	-	149

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 30 JUNE 2023**

RM'000	Unaudited as at 30.06.2023	Audited as at 30.06.2022
ASSETS		
Non-current assets		
Property, plant and equipment	670,984	673,091
Right-of-use assets	16,906	9,547
Prepaid lease payments	16,835	18,146
Land held for development	54,376	79,318
Intangible assets	13,249	15,125
Concession service assets	2,378,718	2,251,485
Goodwill	38,294	38,887
Investments in associates	745	2,802
Investments in financial assets	68	116
Deferred tax assets	38,864	38,413
Trade and other receivables	584,119	542,521
Total non-current assets	3,813,158	3,669,451
Current assets		
Biological assets	660	660
Inventories	11,649	30,594
Property development costs	2,918	1,254
Tax recoverable	5,165	7,619
Construction contract assets	195,723	122,053
Trade and other receivables	371,182	388,507
Financial assets at fair value through profit or loss	71,488	107,455
Cash and deposits	243,255	189,500
Total current assets	902,040	847,642
Total assets	4,715,198	4,517,093

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 30 JUNE 2023**

RM'000	Unaudited as at 30.06.2023	Audited as at 30.06.2022
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	199,136	197,536
Reserves	(74,874)	27,176
Equity attributable to owners of the Company	124,262	224,712
Non-controlling interests	(14,471)	(3,286)
Total equity	109,791	221,426
Non-current and deferred liabilities		
Loans and borrowings	2,688,385	2,667,919
Lease liabilities	13,596	7,353
Employee benefits	7,476	6,677
Deferred tax liabilities	108,559	109,044
Trade and other payables	201,957	209,815
Total non-current and deferred liabilities	3,019,973	3,000,808
Current liabilities		
Loans and borrowings	339,910	351,128
Lease liabilities	3,411	2,414
Trade and other payables	1,220,232	923,636
Tax liabilities	21,881	17,681
Total current liabilities	1,585,434	1,294,859
Total liabilities	4,605,407	4,295,667
Total equity and liabilities	4,715,198	4,517,093

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 12-MONTH PERIOD ENDED 30 JUNE 2023**

RM'000	Attributable to the owners of the Company										Total equity
	Non-distributable					Distributable					
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employees' Share Scheme	Treasury shares	Retained earnings	Total	Non-controlling interests		
At 1 July 2022	197,536	650	27,889	11,745	1,506	(1,026)	(13,588)	224,712	(3,286)	221,426	
Adjustment	-	-	-	-	-	-	449	449	(1,404)	(955)	
	197,536	650	27,889	11,745	1,506	(1,026)	(13,139)	225,161	(4,690)	220,471	
Loss for the year	-	-	-	-	-	-	(83,160)	(83,160)	(8,749)	(91,909)	
Foreign currency translation differences for foreign operations	-	36	-	(17,775)	-	-	-	(17,739)	(1,032)	(18,771)	
Redemption of redeemable preference shares	1,600	-	-	-	-	-	(1,600)	-	-	-	
Total comprehensive income/(loss) for the year	1,600	36	-	(17,775)	-	-	(84,760)	(100,899)	(9,781)	(110,680)	
At 30 June 2023	199,136	686	27,889	(6,030)	1,506	(1,026)	(97,899)	124,262	(14,471)	109,791	

**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										Total equity
	Non-distributable					Distributable					
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employees' Share Scheme	Treasury shares	Retained earnings	Total	Non-controlling interests		
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 12-MONTH PERIOD ENDED 30 JUNE 2023**

RM'000	Cumulative quarter ended <u>12-month</u> 30.06.2023	Audited for year ended <u>12-month</u> 30.06.2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(81,816)	(67,631)
Adjustments for:		
Accretion of fair value on non-current receivables	(51,000)	(53,119)
Interest income	(3,409)	(3,835)
Interest expense	85,925	63,562
Finance costs on lease liabilities	586	432
Allowance for doubtful debt	31,694	10,932
Bad debt written-off	122	-
(Gain)/Loss on foreign exchange - unrealised	(6,148)	13,086
Amortisation of transaction costs	1,392	1,298
Depreciation of property, plant and equipment	15,983	34,869
Depreciation of right-of-use assets	2,220	5,144
Amortisation of prepaid lease payments	474	1,408
Amortisation of intangible assets	1,690	1,748
Impairment of investment in associates	2,055	-
Share of loss of associates	2	1
Impairment of inventories	25,289	-
Employee retirement benefits provision	-	1,646
Gain on disposal of property, plant and equipment - net	(1,727)	(480)
Gain on derecognition of right-of-use assets	-	(4,536)
Fair value loss on financial assets	35,967	4,029
Fair value gain arising from biological assets	-	(396)
Operating profit before working capital changes	59,299	8,158
Changes in working capital:		
Increase in inventories	(6,344)	(7,923)
(Increase)/Decrease in construction contract assets	(73,670)	4,093
Decrease in property development costs	23,278	26,686
Increase in concession service assets	(127,185)	(217,635)
(Increase)/Decrease in trade and other receivables	(19,403)	120,462
Increase in trade and other payables	199,935	140,879
Cash from operations	55,910	74,720
Interest received	3,409	3,835
Retirement benefits paid	-	(237)
Income tax paid - net	(161)	(1,093)
Net cash from operating activities	59,158	77,225

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE 12-MONTH PERIOD ENDED 30 JUNE 2023**

RM'000	Cumulative quarter ended <u>12-month</u> 30.06.2023	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	37,168	7,488
Interest paid	(86,511)	(143,896)
Additional/(Repayment) of lease liabilities (net)	6,654	(1,139)
Repayment of finance lease liabilities (net)	113,723	(8,023)
Net (repayments)/drawdowns of loans and borrowings	(32,878)	24,015
Net cash used in financing activities	38,156	(121,555)
Net increase/(decrease) in cash and cash equivalents	97,957	(14,532)
Cash and cash equivalents at beginning of the period	41,680	56,212
Cash and cash equivalents at end of the period	139,637	41,680
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts:		
Deposits placed with licensed banks	64,123	69,804
Cash and bank balances	179,132	119,696
	243,255	189,500
Less:		
Bank overdrafts	(38,448)	(45,482)
Pledged deposits	(65,170)	(102,338)
Cash and cash equivalents at end of the period	139,637	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:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
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¹ 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 30 June 2023.

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
12-month								
30.06.2023								
Revenue								
External revenue	242,539	56,234	72,755	8,901	7,935	-	-	388,364
Inter-segment Revenue	-	-	1,209	-	-	14,838	(16,047)	-
Total revenue	242,539	56,234	73,964	8,901	7,935	14,838	(16,047)	388,364
Results								
Segment results	23,008	26,064	(7,033)	(111,593)	(2,527)	(18,833)	-	(90,914)
Interest income	853	129	4	-	13	2,512	-	3,511
Interest expenses	(26,379)	(24,345)	(5,710)	(29,174)	(316)	(1)	-	(85,925)
Non-cash income/ (expenses) (Note i)	1,721	51,000	-	8,156	6	(3,401)	-	57,482
Depreciation and amortisation of non-current assets	(3,241)	(115)	(3,979)	(12,323)	(771)	63	-	(20,366)
12-month								
30.06.2022								
Revenue								
External revenue	357,896	54,280	57,962	214,401	38,603	-	-	723,142
Inter-segment revenue	-	-	5,300	-	-	17,500	(23,400)	-
Total revenue	357,896	54,280	63,862	214,401	38,603	17,500	(23,400)	723,142
Results								
Segment results	(46,911)	36,765	(5,096)	(48,235)	2,813	(6,967)	-	(67,631)
Interest income	565	40	4	-	19	3,207	-	3,835
Interest expenses	(16,138)	(26,792)	(5,046)	(16,135)	(506)	(75)	-	(65,292)
Non-cash income (Note i)	301	53,119	61	(14,777)	-	(4,157)	-	34,547
Depreciation and amortisation of non-current assets	(10,964)	(103)	(11,218)	(20,030)	(763)	(91)	-	(40,169)

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

9. SEGMENT REPORTING (continued)

Note i:

RM'000	Cumulative quarter ended <u>12-month</u> 30.06.2023	Cumulative quarter ended <u>12-month</u> 30.06.2022
Accretion of fair value of non-current receivables	51,000	53,119
Amortisation of transaction costs	(1,392)	(1,298)
Fair value loss arising from biological assets	-	(396)
Gain/(Loss) on foreign exchange - unrealised	6,147	(17,358)
Gain on disposal of property, plant and equipment	1,727	480
Total	57,482	34,547

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 30th August 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 <u>12-month</u> 30.06.2023	Cumulative quarter ended <u>12-month</u> 30.06.2022
Trade		
Purchases from following companies in which a director has substantial financial interests, and is also a director:		
- Kemaman Quarry Sdn. Bhd.	14	183
- QMC Sdn. Bhd.	-	566
Sales to the following companies of which a director has substantial financial interests, and is also a director		
- MIM Waste Services Sdn. Bhd.	(138)	(111)
- Kemaman Quarry Sdn. Bhd.	(54)	(275)
Non-trade		
Administrative services charged by ultimate holding company	62	124
Insurance premium charged by ultimate holding company	457	585
Rental of land charged by a director of the Company	598	765
Security services charged by ultimate holding company	1,408	5,326

**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 RM132.1 million and a loss before tax (“LBT”) of RM25.3 million for the current quarter ended 30 June 2023, as compared to a revenue of RM99.5 million and LBT of RM53.8 million in the previous corresponding quarter ended 30 June 2022. The increase in revenue by 33% is mainly due to higher revenue in the Engineering & Construction Division. This contributed to the lower loss recorded in the current quarter.

The Oil & Gas Division recorded revenue of RM15.2 million during the quarter, a decrease of 4% from the revenue in the previous year’s corresponding quarter of RM15.8 million. The lower volume of bunkering activities and lower vessel calls contributed to the lower revenue performance of the division. Division recorded higher LBT of RM4.2 million in the current quarter, as compared to RM0.8 million loss in the corresponding quarter of the previous financial year.

The Engineering & Construction Division reported a revenue of RM97.6 million and profit before tax (“PBT”) of RM20.7 million in the current quarter as compared to a revenue of RM23.7 million and LBT of RM4.6 million in the corresponding quarter of 2022, representing an increase in revenue of more than 100%.

The Plantation Division recorded a minimal revenue in the current quarter and a LBT of RM74.8 million as compared to a revenue of RM42.3 million and LBT of RM34.0 million in the corresponding quarter of the previous financial year. Excluding the foreign exchange gain of RM15.4 million, the division registered a LBT of RM90.2 million. During the current quarter, the division impaired its inventory and receivables amounting to RM55.2 million due to old stocks and long outstanding debts.

The Property Division reported a revenue of RM3.7 million and LBT of RM2.1 million in the current quarter as compared to a revenue of RM3.6 million and LBT of RM2.9 million in the corresponding quarter of the previous financial year.

The Group posted a LBT of RM25.3 million for the quarter, consist of PBT from Engineering & Construction Division of RM20.7 million, Oil & Gas Division of RM7.0 million and LBT from Plantation Division of RM111.6 million as compared to a LBT of RM53.8 million recorded for the same quarter in 2022. The Group’s LBT for the current quarter included an unrealised forex exchange gain of RM12.1 million. Adjusting for unrealised forex amount, the Group recorded a forex-adjusted LBT of RM37.3 million for the current quarter as compared to a forex-adjusted LBT of RM27.0 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 30.06.2023	Preceding quarter ended 31.03.2022	Variance + / (-)
Revenue	132,097	98,091	34,006
(Loss)/Profit before tax	(25,252)	9,261	(34,513)
Adjust: Forex (gain)/loss	(12,078)	(28,513)	24,560
Forex-adjusted loss before tax	(37,330)	(19,252)	(18,078)

The Group's quarterly revenue increased to RM132.1 million, from RM98.1 million in the previous quarter mainly due to higher revenue generated by the Engineering & Construction Division.

Despite the increase in revenue in the current quarter, the Group posted a forex-adjusted LBT of RM37.3 million, a reduction from forex-adjusted LBT of RM19.2 million reported in the preceding quarter mainly due to lower operational performance and impairment in Plantation Division in the current quarter by RM91.5 million.

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

3. PROSPECTS

The Group has RM967 million of outstanding order-book as at 30 June 2023 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. The Division expects increase in drilling operation originating from the current tenants at the supply base, and they will contribute positively to the Group in the near future.

In relation to the Plantation Division, the Group is exploring options on the way forward for the division in the best interest of the Group.

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.

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

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

Not applicable.

5. TAXATION

RM'000	Cumulative quarter ended <u>12-month</u> 30.06.2023	Cumulative quarter ended <u>12-month</u> 30.06.2022
Current tax expense	10,577	9,609
Deferred taxation	(484)	(11,184)
Income tax expense	10,093	(1,575)

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 30th August 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 30 June 2023 are as follows:

RM'000	Denominated in currency	Current	Non-current	Total
Bank overdrafts	RM	38,449		38,449
Revolving credits	RM	37,068		37,068
Revolving credits	USD	115,695		115,695
Term loans	RM	28,522	908,492	937,014
Term loans	USD		327,484	327,484
Finance lease liabilities	RM	119,874	1,533	121,407
Sukuk	RM	302	1,450,876	1,451,178
Total		339,910	2,688,385	3,028,295

**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 trial of the abovenamed Main Action has since commenced on 6 July 2023 and 7 July 2023 and is fixed to continue on 1 September 2023, 23 November 2023, 24 November 2023, 12 January 2024, 23 January 2024 and 24 January 2024.

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 <u>3-month</u> 30.06.2023	Comparative quarter ended <u>3-month</u> 30.06.2022	Cumulative quarter ended <u>12-month</u> 30.06.2023	Cumulative quarter ended <u>12-month</u> 30.06.2022
Loss attributable to owners of the Company	(19,413)	(41,706)	(83,160)	(63,253)
Weighted average number of ordinary shares in issue	589,098	589,098	598,098	589,098
Loss per share (sen)	(3.25)	(6.97)	(13.90)	(10.58)

11. FINANCIAL INSTRUMENT - DERIVATIVES

Not applicable.

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

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

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