

ANNOUNCEMENT

The Board of Directors of Ahmad Zaki Resources Berhad (“AZRB” or “the Company”) would like to announce the following unaudited consolidated results for the 1st quarter and period ended 30 September 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 2023 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 3-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

RM'000	Note	Current quarter ended <u>3-month</u> 30.09.2023	Comparative quarter ended <u>3-month</u> 30.09.2022	Cumulative quarter ended <u>3-month</u> 30.09.2023	Cumulative quarter ended <u>3-month</u> 30.09.2022
Revenue		105,298	74,799	105,298	74,799
Operating expenses	1	(114,927)	(98,655)	(114,927)	(98,655)
Other operating income		1,163	2,344	1,163	2,344
Loss from operating activities		(8,466)	(21,512)	(8,466)	(21,512)
Finance income		13,278	14,459	13,278	14,459
Finance expenses		(23,445)	(18,199)	(23,445)	(18,199)
Share of loss of associates		-	(2)	-	(2)
Loss before tax		(18,633)	(25,254)	(18,633)	(25,254)
Income tax expense		(2,420)	(3,587)	(2,420)	(3,587)
Loss for the period	2	(21,053)	(28,841)	(21,053)	(28,841)
Other comprehensive (loss)/income, net of tax					
Actuarial gain from employee benefits		(573)	-	(573)	-
Foreign currency translation differences for foreign operations		10,622	(7,474)	10,622	(7,474)
Total comprehensive loss for the period		(11,004)	(36,315)	(11,004)	(36,315)
Loss attributable to:					
Owners of the Company		(19,985)	(27,917)	(19,985)	(27,917)
Non-controlling interests		(1,068)	(924)	(1,068)	(924)
Loss for the period		(21,053)	(28,841)	(21,053)	(28,841)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

RM'000	Current quarter ended <u>3-month</u> 30.09.2023	Comparative quarter ended <u>3-month</u> 30.09.2022	Cumulative quarter ended <u>3-month</u> 30.09.2023	Cumulative quarter ended <u>3-month</u> 30.09.2022
Total comprehensive loss attributable to:				
Owners of the Company	(9,383)	(34,952)	(9,383)	(34,952)
Non-controlling interests	(1,621)	(1,363)	(1,621)	(1,363)
Total comprehensive loss for the period	(11,004)	(36,315)	(11,004)	(36,315)
Loss per ordinary share (sen)	(3.34)	(4.67)	(3.34)	(4.67)
Note 1:				
Operating expenses represents the following:				
Cost of sales	97,937	68,669	97,937	68,669
(Gain)/Loss on foreign exchange - unrealised	(8,857)	10,341	(8,857)	10,341
Other operating expenses	25,847	19,645	25,847	19,645
Total	114,927	98,655	114,927	98,655
Note 2:				
Loss for the period is arrived at after (crediting)/charging the following items:				
Interest income	(925)	(1,478)	(925)	(1,478)
Accretion of fair value of non-current receivables	(12,353)	(12,981)	(12,353)	(12,981)
Interest expenses	22,970	17,871	22,970	17,871
Depreciation and amortisation of non-current assets	2,424	7,896	2,424	7,896

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

RM'000	Unaudited as at 30.09.2023	Audited as at 30.06.2023
ASSETS		
Non-current assets		
Property, plant and equipment	632,869	663,926
Land held for development	54,559	54,376
Available-for-sale investments	68	68
Right-of-use assets	36,610	33,066
Investment properties	21,979	7,407
Intangible assets	51,238	51,678
Concession service assets	2,452,161	2,429,713
Investments in subsidiaries	-	-
Investments in associates	2,640	2,640
Deferred tax assets	12,879	14,909
Trade and other receivables	584,424	560,943
Total non-current assets	3,849,427	3,818,726
Current assets		
Biological assets	139	139
Inventories	33,908	36,533
Tax recoverable	2,477	2,557
Construction contract assets	164,790	159,581
Trade and other receivables	311,375	298,655
Financial assets at fair value through profit or loss	72,337	71,488
Cash and deposits	268,369	246,675
Total current assets	853,395	815,628
Total assets	4,702,822	4,634,354

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

RM'000	Unaudited as at 30.09.2023	Audited as at 30.06.2023
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	197,536	197,536
Reserves	(139,673)	(130,290)
Equity attributable to owners of the Company	57,863	67,246
Non-controlling interests	(20,610)	(18,989)
Total equity	37,253	48,257
Non-current and deferred liabilities		
Loans and borrowings	2,622,029	2,599,968
Lease liabilities	18,743	13,656
Employee benefits	7,312	7,476
Deferred tax liabilities	149,700	151,724
Trade and other payables	209,748	214,107
Total non-current and deferred liabilities	3,007,532	2,986,931
Current liabilities		
Loans and borrowings	421,871	448,689
Lease liabilities	2,948	3,667
Construction contract liabilities	750.00	750.00
Trade and other payables	1,206,093	1,120,237
Tax liabilities	26,375	25,823
Total current liabilities	1,658,037	1,599,166
Total liabilities	4,665,569	4,586,097
Total equity and liabilities	4,702,822	4,634,354

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

RM'000	Attributable to the owners of the Company								Non-controlling interests	Total equity
	Non-distributable				Distributable					
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employees' Share Scheme	Treasury shares	Retained earnings	Total		
At 1 July 2023	197,536	686	27,889	(6,272)	1,506	(1,026)	(153,073)	67,246	(18,989)	48,257
Adjustment	-	-	-	-	-	-	-	-	-	-
	197,536	686	27,889	(6,272)	1,506	(1,026)	(153,073)	67,246	(18,989)	48,257
Loss for the year	-	-	-	-	-	-	(19,985)	(19,985)	(1,068)	(21,053)
Foreign currency translation differences for foreign operations	-	586	-	10,589	-	-	-	11,175	(553)	(10,622)
Redemption of redeemable preference shares	-	(573)	-	-	-	-	-	(573)	-	(573)
Total comprehensive income/(loss) for the year	-	13	-	10,589	-	-	(19,985)	(9,383)	(1,621)	(11,004)
At 30 September 2023	197,536	699	27,889	4,317	1,506	(1,026)	(173,058)	57,863	(20,610)	37,253

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

RM'000	Attributable to the owners of the Company								Non-controlling interests	Total equity
	Non-distributable				Distributable					
	Share capital	Other reserve	Warrant reserve	Foreign exchange translation reserve	Employees' Share Scheme	Treasury shares	Retained earnings	Total		
At 1 July 2022	197,536	650	27,889	11,745	1,506	(1,026)	(63,842)	174,458	(3,286)	171,172
Loss for the year	-	-	-	-	-	-	(89,231)	(89,231)	(14,656)	(103,887)
Foreign currency translation differences for foreign operations	-	36	-	(18,017)	-	-	-	(17,981)	(1,047)	(19,028)
Actuarial loss from employee benefits	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	36	-	(18,017)	-	-	(89,231)	(107,212)	(15,703)	(122,915)
At 30 June 2023	197,536	686	27,889	(6,272)	1,506	(1,026)	(153,073)	67,246	(18,989)	48,257

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

RM'000	Cumulative quarter ended <u>3-month</u> 30.09.2023	Audited for year ended <u>12-month</u> 30.06.2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(18,633)	(70,888)
Adjustments for:		
Accretion of fair value on non-current receivables	(12,354)	(51,000)
Interest income	(925)	(2,763)
Interest expenses	22,970	89,764
Employees' share scheme (gain)/expenses	-	448
Bad debt written-off	-	62
Amortisation of transaction costs	-	205
Depreciation of property, plant and equipment	1,444	33,127
Depreciation of right-of-use assets	438	8,536
Depreciation of investment properties	122	141
Amortisation of intangible assets	422	1,756
Impairment loss on receivables	-	13,008
Impairment of intangible assets	-	593
Share of gain/(loss) of associates	-	162
Land held for development written-off	-	5,122
Reversal of development cost	-	15,174
Inventories written-off	-	69
Inventories written-down	-	5,246
Gain on disposal of property, plant and equipment - net	(902)	(1,833)
Gain on derecognition of right-of-use assets	-	(2,390)
Fair value loss arising from other investment	-	48
Fair value (gain)/loss arising from biological assets	-	521
Operating profit before working capital changes	(7,418)	45,108
Changes in working capital:		
(Increase)/decrease in inventories	2,625	(6,642)
(Increase)/decrease in construction contract assets	(5,209)	(36,778)
Decrease/(increase) in property development costs	-	2,054
Increase in concession service assets	(22,448)	(89,000)
Increase in trade and other receivables	12,439	47,837
Increase/(Decrease) in trade and other payables	88,691	193,928
Cash from operations	68,680	156,507
Interest received	925	2,763
Income tax paid - net	-	(3,464)
Net cash from operating activities	69,605	155,806

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE 3-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

RM'000	Cumulative quarter ended <u>3-month</u> 30.09.2023	Audited for year ended <u>12-month</u> 30.06.2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of land held for development	(14,755)	(532)
Addition of property development costs	-	(3,918)
Proceeds from disposal of property, plant and equipment	-	442
Proceeds from terminated projects	-	4,640
Purchase of property, plant and equipment	-	(13,780)
Repayment from affiliate companies	-	1,869
Advance to associate	-	(20)
Net cash from investing activities	(14,755)	(11,299)
CASH FLOWS USED IN FINANCING ACTIVITIES		
(Increase)/Decrease in pledged fixed deposits	10,394	(102,141)
Interest paid	-	(128,197)
Additional/(repayment)of lease liabilities	4,368	(4,319)
Additional/(repayment)of finance lease liabilities (net)	-	(5,278)
Advance from associate	-	53
Repayments to holding company	-	(484)
Advance from affiliate companies	-	1,398
Proceeds/(repayment) from drawdown of loans and borrowings	(26,818)	10,339
Net cash used in financing activities	(12,056)	(228,629)
Net increase/(decrease) in cash and cash equivalents (carried down)	42,794	(84,122)
Effects of exchange difference on cash and cash equivalents	-	(76)
Cash and cash equivalents at beginning of the period	64,937	149,135
Cash and cash equivalents at end of the period	107,731	64,937
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts:		
Deposits placed with licensed banks	62,828	72,335
Cash and bank balances	205,541	174,339
Short term investments	72,337	71,488
	340,706	318,162
Less:		
Bank overdrafts	(38,890)	(48,746)
Pledged deposits and cash and bank balances	(194,085)	(204,479)
Cash and cash equivalents at end of the period	107,731	64,937

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 2023 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 2023.

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 2023.

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 2023 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 September 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
3-month								
30.09.2023								
Revenue								
External revenue	70,964	14,946	16,668	-	2,721	-	-	105,299
Inter-segment Revenue	-	-	1,209	-	-	14,838	(16,047)	-
Total revenue	70,964	14,946	17,877	-	2,721	14,838	(16,047)	105,299
Results								
Segment results	(6,387)	7,629	(750)	(17,166)	136	(2,093)	-	(18,631)
Interest income	85	-	1	-	5	834	-	925
Interest expenses	(7,447)	(5,691)	(1,577)	(8,194)	(61)	-	-	(22,970)
Non-cash income/ (expenses) (Note i)	902	12,354	-	(2,667)	-	-	-	10,589
Depreciation and amortisation of non-current assets	(396)	(29)	(1,016)	(797)	(186)	-	-	(2,424)
3-month								
30.09.2022								
Revenue								
External revenue	34,007	13,436	22,001	3,635	1,720	-	-	74,799
Inter-segment revenue	-	-	733	-	-	4,374	(5,107)	-
Total revenue	34,007	13,436	22,734	3,635	1,720	4,374	(5,107)	74,799
Results								
Segment results	(12,422)	9,117	1,806	(16,867)	(424)	(6,464)	-	(25,254)
Interest income	169	-	1	-	-	1,308	-	1,478
Interest expenses	(5,361)	(6,710)	(1,323)	(4,335)	(142)	-	-	(17,871)
Non-cash income (Note i)	843	12,981	-	(8,076)	-	(2,619)	-	3,129
Depreciation and amortisation of non-current assets	(905)	(29)	(1,663)	(5,080)	(202)	(17)	-	(7,896)

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

9. SEGMENT REPORTING (continued)

Note i:

RM'000	Cumulative quarter ended 3-month 30.09.2023	Cumulative quarter ended 3-month 30.09.2022
Accretion of fair value of non-current receivables	12,353	12,981
Amortisation of transaction costs	-	(354)
Gain/(Loss) on foreign exchange - unrealised	(2,667)	(10,341)
Gain on disposal of property, plant and equipment	902	843
Total	10,589	3,129

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

Subsequent to the quarter under review, the Company undertook a private placement of up to 10% of the total number of issued shares of the Company as announced on 21 September 2023. The Company has issued 59,643,400 new ordinary shares of RM1 each at an average price of RM0.20 per ordinary share via the private placement to eligible investors for a total cash consideration of RM12.2 million to fund the Group's projects.

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

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 3-month 30.09.2023	Cumulative quarter ended 3-month 30.09.2022
Trade		
Purchases from following companies in which a director has substantial financial interests, and is also a director:		
- Kemaman Quarry Sdn. Bhd.	-	14
- QMC Sdn. Bhd.	-	-
Sales to the following companies of which a director has substantial financial interests, and is also a director		
- MIM Waste Services Sdn. Bhd.	(138)	-
- Kemaman Quarry Sdn. Bhd.	(54)	(17)
Non-trade		
Administrative services charged by ultimate holding company	41	31
Insurance premium charged by ultimate holding company	297	188
Rental of land charged by a director of the Company	580	202
Security services charged by ultimate holding company	825	583

**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 RM105.3 million and a loss before tax (“LBT”) of RM18.6 million for the current quarter ended 30 September 2023, as compared to a revenue of RM74.8 million and LBT of RM25.3 million in the previous corresponding quarter ended 30 September 2022. The increase in revenue by 41% 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 RM16.7 million during the quarter, a decrease of 24% from the revenue in the previous year’s corresponding quarter of RM22 million. The lower volume of bunkering activities and lower vessel calls contributed to the lower revenue performance of the division. The division recorded LBT of RM0.8 million in the current quarter, as compared to RM1.8 million PBT in the corresponding quarter of the previous financial year.

The Engineering & Construction Division reported a revenue of RM71 million and LBT of RM6.4 million in the current quarter as compared to a revenue of RM34.0 million and LBT of RM12.4 million in the corresponding quarter of 2023, representing an increase in revenue of more than 100%.

The Plantation Division recorded a minimal revenue in the current quarter and a LBT of RM17.2 million as compared to a revenue of RM3.6 million and LBT of RM16.9 million in the corresponding quarter of the previous financial year.

The Property Division reported a revenue of RM2.7 million and LBT of RM0.1 million in the current quarter as compared to a revenue of RM1.7 million and LBT of RM0.4 million in the corresponding quarter of the previous financial year.

The Group posted a LBT of RM18.6 million for the quarter, as compared to a LBT of RM25.3 million recorded for the same quarter in 2023. The Group’s LBT for the current quarter included an unrealised forex exchange gain of RM8.9 million. Adjusting for unrealised forex amount, the Group recorded a forex-adjusted LBT of RM27.5 million for the current quarter as compared to a forex-adjusted LBT of RM15 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 30.09.2023	Preceding quarter ended 30.06.2023	Variance + / (-)
Revenue	105,298	132,097	(26,799)
(Loss)/Profit before tax	(18,633)	(25,252)	6,619
Adjust: Forex (gain)/loss	(8,860)	(12,078)	3,218
Forex-adjusted loss before tax	(27,493)	(37,330)	9,837

The Group's quarterly revenue decreased to RM105.3 million, from RM132.1 million in the previous quarter mainly due to lower revenue generated by the Engineering & Construction Division.

Despite the decrease in revenue in the current quarter, the Group posted a forex-adjusted LBT of RM27.5 million, a reduction from forex-adjusted LBT of RM37.3 million reported in the preceding quarter. The improvement in results is mainly due to lower loss incurred in the plantation division by 57.6 million as the division incurred higher expenses in the preceding quarter.

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

3. PROSPECTS

The Group has RM895 million of outstanding order-book as at 30 September 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 mid-term review 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 3 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 actively 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 practise 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 3-month 30.09.2023	Cumulative quarter ended 3-month 30.09.2022
Current tax expense	2,541	3,709
Deferred taxation	(121)	(122)
Income tax expense	2,420	3,587

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 17th November 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 September 2023 are as follows:

RM'000	Denominated in currency	Current	Non-current	Total
Bank overdrafts	RM	38,889	9,594	48,483
Trust receipts	RM	-	-	-
Revolving credits	RM	152,263	-	152,263
Revolving credits	USD	172,926	-	172,926
Term loans	RM	43,966	902,150	946,116
Term loans	USD	-	276,945	276,945
Term loans	IDR	-	-	-
Finance lease liabilities	RM	4,191	599	4,790
Sukuk	RM	9,636	1,432,741	1,442,377
Bankers acceptance	RM	-	-	-
Invoice financing	RM	-	-	-
Total		421,871	2,622,029	3,043,900

**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 report, 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 2022, 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 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.

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

8. MATERIAL LITIGATIONS (continued)

AEON is claiming against Betanaz, amongst others, the return or payment of RM2,303,087 under the Tenancy Agreement and against AZRB, amongst others, the return of RM28,415,094 under the Commercial Agreement.

Betanaz has filed its Reply to Defence and Defence to Counter-claim on 19 April 2021 and AZRB has filed its Defence to the Counter-Claim and an Application to Strike Out the Counter-Claim on 7 May 2021. On 22 October 2021, the High Court allowed AZRB's striking out application against AEON's Counterclaim with costs. On 26 October 2021, AEON appealed to the Court of Appeal against the High Court Order dated 22 October 2021. On 9 May 2022, the Court of Appeal allowed AEON's appeal and set aside the Order of the High Court dated 22 October 2021. As a result, AZRB was reinstated as the 2nd Defendant in AEON's Counterclaim.

On 01 June 2023, AEON filed 2 Applications against Betanaz and AZRB for specific discovery of a number of categories of documents ("Specific Discovery Applications"). Both AEON's Specific Discovery Applications were heard by the trial Judge on the first day of Trial on 06 July 2023, and were dismissed with costs in the cause.

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

9. DIVIDEND

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

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

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> 30.09.2023	Comparative quarter ended <u>3-month</u> 30.09.2022	Cumulative quarter ended <u>3-month</u> 30.09.2023	Cumulative quarter ended <u>3-month</u> 30.09.2022
Loss attributable to owners of the Company	(19,985)	(27,917)	(19,985)	(27,917)
Weighted average number of ordinary shares in issue	598,098	598,098	598,098	598,098
Loss per share (sen)	(3.34)	(4.67)	(3.34)	(4.67)

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.