

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 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 6-MONTH PERIOD ENDED 31 DECEMBER 2023**

RM’000	Note	Current quarter ended 3-month 31.12.2023	Comparative quarter ended 3-month 31.12.2022	Cumulative quarter ended 6-month 31.12.2023	Cumulative quarter ended 6-month 31.12.2022
Revenue		71,128	83,377	176,426	158,176
Operating expenses	1	(146,736)	(119,236)	(261,663)	(217,891)
Other operating income		189,082	979	190,245	3,323
Profit/(Loss) from operating activities		113,474	(34,880)	105,008	(56,392)
Finance income		12,589	13,080	25,867	27,539
Finance expenses		(24,738)	(18,771)	(48,183)	(36,970)
Share of loss of associates		-	-	-	(2)
Profit/(Loss) before tax		101,325	(40,571)	82,692	(65,825)
Income tax expense		(2,064)	(3,625)	(4,484)	(7,212)
Profit/(Loss) for the period	2	99,261	(44,196)	78,208	(73,037)
Other comprehensive (loss)/income, net of tax					
Actuarial gain from employee benefits		573	-	-	-
Foreign currency translation differences for foreign operations		(11,741)	23,907	(1,119)	(16,433)
Other reserve and non-controlling interest movement upon disposal of subsidiary		29,186	-	29,186	-
Total comprehensive profit/(loss) for the period		117,279	(20,289)	106,275	(56,604)
Profit/(Loss) attributable to:					
Owners of the Company		99,198	(42,343)	79,213	(70,260)
Non-controlling interests		63	(1,853)	(1,005)	(2,777)
Profit/(Loss) for the period		99,261	(44,196)	78,208	(73,037)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 2023**

RM'000	Current quarter ended <u>3-month</u> 31.12.2023	Comparative quarter ended <u>3-month</u> 31.12.2022	Cumulative quarter ended <u>6-month</u> 31.12.2023	Cumulative quarter ended <u>6-month</u> 31.12.2022
Total comprehensive Profit/(Loss) attributable to:				
Owners of the Company	95,923	(19,700)	86,540	(54,652)
Non-controlling interests	21,356	(589)	19,735	(1,952)
Total comprehensive Profit/(Loss) for the period	117,279	(20,289)	106,275	(56,604)
Earnings/(Loss) per ordinary share (sen)	15.08	(7.08)	12.04	(11.75)
Note 1:				
Operating expenses represents the following:				
Cost of sales	79,639	78,989	177,576	147,658
(Gain)/Loss on foreign exchange - unrealised	(2,675)	24,102	(11,532)	34,443
Other operating expenses	69,772	16,145	95,619	35,790
Total	146,736	119,236	261,663	217,891
Note 2:				
Profit/(Loss) for the period is arrived at after (crediting)/charging the following items:				
Interest income	(400)	(251)	(1,325)	(1,729)
Accretion of fair value of non-current receivables	(12,189)	(12,829)	(24,542)	(25,810)
Interest expenses	24,546	16,494	47,516	34,365
Depreciation and amortisation of non-current assets	6,505	5,903	8,929	13,799
Gain on disposal of subsidiary	(189,188)	-	(189,188)	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31 DECEMBER 2023**

RM'000	Unaudited as at 31.12.2023	Audited as at 30.06.2023
ASSETS		
Non-current assets		
Property, plant and equipment	290,267	663,926
Land held for development	54,610	54,376
Available-for-sale investments	68	68
Right-of-use assets	21,151	33,066
Investment properties	9,102	7,407
Intangible assets	50,697	51,678
Concession service assets	2,475,190	2,429,713
Investments in associates	2,640	2,640
Deferred tax assets	7,331	14,909
Trade and other receivables	568,701	560,943
Total non-current assets	3,479,757	3,818,726
Current assets		
Biological assets	-	139
Inventories	10,149	36,533
Tax recoverable	2,578	2,557
Construction contract assets	99,936	159,581
Trade and other receivables	334,373	298,655
Financial assets at fair value through profit or loss	72,465	71,488
Cash and deposits	390,832	246,675
Total current assets	910,333	815,628
Total assets	4,390,090	4,634,354

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31 DECEMBER 2023**

RM'000	Unaudited as at 31.12.2023	Audited as at 30.06.2023
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	209,746	197,536
Reserves	(43,750)	(130,290)
Equity attributable to owners of the Company	165,996	67,246
Non-controlling interests	746	(18,989)
Total equity	166,742	48,257
Non-current and deferred liabilities		
Loans and borrowings	2,350,498	2,599,968
Lease liabilities	18,360	13,656
Employee benefits	187	7,476
Deferred tax liabilities	148,760	151,724
Trade and other payables	281,029	214,107
Total non-current and deferred liabilities	2,798,834	2,986,931
Current liabilities		
Loans and borrowings	418,217	448,689
Lease liabilities	2,586	3,667
Construction contract liabilities	750	750
Trade and other payables	976,345	1,120,237
Tax liabilities	26,616	25,823
Total current liabilities	1,424,514	1,599,166
Total liabilities	4,223,348	4,586,097
Total equity and liabilities	4,390,090	4,634,354

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 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	-	-	-	-	-	-	79,213	79,213	(1,005)	78,208
Foreign currency translation differences for foreign operations	-	(16)	-	(1,104)	-	-	-	(1,120)	1	(1,119)
Other reserve and non-controlling interest movement upon disposal of subsidiary	-	301	-	8,146	-	-	-	8,447	20,739	29,186
Total comprehensive income/(loss) for the year	-	285	-	7,042	-	-	79,213	86,540	19,735	106,275
Private placement of ordinary shares	12,210	-	-	-	-	-	-	12,210	-	12,210
At 31 December 2023	209,746	971	27,889	770	1,506	(1,026)	73,860	165,996	746	166,742

**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)
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 6-MONTH PERIOD ENDED 31 DECEMBER 2023**

RM'000	Cumulative quarter ended <u>6-month</u> 31.12.2023	Audited for year ended <u>12-month</u> 30.06.2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	82,692	(70,888)
Adjustments for:		
Accretion of fair value on non-current receivables	(24,542)	(51,000)
Interest income	(1,325)	(2,763)
Interest expenses	47,516	89,764
Employees' share scheme (gain)/expenses	-	448
Bad debt written-off	-	62
Amortisation of transaction costs	-	205
Depreciation of property, plant and equipment	7,015	33,127
Depreciation of right-of-use assets	876	8,536
Depreciation of investment properties	193	141
Amortisation of intangible assets	845	1,756
Impairment loss on receivables	-	13,008
Impairment of intangible assets	-	593
Share of loss of associates	-	162
Land held for development written-off	-	5,122
Reversal of development cost	-	15,174
Inventories written-off	139	69
Inventories written-down	-	5,246
Gain on disposal of property, plant and equipment - net	(1,225)	(1,833)
Gain on derecognition of right-of-use assets	-	(2,390)
Gain on disposal of subsidiary	189,188	-
Fair value loss arising from other investment	-	48
Fair value (gain)/loss arising from biological assets	-	521
Operating profit before working capital changes	301,372	45,108
Changes in working capital:		
Decrease/(Increase) in inventories	4,107	(6,642)
Decrease/(Increase) in construction contract assets	59,645	(36,778)
Decrease in property development costs	-	2,054
Increase in concession service assets	(45,477)	(89,000)
Increase in trade and other receivables	(11,363)	47,837
(Decrease)/ Increase in trade and other payables	(255,823)	193,928
Cash from operations	52,461	156,507
Interest received	1,325	2,763
Income tax paid - net	(4,551)	(3,464)
Net cash from operating activities	49,235	155,806

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE 6-MONTH PERIOD ENDED 31 DECEMBER 2023**

RM'000	Cumulative quarter ended <u>6-month</u> 31.12.2023	Audited for year ended <u>12-month</u> 30.06.2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of land held for development	(1,929)	(532)
Addition of property development costs	-	(3,918)
Proceeds from disposal of property, plant and equipment	-	442
Proceeds from terminated projects	-	4,640
Proceed from private placement	12,210	-
Purchase of property, plant and equipment	-	(13,780)
Repayment from affiliate companies	-	1,869
Advance to associate	-	(20)
Net cash from/(used in) investing activities	10,281	(11,299)
CASH FLOWS USED IN FINANCING ACTIVITIES		
(Increase)/Decrease in pledged deposits/restricted cash	(177,676)	(102,141)
Interest paid	(42,675)	(128,197)
Additional/(repayment) of lease liabilities	3,623	(4,319)
Additional/(repayment) of finance lease liabilities (net)	-	(5,278)
Advance from/(used in) associate	-	53
Repayments to holding company	-	(484)
Advance from/(used in) affiliate companies	-	1,398
Proceeds from drawdown of loans and borrowings	134,528	10,339
Net cash from/(used in) financing activities	(82,200)	(228,629)
Net increase/(decrease) in cash and cash equivalents (carried down)	(22,684)	(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	42,253	64,937
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts:		
Deposits placed with licensed banks	68,141	72,335
Cash and bank balances	322,691	174,339
Short term investments	72,465	71,488
	463,297	318,162
Less:		
Bank overdrafts	(38,889)	(48,746)
Pledged deposits and cash and bank balances	(106,338)	(59,323)
Restricted cash and bank balances	(275,817)	(145,156)
Cash and cash equivalents at end of the period	42,253	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

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.

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

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 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, cancellations, repurchases, resale and repayment of debts and equity securities for the current quarter, except for the following:

- a) On 16 October 2023, the Company has allotted and issued 18,800,000.00 new ordinary shares at an issue price of RM0.21 per share pursuant to the Company's Private Placement.
- b) On 23 October 2023, the Company has allotted and issued 30,000,000.00 new ordinary shares at an issue price of RM0.21 per share pursuant to the Company's Private Placement.
- c) On 31 October 2023, the Company has allotted and issued 10,843,400.00 new ordinary shares at an issue price of RM0.181 per share pursuant to the Company's Private Placement.

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								
31.12.2023								
Revenue								
External revenue	104,799	33,016	32,844	-	5,767	-	-	176,426
Inter-segment Revenue	-	-	1,209	-	-	14,838	(16,047)	-
Total revenue	104,799	33,016	34,053	-	5,767	14,838	(16,047)	176,426
Results								
Segment results	(41,837)	16,906	(2,223)	(27,901)	482	137,265	-	82,692
Interest income	281	-	2	-	12	1,030	-	1,325
Interest expenses	(14,069)	(11,469)	(3,296)	(18,559)	(123)	-	-	(47,516)
Non-cash income/ (expenses) (Note i)	1,005	24,542	220	-	-	189,188	-	214,955
Depreciation and amortisation of non-current assets	(785)	(58)	(2,035)	(5,616)	(405)	(29)	-	(8,928)
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 (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)

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

9. SEGMENT REPORTING (continued)

Note i:

RM'000	Cumulative quarter ended 6-month 31.12.2023	Cumulative quarter ended 6-month 31.12.2022
Employee retirement benefits provision	-	-
Accretion of fair value of non-current receivables	24,542	25,810
Amortisation of transaction costs	-	(576)
Gain/(Loss) on foreign exchange - unrealised	-	(34,449)
Gain on disposal of property, plant and equipment	1,225	843
Gain on disposal of subsidiary	189,188	-
Total	214,955	(8,372)

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 29th February 2024 (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

Save as disclosed below, there were no other material changes in the composition of the Group during the current quarter.

The Company had on 27 November 2023 entered into a Share Sale Agreement (“SSA”) with Denai Saujana Sdn Bhd (“the Purchaser”) for the disposal of its entire 95% equity interest in P.T. Ictiar Gusti Pudi (hereinafter referred to as “PTIGP”) which comprises 31,350,000 ordinary shares (“PTIGP Sale Shares”) to the Purchaser for a total cash consideration of RM1.00 (“Consideration”) (hereinafter referred to as “Disposal”). The disposal resulted in a gain on disposal of RM189.2 million which has positively improved the equity. In consequence thereof, PTIGP has ceased to be a subsidiary of the Company.

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.

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 31.12.2023	Cumulative quarter ended 6-month 31.12.2022
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.	(24)	(126)
- Kemaman Quarry Sdn. Bhd.	-	(17)
Non-trade		
Administrative services charged by ultimate holding company	-	61
Insurance premium charged by ultimate holding company	42	286
Rental of land charged by a director of the Company	-	404
Security services charged by ultimate holding company	368	1,043

**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 RM71.1 million and a profit before tax (“PBT”) of RM101.3 million for the current quarter ended 31 December 2023, as compared to a revenue of RM83.4 million and loss before tax (“LBT”) of RM40.6 million in the previous corresponding quarter ended 31 December 2022. The decrease in revenue by 15% is mainly due to lower revenue in the Engineering & Construction Division. Despite lower revenue in the current quarter, the Group registered higher PBT mainly due to the net gain on disposal of PT IGP (Plantation division) of RM189 million recorded in the current quarter.

The Oil & Gas Division recorded revenue of RM16.2 million during the quarter, a decrease of 23% from the revenue in the previous year’s corresponding quarter of RM20.9 million. The lower volume of bunkering activities contributed to the lower revenue performance of the division. The division recorded LBT of RM1.5 million in the current quarter, as compared to RM0.8 million LBT in the corresponding quarter of the previous financial year.

The Engineering & Construction Division reported a revenue of RM33.8 million and LBT of RM35.5 million in the current quarter as compared to a revenue of RM45.6 million and LBT of RM11.0 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 26%.

The Plantation Division recorded nil revenue in the current quarter and a LBT of RM10.7 million as compared to a revenue of RM2.4 million and LBT of RM36.7 million in the corresponding quarter of the previous financial year. The Company had on 27 November 2023 disposed of its entire equity interest in PTIGP as explained in Part A: Explanatory Notes no. 12.

The Property Division reported a revenue of RM3.0 million and PBT of RM0.3 million in the current quarter as compared to a revenue of RM0.9 million and PBT of RM0.2 million in the corresponding quarter of the previous financial year.

The Group posted a PBT of RM101.3 million for the quarter, as compared to a LBT of RM40.6 million recorded for the same quarter in 2022. The Group’s PBT for the current quarter included an unrealised forex exchange gain of RM2.6 million. Adjusting for unrealised forex amount, the Group recorded a forex-adjusted PBT of RM98.7 million for the current quarter as compared to a forex-adjusted LBT of RM16.5 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 31.12.2023	Preceding quarter ended 30.09.2023	Variance + / (-)
Revenue	71,128	105,298	(34,170)
Profit/(Loss) before tax	101,325	(18,633)	119,958
Adjust: Forex (gain)/loss	(2,675)	(8,860)	6,185
Forex-adjusted profit/(loss) before tax	98,650	(27,493)	126,143

The Group's quarterly revenue decreased to RM71.1 million, from RM105.3 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 PBT of RM98.7 million, a significant improvement from forex-adjusted LBT of RM27.5 million reported in the preceding quarter. The improvement in results is mainly contributed by net gain on disposal of PT IGP (Plantation division) of RM189m in the current quarter.

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

3. PROSPECTS

The Group has RM803 million of outstanding order-book as at 31 December 2023 and continues to focus in increasing 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.

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.

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

Not applicable.

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

5. TAXATION

RM'000	Cumulative quarter ended <u>6-month</u> 31.12.2023	Cumulative quarter ended <u>6-month</u> 31.12.2022
Current tax expense	5,480	7,455
Deferred taxation	(995)	(243)
Income tax expense	4,484	7,212

6. CORPORATE PROPOSALS

There are no corporate proposals which have been announced by the Company but not completed as at 31st December 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 2023 are as follows:

RM'000	Denominated in currency	Current	Non-current	Total
Bank overdrafts	RM	38,889	9,862	48,751
Trust receipts	RM	-	-	-
Revolving credits	RM	150,932	-	150,932
Revolving credits	USD	-	-	-
Term loans	RM	207,505	907,203	1,114,708
Term loans	USD	-	-	-
Finance lease liabilities	RM	1,794	589	-
Sukuk	RM	19,097	1,432,844	2,383
Bankers acceptance	RM	-	-	1,451,941
Invoice financing	RM	-	-	-
Total		418,217	2,350,498	2,768,715

**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 continued on 1 September 2023, 23 to 24 November 2023, 12 January 2024 and 23 to 24 January 2024. The trial is scheduled to continue on 18 to 19 April 2024, 6,7 and 9 May 2024, 27 to 28 June 2024 and 18 July 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. EARNINGS/(LOSS) PER SHARE

The basic earnings/(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> 31.12.2023	Comparative quarter ended <u>3-month</u> 31.12.2022	Cumulative quarter ended <u>6-month</u> 31.12.2023	Cumulative quarter ended <u>6-month</u> 31.12.2022
Earnings/(Loss) attributable to owners of the Company	99,198	(42,343)	79,213	(70,260)
Weighted average number of ordinary shares in issue	657,741	598,098	657,741	598,098
Earnings/(Loss) per share (sen)	15.08	(7.08)	12.04	(11.75)

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.