

Registration No. 199701017271 (432768 - X)

AHMAD ZAKI RESOURCES BERHAD
Registration No. 199701017271 (432768 - X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**
(In Ringgit Malaysia)

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

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AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors of **AHMAD ZAKI RESOURCES BERHAD** hereby submit their report and together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, providing management services and as contractor of civil and structural works.

The information on the name, principal activities, country of incorporation and proportion of ownership interest and voting power held by the Company in each subsidiary and associate is disclosed in Notes 17 and 18 to the financial statements respectively.

FINANCIAL RESULTS

| | Group RM'000 | Company RM'000 |
|--|-------------------------|---------------------------|
| Profit/(Loss) for the financial year, net of tax: | | |
| Continuing operations | 106,481 | (132,358) |
| Discontinuing operation | <u>(22,680)</u> | <u>-</u> |
| | <u>83,801</u> | <u>(132,358)</u> |
| Attributable to: | | |
| Owners of the Company | 95,130 | (132,358) |
| Non-controlling interests | <u>(11,329)</u> | <u>-</u> |
| | <u>83,801</u> | <u>(132,358)</u> |

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

On 16 October 2023, the Company issued 18,800,000 new ordinary shares at an issue price of RM0.21 per ordinary share pursuant to a Private Placement exercise to eligible investors for working capital purpose.

On 23 October 2023, the Company issued 30,000,000 new ordinary shares at an issue price of RM0.21 per ordinary share pursuant to a Private Placement exercise to eligible investors for working capital purpose.

On 31 October 2023, the Company issued 10,843,400 new ordinary shares at an issue price of RM0.181 per ordinary share pursuant to a Private Placement exercise to eligible investors for working capital purpose.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the year.

WARRANTS

The warrants are constituted by a Deed Poll dated 18 March 2014. Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 14 May 2014 until 13 May 2024 at an adjusted exercise price of RM0.63 per share for every warrant held in accordance with the provisions in the Deed Poll. Any warrants not exercised at the date of maturity will lapse and cease to be valid for any purpose.

On 8 May 2024, 69 units of warrants were redeemed by the Company.

The movements of the Warrants during the financial year are as follows:

| | At 1.7.2023 Unit | Exercised Unit | Expired Unit | At 30.6.2024 Unit |
|-----------------------|---------------------------------|---------------------------|-------------------------|----------------------------------|
| Warrants 2014/2024 | 116,201,952 | (69) | (116,201,883) | - |

On 13 May 2024, the remaining 116,201,883 units of warrants which were not exercised prior to the expired date, had lapsed.

There was no issuance of new Warrants during the financial year.

EMPLOYEES' SHARE SCHEME

At an extraordinary general meeting ("EGM") held on 17 March 2014, the Company's shareholders approved the establishment of an Employees' Share Scheme ("ESS") of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Directors of the Company and its subsidiaries which are not dormant at any point in time. The ESS was implemented on 18 August 2014 ("Effective Date") for a period of 5 years which expired on 17 August 2019. The ESS has been extended for a further period of 5 years expiring on 17 August 2024.

The salient features of the ESS are, inter alia, as follows:

- (i) Eligible employees are those full-time employees whose employment with the Group have been confirmed while eligible Directors are those Directors including non-executive and/or independent Directors of the Group. The maximum allocation of ESS Shares Award and ESS Options ("Awards") to the Directors has been approved by the shareholders of the Company at the EGM.
- (ii) The aggregate maximum new number of shares to be issued under the ESS shall not exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares) at any time throughout the duration of the ESS.

The ESS shall be valid for a period of 5 years and may be further extended for a maximum period of 5 years and such extension shall not in aggregate exceed the duration of 10 years from the Effective Date.

- (iii) Following the implementation of the Companies Act 2016 in Malaysia, the exercise price of each share comprised in the ESS Options shall be at a discount (as determined by the ESS Committee) of not more than 10% to the 5 market days' volume weighted average market price of the underlying shares preceding the award date of the ESS Options or the par value of the Company's shares, whichever is higher.
- (iv) The allocation of ESS Options to any individual eligible employee or Director who either singly or collectively through persons connected with them, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares), shall not exceed ten percent (10%) of the new shares of the Company to be issued pursuant to the ESS.
- (v) The actual number of shares which may be awarded under the ESS Shares Award shall be at the discretion of the ESS Committee. The ESS Committee may stipulate any terms and conditions it deems appropriate in an ESS Shares Award and the terms and conditions may differ.
- (vi) If the ESS Shares Award is not accepted in the manner as set out in the By-law, the ESS Shares Award shall automatically lapse upon the expiry and be null and void.

EMPLOYEES' SHARE SCHEME (CONT'D)

The salient features of the ESS are, inter alia, as follows (cont'd):

- (vii) The ESS Committee shall, as and when it deems practicable and necessary, reviews and determines at its own discretion the vesting conditions in respect of an ESS Shares Award which includes, amongst others, the following:
 - (a) the grantee must remain an employee as at the vesting date;
 - (b) the performance conditions are fully and duly satisfied; and/or
 - (c) any other conditions which are determined by the ESS Committee.
- (viii) The new shares to be allotted and issued under the ESS shall rank *pari passu* in all respects with the then existing shares of the Company except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of the allotment of the new shares.

The movements in ESS Options and ESS Shares Award are disclosed in Note 37 to the financial statements.

TREASURY SHARES

There were no repurchase of the Company's shares during the financial year under review.

As at 30 June 2024, the Company held a total of 1,662,862 ordinary shares as treasury shares out of its issued and paid-up share capital of 656,078,285 ordinary shares. Such treasury shares are held at carrying amount of RM1,025,787 and further relevant details are disclosed in Note 28 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

DIRECTORS

The name of Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:

Tan Sri Dr Madinah binti Mohamad
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Dato' Sri Wan Zakariah bin Haji Wan Muda
Dato' Ir. W Zulkifli bin Haji W Muda
Dato' Roslan bin Tan Sri Jaffar
Dato' Ir. Haji Che Noor Azeman bin Yusoff
Lee Chee Khoon
Dato' Haji Wan Mohd Hilmi bin Wan Kamal (Appointed on 15 March 2024)

The names of the Directors of the Company's subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are (not including those Directors listed above) are:

Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah
Dato' Seri Tengku Baderul Zaman Ibni Sultan Mahmud
Dato' Tengku Rozanna Petri binti Tengku Mohamed Nasrun
Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob
Dato' Sri Adnan bin Wan Mamat
Dato' Haji Bahari bin Johari
Dato' Haji Zakaria bin Awang
Wan Azwan Shah bin Tan Sri Dato' Sri Haji Wan Zaki
Wan Ramzi bin Haji Wan Muda
Mohammad Fauzi bin Haji Ahmad
Hamkamarul Bahrin bin Mohamad
Mohd Zulkifli bin Yusof
Wan Razali bin W Zulkifli
Dato' Haji Rozi bin Mamat
Dato' Haji Nik Dir bin Nik Wan Ku
Dato' Haji Din bin Adam
Haida Shenny binti Hazri
Hayati binti Tamzir
Wan Amir Hisyam bin Wan Zakariah
Mohd Hamdan bin Mahayet
Shahrulanuar bin Ishak
Mohd Nasir bin Mohd Noor
Mohd Jauhari bin Mohamad
Tengku Puteri Raja Tengku Puteri Iman Afzan binti Al-Sultan Abdullah
Dr. Tengku Muhammad Fa-iz Petra Ibni Al- Marhum Sultan Ismail Petra
Dato' Arjunaidi bin Mohamed (Appointed on 1 February 2024)
Mohd Rizaini bin Ghazali (Appointed on 24 July 2024)
Dr HjH Wan Maimun binti Wan Abdullah (Resigned on 15 July 2023)
Dato' Ir. Dr Ashaari bin Mohamad (Resigned on 31 December 2023)
Tan Sri Dato Sri Haji Wan Zaki bin Haji Wan Muda (Resigned on 31 December 2023)
Azmi bin Mat Ali (Resigned on 24 July 2024)

DIRECTORS' INTERESTS

The direct and deemed interests in the ordinary shares, warrants and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as required under Section 59 of the Companies Act 2016 in Malaysia are as follows:

| | Number of Ordinary Shares | | | |
|--|----------------------------------|---------------|---------------|----------------------------|
| | As at 1.7.2023 | Bought | Sold | As at 30.6.2024 |
| Direct interest in the Company | | | | |
| Dato' Sri Wan Zakariah bin Haji Wan Muda | 5,266,220 | - | - | 5,266,220 |
| Dato' Ir. W Zulkifli bin Haji W Muda | 10,003,789 | - | - | 10,003,789 |
| Dato' Roslan bin Tan Sri Jaffar Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 1,061,262 | - | - | 1,061,262 |
| | 2,000,000 | - | - | 2,000,000 |
| Indirect interest in the Company | | | | |
| Dato' Sri Wan Zakariah bin Haji Wan Muda | 27,000 | - | - | 27,000 |
| Dato' Ir. W Zulkifli bin Haji W Muda | 863,125 | 43,000 | - | 906,125 |
| Dato' Roslan bin Tan Sri Jaffar* | 492,187 | - | - | 492,187 |
| Warrants 2014/2024 | | | | |
| | As at 1.7.2023 | Bought | Lapsed | As at 30.6.2024 |
| Direct interest in the Company | | | | |
| Dato' Sri Wan Zakariah bin Haji Wan Muda | 429,368 | - | (429,368) | - |
| Dato' Ir. W Zulkifli bin Haji W Muda | 225,153 | - | (225,153) | - |
| Dato' Roslan bin Tan Sri Jaffar | 139,218 | - | (139,218) | - |
| Indirect interest | | | | |
| Dato' Roslan bin Tan Sri Jaffar* | 105,468 | - | (105,468) | - |

DIRECTORS' INTERESTS (CONT'D)

The direct and deemed interests in the ordinary shares, warrants and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as required under Section 59 of the Companies Act 2016 in Malaysia are as follows (cont'd):

| | Number of Options over Ordinary Shares | | | |
|--|---|---------------|-------------|----------------------------|
| | As at 1.7.2023 | Bought | Sold | As at 30.6.2024 |
| Direct interest in the Company | | | | |
| Dato' Sri Wan Zakariah bin Haji Wan Muda | 180,000 | - | - | 180,000 |
| Dato' Ir. W Zulkifli bin Haji W Muda | 180,000 | - | - | 180,000 |
| Dato' Roslan bin Tan Sri Jaffar | 180,000 | - | - | 180,000 |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 230,000 | - | - | 230,000 |

| | Number of Ordinary Shares | | | |
|---|----------------------------------|---------------|-------------|----------------------------|
| | As at 1.7.2023 | Bought | Sold | As at 30.6.2024 |
| Holding company, Zaki Holdings (M) Sdn. Bhd. | | | | |
| Dato' Sri Wan Zakariah bin Haji Wan Muda | 1,250,000 | - | - | 1,250,000 |
| Dato' Ir. W Zulkifli bin Haji W Muda | 1,250,000 | - | - | 1,250,000 |
| Indirect interest | | | | |
| Dato' Roslan bin Tan Sri Jaffar* | - | 3,000,000 | - | 3,000,000 |

* Deemed interest in securities held through persons connected with the Director.

By virtue of the Directors' interests in the shares of the holding company, the Director is also deemed to have interests in the shares of the Company and of its related corporations during the financial year to the extent that the Company has an interest.

None of the other Directors holding office as at 30 June 2024 had any shares or had any beneficial interest in the shares of the Company or its related corporations during or as at beginning and end of the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The details of the Directors' remuneration for the financial year ended 30 June 2024 are set out below:

| | Incurring by the Company RM'000 | Incurring by the subsidiaries RM'000 | Total RM'000 |
|-------------------------------|--|---|-------------------------|
| Directors' fees | 537 | 1,108 | 1,645 |
| Salaries and other emoluments | 110 | 4,715 | 4,825 |
| Defined contribution plans | - | 550 | 550 |
| Benefits-in-kind | 31 | 228 | 259 |
| | <u>678</u> | <u>6,601</u> | <u>7,279</u> |

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the ESS Options and ESS Shares Award granted to certain Directors pursuant to the Company's ESS as disclosed above.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

The Company maintains Directors' and Officers' liability insurance for the purpose of Section 289 of the Companies Act 2016 in Malaysia, throughout the financial year which provides appropriate insurance cover for the Directors and Officers of the Company on a Group basis. The amount of insurance premium payable during the financial year amounted to RM73,990 and the amount of indemnity coverage for Directors and Officers of the Company during the financial year amounted RM20,000,000.

There was no indemnity given to or insurance effected for the Auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

HOLDING COMPANY

The Directors regard Zaki Holdings (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the holding company of the Company.

AUDITORS

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

The total amount of audit and other fees paid to or receivables by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as Auditors of the Company and its subsidiaries are amounted to RM230,000 and RM442,000 respectively. Further details are disclosed in Note 6 to the financial statements.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors dated on 28 October 2024.

LEE CHEE KHOON

**DATO' SRI WAN ZAKARIAH
BIN HAJI WAN MUDA**

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

AHMAD ZAKI RESOURCES BERHAD

(Incorporated in Malaysia)

Registration No. 199701017271 (432768 - X)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AHMAD ZAKI RESOURCES BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 30 June 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies information, as set out on pages 20 to 149.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, we have determined that there is no key audit matter in respect of audit of the separate financial statements of the Company to communicate in our auditors' report.

Key audit matters

Our audit performed and responses thereon

(1) Revenue recognition on construction contracts

Our audit procedures included, among others, the following:

For the financial year ended 30 June 2024, the Group recognised revenue on construction contracts of RM322,492,000 which contributed to 65% of the Group's total revenue.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The revenue recognition on construction contracts is considered to be a key audit matter as significant judgement is exercised in determining the estimated total contract revenue and budgeted costs, the extent of the construction costs incurred, variation of scope of work, percentage of completion, as well as the profitability of the construction contracts in estimating foreseeable losses.

- Obtained understanding of the revenue recognition process, including the accuracy and timing of revenue recognition towards satisfaction of performance obligation, and tested the associated relevant controls surrounding revenue recognition.
- Reviewed the agreements (including variation orders) for construction contracts. Tested the reasonableness of the management's computation for the progress of construction projects towards the complete satisfaction of performance obligation taking into account the construction costs recognised during the financial period and the budgeted cost by testing a sample of costs incurred to date to the relevant supporting documentation.
- Reviewed the management prepared budgets and discussed with the project team to ascertain that project budgets are reasonable.

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Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Key audit matters

Our audit performed and responses thereon

(1) Revenue recognition on construction contracts (cont'd)

Our audit procedures included, among others, the following (cont'd):

Refer to “the use of estimates judgements” in Note 2.7(b) to the financial statements and construction contract revenue and construction contract cost recognised in profit or loss in Note 3 to the financial statements.

- Evaluated the reasonableness of the estimates made and assessed whether these estimates showed any evidence of management bias, based on historical accuracy of management’s estimates in prior years.
- Performed site-visits for individually significant on-going projects and discussed with the site team to arrive at an overall assessment as to whether percentage of progress towards complete satisfaction of performance obligation determined on a cost-to-cost basis was reasonable.

(2) Impairment assessment of goodwill and intangible assets

Our audit procedures included, among others, the following:

As at 30 June 2024, the Group has goodwill and intangible assets of RM35,621,000 and RM11,887,000 respectively, relating to the Malaysian supply base operation which arose as a result of acquisition of Matrix Reservoir Sdn. Bhd. and its subsidiaries on 30 December 2016.

- Obtained understanding of management processes and controls for testing impairment of goodwill and intangible assets related to Malaysian supply base operation.
- Reviewed the impairment assessment of goodwill and intangible assets prepared by management and challenged the reasonableness of the key assumptions used in cash flows projections.
- Involved our internal valuation specialist in reviewing the appropriateness of the valuation methodology and discount rate adopted by management in the determination of recoverable amount.

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Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Key audit matters

Our audit performed and responses thereon

(2) Impairment assessment of goodwill and intangible assets (cont'd)

Our audit procedures included, among others, the following (cont'd):

Determining whether the goodwill and intangible assets are impaired which requires management estimation of the recoverable amount, which is determined based on an estimation of the present value of future cash flows expected to be generated. The key assumptions used in the estimation of the recoverable amount involves a significant degree of management judgement.

- Evaluated the work of our internal valuation specialist including the relevance and reasonableness of that specialist's findings or conclusions.
- Assessed for impairment by comparing the recoverable amount determined from an estimation of the present value of future cash flows expected to be generated from the Malaysian supply base operation of the Group to its carrying amount.
- Performed sensitivity analysis on management's key assumptions to assess if any reasonably possible downside changes in these assumptions that can lead to impairment loss.
- Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Refer to key assumptions used as disclosed in Note 14 to the financial statements.

(3) Going concern and liquidity risk assessment

Our audit procedures included, among others, the following:

The financial statements of the Group and of the Company have been prepared on a going concern basis.

- Evaluated management's future plan in improving the operating cash flow of the Group in the next 12 months, which includes evaluating the cash flow forecast for the next 12 months.

As at 30 June 2024, the Group's and the Company's have net current liabilities of RM475,853,000 and RM518,141,000 respectively as a result of losses incurred in the current and previous financial years.

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Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Key audit matters

Our audit performed and responses thereon

(3) Going concern and liquidity risk assessment (cont'd)

Our audit procedures included, among others, the following (cont'd):

These events and conditions may cast significant doubt on the Group's and the Company's ability to continue as a going concern and to meet their obligation as and when they fall due.

- Performed retrospective evaluation by comparing cash flow forecast for prior periods to actual outcomes to assess management's ability to make reasonably reliable forecasts.

This is considered to be a key audit matter because the evaluation of events and conditions, including the actions taken by the Directors in addressing them involve judgement. The judgement is in respect of the key assumptions used in their assessment and management's plan for future action and on the feasibility of those plans.

- Challenged management on the key assumptions underpinning the cash flow forecast to evaluate whether they are reasonably made in the circumstance. In challenging the assumptions, we had taken into account actual results, external data and market conditions.

Refer to "Going concern" in Note 2.4 to the financial statements and "Liquidity risk" in Note 35(b) to the financial statements. Note 2.4 discloses the Directors' assessment on the ability of the Group and of the Company to continue as a going concern while Note 35(b) discloses the Director's assessment on the ability of the Group and of the Company to meet their obligation as and when fall due.

- Assessed the reasonableness of management's assessment that the Group has the ability to meet its debt repayment obligations, taking into consideration sources of funding currently available to the Group to meet its obligations as and when they fall due.
- Assessed the Group's compliance with its debt covenants of bank borrowings.
- Assessed the adequacy and appropriateness of disclosures made in the Group's and the Company's financial statements in respect of events and conditions identified that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern and to meet their obligation as and when fall due as disclosed in Note 2.4 and Note 35(b) to the financial statements respectively.

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Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

Registration No. 199701017271 (432768 - X)

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determined those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

Registration No. 199701017271 (432768 - X)

Report on Other Legal and Regulatory Requirements (cont'd)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
28 October 2024

FOO LEE MENG
(NO: 03069/07/2025(J))
CHARTERED ACCOUNTANT

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

| | Note | Group | | Company | |
|--|------|------------------|------------------|------------------|------------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Revenue | 3 | 495,470 | 371,557 | 66,032 | 50,013 |
| Cost of sales | | <u>(440,188)</u> | <u>(271,797)</u> | <u>(17,899)</u> | <u>(6,992)</u> |
| Gross profit | | 55,282 | 99,760 | 48,133 | 43,021 |
| Other income | | 452,152 | 7,955 | 13,214 | 8,281 |
| Administrative expenses | | (59,151) | (63,339) | (10,800) | (16,709) |
| Impairment of financial assets | | (237,546) | (13,008) | (117,207) | (126,231) |
| Impairment of non-financial assets | | (6,899) | (593) | (1,916) | (351) |
| Other expenses | | <u>(56,432)</u> | <u>(4,246)</u> | <u>(39,157)</u> | <u>(3,886)</u> |
| Profit/(Loss) from operations | | 147,406 | 26,529 | (107,733) | (95,875) |
| Finance income | 4 | 51,610 | 53,763 | 37 | 65 |
| Finance costs | 5 | (65,128) | (58,005) | (26,481) | (19,638) |
| Share of loss of associates, net of tax | | <u>(1,471)</u> | <u>(162)</u> | <u>-</u> | <u>-</u> |
| Profit/(Loss) before tax | 6 | 132,417 | 22,125 | (134,177) | (115,448) |
| Tax (expense)/income | 8 | <u>(25,936)</u> | <u>(29,332)</u> | <u>1,819</u> | <u>-</u> |
| Profit/(Loss) from continued operations, net of tax | | 106,481 | (7,207) | (132,358) | (115,448) |
| Loss from discontinued operation, net of tax | 9 | <u>(22,680)</u> | <u>(96,680)</u> | <u>-</u> | <u>-</u> |
| Profit/(Loss) for the financial year | | <u>83,801</u> | <u>(103,887)</u> | <u>(132,358)</u> | <u>(115,448)</u> |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Other comprehensive loss, net of tax | | | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | | | |
| Foreign currency translation differences for foreign operations | | (417) | (19,028) | (176) | (136) |
| Total other comprehensive loss for the financial year | | (417) | (19,028) | (176) | (136) |
| Total comprehensive income/(loss) for the financial year | | 83,384 | (122,915) | (132,534) | (115,584) |
| Profit/(Loss) attributable to: | | | | | |
| Owners of the Company | | | | | |
| - Continuing operations | | 116,676 | 2,615 | (132,358) | (115,448) |
| - Discontinuing operations | | (21,546) | (91,846) | - | - |
| Non-controlling interests | | | | | |
| - Continuing operations | | (10,195) | (9,822) | - | - |
| - Discontinuing operations | | (1,134) | (4,834) | - | - |
| Profit/(Loss) for the financial year | | 83,801 | (103,887) | (132,358) | (115,448) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Owners of the Company | | | | | |
| - Continuing operations | | 115,936 | 4,502 | (132,534) | (115,584) |
| - Discontinuing operations | | (21,223) | (111,714) | - | - |
| Non-controlling interests | | | | | |
| - Continuing operations | | (10,212) | (9,823) | - | - |
| - Discontinuing operations | | (1,117) | (5,880) | - | - |
| Total comprehensive income/(loss) for the financial year | | 83,384 | (122,915) | (132,534) | (115,584) |

Registration No. 199701017271 (432768 - X)

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | Note | Group 2024 RM'000 | Group 2023 RM'000 |
|---|------|-------------------------|-------------------------|
| Profit/(Loss) per ordinary share (sen) | | | |
| Basis and diluted | | | |
| - Continuing operations | 10 | 17.32 | 0.44 |
| - Discontinuing operations | 10 | <u>(3.20)</u> | <u>(15.35)</u> |

The accompanying notes form an integral part of the financial statements.

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

| | Note | Group | | Company | |
|---------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 339,240 | 716,808 | 1,820 | 1,762 |
| Right-of-use assets | 12 | 14,076 | 33,066 | 61,374 | 62,972 |
| Investment properties | 13 | 9,535 | 7,407 | - | - |
| Intangible assets | 14 | 50,180 | 51,678 | - | - |
| Concession service assets | 15 | 2,560,042 | 2,429,713 | - | - |
| Inventories | 16 | 54,644 | 54,376 | - | - |
| Investments in subsidiaries | 17 | - | - | 833,729 | 869,771 |
| Investments in associates | 18 | 1,169 | 2,640 | 2,640 | 2,640 |
| Interests in joint ventures | 19 | - | - | - | - |
| Investments in financial assets | 20 | 68 | 68 | 68 | 68 |
| Deferred tax assets | 21 | 3,456 | 14,909 | 2,061 | 235 |
| Trade and other receivables | 22 | 517,141 | 560,943 | - | - |
| Total non-current assets | | 3,549,551 | 3,871,608 | 901,692 | 937,448 |
| Current assets | | | | | |
| Inventories | 16 | 11,160 | 36,533 | - | - |
| Trade and other receivables | 22 | 206,894 | 238,716 | 410,746 | 453,636 |
| Construction contract assets | 23 | 136,481 | 166,638 | 4,880 | 1,938 |
| Biological assets | 24 | - | 139 | - | - |
| Short term investments | 25 | 15,390 | 71,488 | - | - |
| Tax recoverable | | 2,317 | 2,557 | 357 | 357 |
| Cash and deposits | 26 | 435,144 | 246,675 | 3,373 | 3,197 |
| Total current assets | | 807,386 | 762,746 | 419,356 | 459,128 |
| TOTAL ASSETS | | 4,356,937 | 4,634,354 | 1,321,048 | 1,396,576 |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024 (CONT'D)

| | Note | Group | | Company | |
|--|------|------------------|------------------|------------------|------------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Share capital | 27 | 237,635 | 197,536 | 237,635 | 197,536 |
| Treasury shares | 28 | (1,026) | (1,026) | (1,026) | (1,026) |
| Reserves | 29 | (37,077) | (129,264) | (236,754) | (76,331) |
| Equity attributable to owners of the Company | | 199,532 | 67,246 | (145) | 120,179 |
| Non-controlling interests | 17 | (8,462) | (18,989) | - | - |
| Total equity | | <u>191,070</u> | <u>48,257</u> | <u>(145)</u> | <u>120,179</u> |
| Non-current liabilities | | | | | |
| Loans and borrowings | 30 | 2,423,737 | 2,602,968 | 311,828 | 236,790 |
| Lease liabilities | 31 | 9,684 | 13,656 | 66,120 | 66,809 |
| Employee benefits | 32 | - | 7,476 | - | - |
| Deferred tax liabilities | 21 | 141,780 | 151,724 | - | - |
| Trade and other payables | 33 | 307,427 | 214,107 | 5,748 | - |
| Total non-current liabilities | | <u>2,882,628</u> | <u>2,989,931</u> | <u>383,696</u> | <u>303,599</u> |
| Current liabilities | | | | | |
| Trade and other payables | 33 | 889,969 | 1,116,778 | 917,807 | 946,126 |
| Construction contract liabilities | 23 | 1,365 | 750 | - | - |
| Loans and borrowings | 30 | 350,193 | 449,148 | 19,000 | 26,012 |
| Lease liabilities | 31 | 4,126 | 3,667 | 690 | 660 |
| Tax payable | | 37,586 | 25,823 | - | - |
| Total current liabilities | | <u>1,283,239</u> | <u>1,596,166</u> | <u>937,497</u> | <u>972,798</u> |
| Total liabilities | | <u>4,165,867</u> | <u>4,586,097</u> | <u>1,321,193</u> | <u>1,276,397</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>4,356,937</u> | <u>4,634,354</u> | <u>1,321,048</u> | <u>1,396,576</u> |

The accompanying notes form an integral part of the financial statements.

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

| | Non-distributable | | | | | Distributable | | | Total equity RM'000 |
|---|-------------------------|-------------------------|---------------------------|--|-----------------------------------|---------------------------|------------------------------|-------------------------------------|------------------------|
| | Share capital RM'000 | Other reserve RM'000 | Warrant reserve RM'000 | Foreign exchange translation reserve RM'000 | Employees' share scheme RM'000 | Treasury shares RM'000 | Accumulated Losses RM'000 | Non-controlling interests RM'000 | |
| Group | | | | | | | | | |
| As at 1 July 2022 | 197,536 | 650 | 27,889 | 11,745 | 1,506 | (1,026) | (63,842) | (3,286) | 171,172 |
| Loss for the financial year | - | - | - | - | - | - | (89,231) | (14,656) | (103,887) |
| Foreign currency translation differences for foreign operations | - | 36 | - | (18,017) | - | - | - | (1,047) | (19,028) |
| Total other comprehensive loss for the financial year | - | 36 | - | (18,017) | - | - | - | (1,047) | (19,028) |
| Total comprehensive loss for the financial year | - | 36 | - | (18,017) | - | - | (89,231) | (15,703) | (122,915) |
| As at 30 June 2023 | 197,536 | 686 | 27,889 | (6,272) | 1,506 | (1,026) | (153,073) | (18,989) | 48,257 |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | Non-distributable | | | | Distributable | | | | Total equity RM'000 | |
|--|-------------------------|-------------------------|---------------------------|--|-----------------------------------|---------------------------|------------------------------|-----------------|------------------------|-------------------------------------|
| | Share capital RM'000 | Other reserve RM'000 | Warrant reserve RM'000 | Foreign exchange translation reserve RM'000 | Employees' share scheme RM'000 | Treasury shares RM'000 | Accumulated losses RM'000 | Total RM'000 | | Non-controlling interests RM'000 |
| Group (cont'd) | | | | | | | | | | |
| As at 30 June 2023 | 197,536 | 686 | 27,889 | (6,272) | 1,506 | (1,026) | (153,073) | 67,246 | (18,989) | 48,257 |
| Transactions with owners of the Company | | | | | | | | | | |
| Ordinary shares issued pursuant to private placement | 12,210 | - | - | - | - | - | - | 12,210 | - | 12,210 |
| Issuance of ordinary shares pursuant to exercise of warrants | -* | - | -* | - | - | - | - | - | - | - |
| Derecognition of warrants reserve on expiry of warrants | 27,889 | - | (27,889) | - | - | - | - | - | - | - |
| Disposal of a subsidiary | - | - | - | 25,363 | - | - | - | 25,363 | 21,856 | 47,219 |
| Total transactions with owners of the Company | 40,099 | - | (27,889) | 25,363 | - | - | - | 37,573 | 21,856 | 59,429 |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | Non-distributable | | | | Distributable | | | | Total equity RM'000 | |
|---|-------------------------|-------------------------|---------------------------|--|-----------------------------------|---------------------------|------------------------------|-----------------|------------------------|-------------------------------------|
| | Share capital RM'000 | Other reserve RM'000 | Warrant reserve RM'000 | Foreign exchange translation reserve RM'000 | Employees' share scheme RM'000 | Treasury shares RM'000 | Accumulated losses RM'000 | Total RM'000 | | Non-controlling interests RM'000 |
| Group (cont'd) | | | | | | | | | | |
| Profit for the financial year | - | - | - | - | - | - | 95,130 | 95,130 | (11,329) | 83,801 |
| Foreign currency translation differences for foreign operations | - | - | - | (417) | - | - | - | (417) | - | (417) |
| Total other comprehensive income for the financial year | - | - | - | (417) | - | - | - | (417) | - | (417) |
| Total comprehensive loss for the financial year | - | - | - | (417) | - | - | 95,130 | 94,713 | (11,329) | 83,384 |
| As at 30 June 2024 | 237,635 | 686 | - | 18,674 | 1,506 | (1,026) | (57,943) | 199,532 | (8,462) | 191,070 |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | ← | | Non-distributable | | | → | | Total RM'000 |
|---|----------------------------|------------------------------|---|---|------------------------------|---|-----------|-----------------|
| | Share capital RM'000 | Warrant reserve RM'000 | Foreign exchange translation reserve RM'000 | Employees' share scheme RM'000 | Treasury shares RM'000 | Distributable Retained earnings/ (Accumulated losses) RM'000 | | |
| Company | | | | | | | | |
| As at 1 July 2022 | 197,536 | 27,889 | 3,318 | 1,506 | (1,026) | 6,540 | 235,763 | |
| Loss for the financial year | - | - | - | - | - | (115,448) | (115,448) | |
| Foreign currency translation differences for foreign operations | - | - | (136) | - | - | - | (136) | |
| Total other comprehensive loss for the financial year | - | - | (136) | - | - | - | (136) | |
| Total comprehensive loss for the financial year | - | - | (136) | - | - | (115,448) | (115,584) | |
| As at 30 June 2023 | 197,536 | 27,889 | 3,182 | 1,506 | (1,026) | (108,908) | 120,179 | |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | ← | Non-distributable | | | → | Distributable | | |
|--|---------------|-------------------|--------------------------------------|-------------------------|-----------------|---|---------|--------|
| | Share capital | Warrant reserve | Foreign exchange translation reserve | Employees' share scheme | Treasury shares | Retained earnings/ (Accumulated losses) | Total | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Company (cont'd) | | | | | | | | |
| As at 30 June 2023 | 197,536 | 27,889 | 3,182 | 1,506 | (1,026) | (108,908) | 120,179 | |
| Transactions with owners of the Company | | | | | | | | |
| Ordinary shares issued pursuant to private placement | 12,210 | - | - | - | - | - | 12,210 | |
| Issuance of ordinary shares pursuant to exercise of warrants | - | - | - | - | - | - | - | |
| Derecognition of warrants reserve on expiry of warrants | 27,889 | (27,889) | - | - | - | - | - | |
| Total transactions with owners of the Company | 40,099 | (27,889) | - | - | - | - | 12,210 | |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | Non-distributable | | Distributable | | | Total RM'000 |
|---|----------------------------|------------------------------|---|---|------------------------------|-----------------|
| | Share capital RM'000 | Warrant reserve RM'000 | Foreign exchange translation reserve RM'000 | Employees' share scheme RM'000 | Treasury shares RM'000 | |
| Company (cont'd) | | | | | | |
| Loss for the financial year | - | - | - | - | - | (132,358) |
| Foreign currency translation differences for foreign operations | - | - | (176) | - | - | (176) |
| Total other comprehensive loss for the financial year | - | - | (176) | - | - | (176) |
| Total comprehensive loss for the financial year | - | - | (176) | - | - | (132,534) |
| As at 30 June 2024 | 237,635 | - | 3,006 | 1,506 | (1,026) | (241,266) |

*Less than 100

The accompanying notes form an integral part of the financial statements.

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| OPERATING ACTIVITIES | | | | | |
| Profit/(Loss) before tax | | | | | |
| - Continuing operations | | 132,417 | 22,125 | (134,177) | (115,448) |
| - Discontinuing operations | | (22,680) | (93,013) | - | - |
| Total profit/(loss) before tax for the financial year | | 109,737 | (70,888) | (134,177) | (115,448) |
| Adjustments for: | | | | | |
| Accretion of fair value on non-current receivables | | (48,407) | (51,000) | - | - |
| Amortisation of transaction costs | | 523 | 205 | - | - |
| Amortisation of intangible assets | | 1,361 | 1,756 | - | - |
| Bad debts written off | | 2,599 | 62 | 453 | 37 |
| Depreciation of property, plant and equipment | | 21,973 | 33,127 | 21 | 60 |
| Depreciation of right-of-use assets | | 3,880 | 8,536 | 1,598 | 1,598 |
| Depreciation of investment properties | | 191 | 141 | - | - |
| Dividend received from subsidiary companies | | - | - | (31,872) | (27,730) |
| Employee retirement benefits provision | | - | 448 | - | - |
| Fair value loss on financial assets | | - | 48 | - | - |
| Fair value loss arising from biological assets | | - | 521 | - | - |
| Gain on disposal of property, plant and equipment - net | | (1,645) | (1,833) | - | (112) |
| Gain on lease modification of right-of-use assets | | - | (2,390) | - | - |
| Gain on redemption of redeemable convertible preference shares ("RCPS") | | - | - | (11,936) | (6,862) |
| (Gain)/Loss on disposal of a subsidiary | 17 | (423,515) | - | 19,042 | - |
| Grant income recognised | | (177) | (177) | - | - |
| Impairment of investment in subsidiary companies | | - | - | - | 351 |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| OPERATING ACTIVITIES | | | | | |
| (CONT'D) | | | | | |
| Adjustments for (cont'd): | | | | | |
| Impairment loss on receivables | | 237,546 | 13,008 | 117,207 | 126,231 |
| Impairment loss on intangible assets | | - | 593 | - | - |
| Impairment loss on construction contract assets | | 4,626 | - | 1,916 | - |
| Impairment loss on property, plant and equipment | | 2,273 | - | - | - |
| Inventories written off | | 17 | 5,191 | - | - |
| Inventories written down | | - | 124 | - | - |
| Interest income | | (3,203) | (2,763) | (37) | (65) |
| Interest expense | | 83,164 | 89,764 | 26,481 | 19,638 |
| Land held for development written off | | - | 5,122 | - | - |
| Property, plant and equipment written off | | 4 | - | - | - |
| (Gain)/Loss on foreign exchange - unrealised | | (274) | - | (274) | 2,829 |
| Reversal of development costs | | - | 15,174 | - | - |
| Share of loss of associates | | 1,471 | 162 | - | - |
| | | <u>1,471</u> | <u>162</u> | <u>-</u> | <u>-</u> |
| Operating (loss)/profit before working capital changes | | (7,856) | 44,931 | (11,576) | 527 |
| Changes in working capital: | | | | | |
| Inventories | | 3,029 | (6,642) | - | - |
| Construction contract assets | | 25,531 | (96,717) | (4,859) | 954 |
| Construction contract liabilities | | 615 | - | - | - |
| Property development costs | | 5,561 | 2,054 | - | - |
| Trade and other receivables | | (132,763) | 107,776 | (116,465) | 305 |
| Trade and other payables | | 88,517 | 200,930 | 20,744 | (8,116) |
| | | <u>88,517</u> | <u>200,930</u> | <u>20,744</u> | <u>(8,116)</u> |
| Cash (used in)/generated from operations | | (17,366) | 252,332 | (112,156) | (6,330) |

AHMAD ZAKI RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Cash generated from/(used in) operations (cont'd) | | (17,366) | 252,332 | (112,156) | (6,330) |
| Income tax (paid)/refund - net | | (10,932) | (3,464) | (7) | (34) |
| Net cash (used in)/from operating activities | | (28,298) | 248,868 | (112,163) | (6,364) |
| INVESTING ACTIVITIES | | | | | |
| Addition of land held for development | | (1,091) | (532) | - | - |
| Addition of property development costs | | (4,688) | (3,918) | - | - |
| Addition of concession service assets | | (130,329) | (89,000) | - | - |
| Acquisition of a subsidiary | | - | - | (3,746) | - |
| Addition of investment in a subsidiary | | - | - | (750) | - |
| Advances to associate | | (1) | (20) | - | - |
| Dividend received from subsidiary companies | | - | - | 31,872 | 27,730 |
| Interest received | | 3,203 | 2,763 | 37 | 65 |
| Proceeds from redemption of RCPS | | - | - | 33,432 | 19,221 |
| Proceeds from disposal of property, plant and equipment | | 1,645 | 442 | - | 112 |
| Proceed from disposal of a subsidiary, net cash used in disposal | 17 | (87) | - | 1 | - |
| Proceeds from terminated projects | | - | 4,640 | - | - |
| Purchase of property, plant and equipment | | (2,580) | (13,780) | (79) | - |
| Purchase of right-of-use assets | (ii) | (900) | - | - | - |
| Advances to/(Repayment from) affiliate companies | | 360 | 1,869 | (41) | (14) |
| Advances to/(Repayment from) subsidiary companies | | - | - | 41,733 | (68,293) |
| Repayment from holding company | | (77) | (404) | - | 574 |
| Net cash (used in)/from investing activities | | (134,545) | (97,940) | 102,459 | (20,605) |

AHMAD ZAKI RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| FINANCING ACTIVITIES | | | | | |
| (Repayment to)/Advances from associate | | (47) | 53 | - | - |
| Advances from/(Repayment to) affiliate companies | | 3,391 | (5,067) | - | - |
| Advance from Directors | | 104 | 250 | - | - |
| Increase in pledged cash and deposits | | (15,202) | (102,141) | - | - |
| Interest paid | | (82,243) | (127,140) | - | (4,120) |
| Issuance of shares | | 12,210 | - | 12,210 | - |
| Repayment to subsidiaries | | - | - | (66,768) | (60,116) |
| (Repayment to)/Advances from holding company | | (1,341) | (484) | (7) | 194 |
| Repayments of lease liabilities | | (4,539) | (5,194) | (3,581) | (3,582) |
| Repayments of finance lease liabilities | | (2,094) | (5,460) | (12) | (36) |
| Net drawdowns of loans and borrowings | | 338,941 | 10,133 | 68,038 | 93,215 |
| Net cash from/(used in) financing activities | | 249,180 | (235,050) | 9,880 | 25,555 |
| CASH AND CASH EQUIVALENTS | | | | | |
| Net changes | | 86,337 | (84,122) | 176 | (1,414) |
| Effect of movement foreign exchange rates | | - | (76) | - | - |
| Brought forward | | 64,937 | 149,135 | 3,197 | 4,611 |
| Carried forward | (i) | 151,274 | 64,937 | 3,373 | 3,197 |

AHMAD ZAKI RESOURCES BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

(i) Cash and cash equivalents

| | Group | | Company | |
|-------------------------------------|------------------|------------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits placed with licensed banks | 161,079 | 72,335 | 1,637 | 1,600 |
| Housing development account | 34 | 556 | - | - |
| Cash and bank balances | 274,031 | 173,784 | 1,736 | 1,597 |
| Short term investments | 15,390 | 71,488 | - | - |
| | <u>450,534</u> | <u>318,163</u> | <u>3,373</u> | <u>3,197</u> |
| Less: | | | | |
| Bank overdrafts | (79,578) | (48,746) | - | - |
| Deposits placed with licensed banks | (52,576) | (59,323) | - | - |
| Cash and bank balances | <u>(167,106)</u> | <u>(145,157)</u> | <u>-</u> | <u>-</u> |
| | <u>151,274</u> | <u>64,937</u> | <u>3,373</u> | <u>3,197</u> |

(ii) Acquisition of right-of-use assets

| | Group | | Company | |
|--------------------------------------|---------------|-----------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total addition | 1,136 | 13,906 | - | - |
| Less: Lease liabilities arrangements | <u>(236)</u> | <u>(13,906)</u> | <u>-</u> | <u>-</u> |
| | <u>900</u> | <u>-</u> | <u>-</u> | <u>-</u> |

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

Reconciliation of movement of liabilities to cash flows arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

| Group 2024 | As at 1 July RM'000 | Net drawdown/ (Repayment) RM'000 | Others RM'000 | Effect of movements in foreign exchange RM'000 | Non-cash item (Note 5) RM'000 | As at 30 June RM'000 |
|-------------------------------|---------------------------|---|------------------|--|-------------------------------------|----------------------------|
| | | | | | | |
| Lease liabilities | 17,323 | (4,303) | - | - | 790 | 13,810 |
| Finance lease liabilities | 4,407 | (2,094) | - | - | 131 | 2,444 |
| Loan and borrowings* | 2,998,963 | 260,839 | (645,996) | - | 78,102 | 2,691,908 |
| Amount due to a Director | 1,754 | 104 | - | - | - | 1,858 |
| Amount due to holding company | 9,539 | (1,341) | - | - | - | 8,198 |
| Amount due to affiliates | 1,398 | 3,391 | - | - | - | 4,789 |
| Amount due to associate | 53 | (47) | - | - | - | 6 |
| | 3,033,437 | 256,549 | (645,996) | - | 79,023 | 2,723,013 |

* Excluded bank overdrafts and finance lease liabilities

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

Reconciliation of movement of liabilities to cash flows arising from financing activities (cont'd)

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities (cont'd).

| | As at 1 July RM'000 | Net drawdown/ (Repayment) RM'000 | Others RM'000 | Effect of movements in foreign exchange RM'000 | Non-cash item (Note 5) RM'000 | As at 30 June RM'000 |
|-------------------------------|---------------------------|---|------------------|--|-------------------------------------|----------------------------|
| Group (cont'd) | | | | | | |
| 2023 | | | | | | |
| Lease liabilities | 9,767 | 8,712 | (2,031) | - | 875 | 17,323 |
| Finance lease liabilities | 9,685 | (5,460) | - | - | 182 | 4,407 |
| Loan and borrowings* | 2,967,339 | (75,506) | 205 | 21,285 | 85,640 | 2,998,963 |
| Amount due to a Director | 1,504 | 250 | - | - | - | 1,754 |
| Amount due to holding company | 10,023 | (484) | - | - | - | 9,539 |
| Amount due to affiliates | 6,465 | (5,067) | - | - | - | 1,398 |
| Amount due to associate | - | 53 | - | - | - | 53 |
| | 3,004,783 | (77,502) | (1,826) | 21,285 | 86,697 | 3,033,437 |

* Excluded bank overdrafts and finance lease liabilities

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

Reconciliation of movement of liabilities to cash flows arising from financing activities (cont'd)

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities (cont'd).

| | As at 1 July RM'000 | Net drawdown/ (Repayment) RM'000 | Others RM'000 | Non-cash item (Note 5) RM'000 | As at 30 June RM'000 |
|-------------------------------|---------------------------|--|------------------|-------------------------------------|----------------------------|
| Company | | | | | |
| 2024 | | | | | |
| Finance lease liabilities | 12 | (12) | - | - | - |
| Term loans | 262,790 | 68,038 | (23,559) | 23,559 | 330,828 |
| Lease liabilities | 67,469 | (3,581) | - | 2,922 | 66,810 |
| Amount due to holding company | 194 | (7) | - | - | 187 |
| Amount due to subsidiaries | 915,279 | (66,768) | 635 | - | 849,146 |
| | 1,245,744 | (2,330) | (22,924) | 26,481 | 1,246,971 |
| 2023 | | | | | |
| Finance lease liabilities | 50 | (39) | - | 1 | 12 |
| Term loans | 169,575 | 76,528 | - | 16,687 | 262,790 |
| Lease liabilities | 73,387 | (3,582) | (5,286) | 2,950 | 67,469 |
| Amount due to holding company | - | 194 | - | - | 194 |
| Amount due to subsidiaries | 972,879 | (60,116) | 2,516 | - | 915,279 |
| | 1,215,891 | 12,985 | (2,770) | 19,638 | 1,245,744 |

The accompanying notes form an integral part of the financial statements.

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDED 30 JUNE 2024

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2024 comprise financial statements of the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 30 June 2024 do not include other entities.

The Company is principally engaged in investment holding, providing management services and as contractor of civil and structural works.

The information on the name, principal activities, country of incorporation and proportion of ownership interest and voting power held by the Company in each subsidiary and associate is disclosed in Notes 17 and 18 respectively.

The registered office and principal place of business of the Company are both located at Menara AZRB, No. 71, Persiaran Gurney, 54000 Kuala Lumpur.

The financial statements were authorised for issuance by the Board of Directors in accordance with a resolution of the Directors on 28 October 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Adoption of new standard/amendments to MFRSs

At the beginning of the current financial year, the Group and the Company adopted new standard/amendments to MFRSs which are mandatory for the financial periods beginning on or after 1 July 2023.

The initial application of the applicable new standard/amendments to the MFRS did not have material financial impact to the financial statements, except for Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board ("MASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

2.3 Standards issue but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards, if applicable, when they became effective:

Effective for financial period beginning on or after 1 January 2024:-

| | |
|-----------------------------------|---|
| Amendments to MFRS 16 | Leases - Lease Liability in a Sale and Leaseback |
| Amendments to MFRS 101 | Presentation of Financial Statements - Non-current Liabilities with Covenants |
| Amendments to MFRS 101 | Presentation of Financial Statements - Classification of Liabilities as Current or Non-current |
| Amendments to MFRS 107 and MFRS 7 | Statement of Cash Flows and Financial Instruments - Disclosures - Supplier Finance Arrangements |

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

2.3 **Standards issue but not yet effective (cont'd)**

Effective for financial period beginning on or after 1 January 2025:-

| | |
|------------------------|--|
| Amendments to MFRS 121 | The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability |
|------------------------|--|

Effective for financial period beginning on or after 1 January 2026:-

| | |
|---------------------------------|--|
| Amendments to MFRS 9 and MFRS 7 | Financial Instruments and Financial Instrumental - Disclosures - Amendments to the Classification and Measurement of Financial Instruments |
|---------------------------------|--|

| | |
|--|--|
| Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107 | Annual Improvements to MFRS Accounting Standards - Volume 11 |
|--|--|

Effective for financial period beginning on or after 1 January 2027:-

| | |
|---------|--|
| MFRS 18 | Presentation and Disclosure in Financial Statements |
| MFRS 19 | Subsidiaries without Public Accountability - Disclosures |

Deferred to a date to be determined by MASB:-

| | |
|------------------------------------|--|
| Amendments to MFRS 10 and MFRS 128 | Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|------------------------------------|--|

The initial application of the above new and amended standards are not expected to have any material impacts on the financial statements.

2.4 **Going concern**

As at 30 June 2024, the Group and the Company have net current liabilities as a result of previous financial years losses despite having a profit in current financial year. The Group and the Company have unutilised banking facilities for our continues operation as disclosed in Note 35(b).

In making the assessment whether the Group and the Company are able to continue as a going concern, the Board of Directors ("Board") has prepared appropriate plans to address the effect of those events or conditions:

1. Prepared the Group's cash flow forecast for the year ending 30 June 2025 and evaluated the adequacy of the cash flows to support the operations of the Group. The forecast was reviewed by the Board to ensure the reliability of the underlying data and the reasonableness of the key assumptions used;
2. Proposed implementation of cost rationalisation which would include the reduction of operational costs and capital expenditure;

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Going concern (cont'd)

In making the assessment whether the Group and the Company are able to continue as a going concern, the Board of Directors ("Board") has prepared appropriate plans to address the effect of those events or conditions (cont'd):

3. Renegotiation, where required, with the financial institutions on their borrowings repayment terms, as mentioned in Note 35(b); and
4. Securing additional financing from certain financial institutions and the Government of Malaysia as mentioned in Note 35(b).

The Board foresees a challenging year ahead for the Group and will exercise particular caution in major decisions that may require significant cash outflows. Notwithstanding, the Board will focus on its cost rationalisation efforts and leverage measures to enhance efficiency and productivity in order to steer the Group towards growth and profitability.

Based on management budgets and plans, the Board is of the view that the Group will be able to meet financial obligations for at least 12 months from the date of the end of the reporting period. The Directors believe that there is no material uncertainty in respect of the Group's and the Company's ability to continue as a going concern for the period assessed above due to the level of its current cash holdings and ability to generate operating cash flows.

Therefore, the financial statements have been prepared on a going concern basis. This basis presumes that the business operations of the Group and of the Company will be profitable in the foreseeable future and consequently, the realisation of assets and the settlement of liability will occur in the ordinary course of business.

2.5 Basis of measurement

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise indicated in the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Basis of measurement (cont'd)

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Lease*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and by the Company, unless otherwise stated.

2.6 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to nearest thousand, unless otherwise stated.

2.7 The use of estimates and judgements

The preparation of financial statements in conformity with MFRSs and IC Interpretations require the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. It also requires the management and Directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgements are based on the management’s and Directors’ best knowledge of current events and actions, actual results may defer from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised from the period in which the estimate is revised.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.7 The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:

(a) Revenue from service concession arrangement

The Group recognises revenue and costs in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs. Judgements are required in determining the construction margin in the construction of the infrastructure asset. The estimated margin is based on relative comparison with general industry trend although actual margins may differ.

(b) Revenue recognition on construction contracts and property development activities

As revenue from on-going construction contracts are recognised over time, the amount of revenue recognised at the end of the reporting period depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that property development activities and contract costs incurred for work performed to date bear to the estimated total property development or contract costs.

Significant judgement is required in determining the stage of completion, the extent of the property development and contract costs incurred, the estimated total revenue included any compensation for liquidated ascertained damages and total costs and the recoverability of the development project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

(c) Useful lives of depreciable assets

Depreciate assets, are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of the depreciable assets to be within 2 to 50 years and reviews the useful lives of depreciable assets at each reporting date. At the reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

2.7 **The use of estimates and judgements (cont'd)**

(d) **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

(e) **Impairment of non-financial assets**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(f) **Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(g) **Impairment for expected credit losses of trade receivables and contract assets**

Significant estimate is required in determining the impairment of trade receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and the Company's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.7 The use of estimates and judgements (cont'd)

(h) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(i) Recognition of deferred tax assets

Deferred tax assets are recognised for the tax effects of deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(j) Defined benefit plans

The Group's net obligation in respect of defined benefit plan of a foreign subsidiary is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(k) Classification between investment properties and owner-occupied properties

Classification between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.7 The use of estimates and judgements (cont'd)

(k) Classification between investment properties and owner-occupied properties (cont'd)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. REVENUE

3.1 Disaggregated revenue information

| Type of revenue | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Revenue from contracts with customers: | | | | |
| Contract revenue | 322,492 | 236,430 | 21,525 | 7,360 |
| Sale of goods | 145,985 | 113,493 | - | - |
| Rendering of services | 444 | 407 | - | - |
| Sale of completed properties | - | 800 | - | - |
| Property development | 7,761 | 2,865 | - | - |
| Hotel operation | 4,135 | 3,509 | - | - |
| Food and beverage sales | 513 | 761 | - | - |
| Management fee income | - | - | 12,635 | 14,923 |
| | <u>481,330</u> | <u>358,265</u> | <u>34,160</u> | <u>22,283</u> |
| Revenue from other sources of income: | | | | |
| Dividend income | - | - | 31,872 | 27,730 |
| Rental income | 14,140 | 13,292 | - | - |
| | <u>14,140</u> | <u>13,292</u> | <u>31,872</u> | <u>27,730</u> |
| | <u>495,470</u> | <u>371,557</u> | <u>66,032</u> | <u>50,013</u> |
| Timing of revenue recognition: | | | | |
| At a point in time | 52,867 | 46,990 | - | - |
| Over time | 428,463 | 311,275 | 34,160 | 22,283 |
| | <u>481,330</u> | <u>358,265</u> | <u>34,160</u> | <u>22,283</u> |

3.2 Geographical market

The Group's and the Company's revenue are derived from Malaysia.

3. **REVENUE (CONT'D)**

3.3 **Performance obligations**

(a) **Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group and the Company has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and the Company and that the construction services performed does not create an asset with an alternative use to the Group and the Company.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method (“input method”), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15 *Revenue from Contracts with Customers*. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

The Group and the Company expect revenue from unsatisfied performance obligations to be recognised in the following year as follows:

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Engineering and constructions | | | | |
| Within: | | | | |
| 1-3 years | <u>862,099</u> | <u>859,446</u> | <u>116,391</u> | <u>13,732</u> |

(b) **Goods sold and services rendered**

Revenue from sales of goods in the course of ordinary activities is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of sales and goods and service taxes and discounts.

Revenue from services is recognised when services are rendered. The Group recognises revenue from logistic management services and vessel related services over time, using an input method to measure the progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

3. REVENUE (CONT'D)

3.3 Performance obligations (cont'd)

(c) Property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

(d) Sales of completed properties

Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has been passed to the buyers.

(e) Management fee income

Management fee income is recognised on an accrual basis, by reference to the agreements entered into.

(f) Hotel operation

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

3.4 Revenue from other sources

(a) Dividend income

Dividend income is recognised when the right to receive payment is established.

(b) Rental income

Rental income is recognised on a straight-line basis over the tenure of the lease.

4. FINANCE INCOME

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Interest income on: | | | | |
| - Accretion of fair value on non-current receivables | 48,407 | 51,000 | - | - |
| - Deposits placed with licensed banks | 1,643 | 541 | 37 | 65 |
| - Short term investments | 1,560 | 2,222 | - | - |
| | <u>51,610</u> | <u>53,763</u> | <u>37</u> | <u>65</u> |

Accretion of fair value on non-current receivables represents fair value impact on concession receivables from Government of Malaysia as explained in Note 22.

5. FINANCE COSTS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss: | | | | |
| - Sukuk | 81,345 | 83,123 | - | - |
| - Term loans | 63,194 | 54,953 | 23,559 | 16,687 |
| - Bank overdrafts | 4,141 | 3,058 | - | - |
| - Finance lease liabilities | 131 | 182 | - | 1 |
| - Lease liabilities | 790 | 875 | 2,922 | 2,950 |
| - Revolving credits | 6,814 | 6,900 | - | - |
| - Redeemable preference shares | 280 | 205 | - | - |
| - Trust receipts | - | 357 | - | - |
| - Banker's acceptance | 76 | 171 | - | - |
| - Invoice financing | 21 | 114 | - | - |
| - Reimbursable land cost financing | 931 | - | - | - |
| - Others | 1,114 | (832) | - | - |
| | <u>158,837</u> | <u>149,106</u> | <u>26,481</u> | <u>19,638</u> |

5. FINANCE COSTS (CONT'D)

| | Group | | Company | |
|---|-----------------|-----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Less: Capitalisation of interest | | | | |
| - Sukuk | (59,209) | (58,795) | - | - |
| - Term loans | (31,611) | (30,433) | - | - |
| - Reimbursable land cost financing | (931) | - | - | - |
| - Lease liabilities | - | (9) | - | - |
| - Revolving credits | (2,481) | (1,622) | - | - |
| - Trust receipts | - | (357) | - | - |
| - Banker's acceptance | - | (90) | - | - |
| | <u>(94,232)</u> | <u>(91,306)</u> | <u>-</u> | <u>-</u> |
| Total finance costs, net capitalisation of interest | 64,605 | 57,800 | 26,481 | 19,638 |
| Amortisation of transaction costs | <u>523</u> | <u>205</u> | <u>-</u> | <u>-</u> |
| | <u>65,128</u> | <u>58,005</u> | <u>26,481</u> | <u>19,638</u> |

6. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Auditors' remuneration related to: | | | | |
| Statutory audit fees: | | | | |
| - Grant Thornton Malaysia PLT | 580 | 538 | 160 | 150 |
| - Other auditors | 5 | 56 | 5 | 5 |
| Non-assurance-related services: | | | | |
| - Grant Thornton Malaysia PLT | 92 | - | 70 | - |
| Amortisation of intangible assets | 1,361 | 1,756 | - | - |

6. **PROFIT/(LOSS) BEFORE TAX (CONT'D)**

Profit/(Loss) before tax is arrived at after charging/(crediting) (cont'd):

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bad debts written off | 2,599 | 62 | 453 | 37 |
| Directors' fee | 1,645 | 1,179 | 537 | 525 |
| Depreciation of property, plant and equipment | 21,973 | 33,127 | 21 | 60 |
| Depreciation of investment properties | 191 | 141 | - | - |
| Depreciation of right-of-use assets | 3,880 | 8,536 | 1,598 | 1,598 |
| Expenses relating to short term and low value asset leases | 5,054 | 4,932 | 50 | 1 |
| Employee benefits expense*: | | | | |
| - Salaries and other emoluments | 37,564 | 54,550 | 7,273 | 9,274 |
| - Contribution to defined contribution plans | 4,063 | 6,199 | 840 | 964 |
| - Retirement benefits | - | 448 | - | - |
| Fair value loss arising from biological assets | - | 521 | - | - |
| Fair value loss on financial assets | - | 48 | - | - |
| Gain on disposal of property, plant and equipment - net | (1,645) | (1,833) | - | (112) |
| Gain on lease modification of right-of-use assets | - | (2,390) | - | - |
| Gain on redemption of redeemable convertible preference shares | - | - | (11,936) | (6,862) |
| (Gain)/Loss on disposal of a subsidiary | (423,515) | - | 19,042 | - |
| Government grant income | (177) | (177) | - | - |
| Impairment loss on non- financial assets: | | | | |
| - Investment in subsidiaries | - | - | - | 351 |
| - Goodwill | - | 593 | - | - |
| - Property, plant and equipment | 2,273 | - | - | - |

6. **PROFIT/(LOSS) BEFORE TAX (CONT'D)**

Profit/(Loss) before tax is arrived at after charging/(crediting) (cont'd):

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Impairment loss on: | | | | |
| - Trade receivables | 7,402 | 8,912 | - | 1,189 |
| - Subsidiaries (non-trade) | - | - | 2,361 | 124,374 |
| - Affiliate (non-trade) | - | 49 | - | - |
| - Other receivables and deposits | 230,144 | 4,047 | 114,846 | 668 |
| - Construction contract assets | 4,626 | - | 1,916 | - |
| (Gain)/Loss on foreign exchange: | | | | |
| - Unrealised | (274) | - | (274) | 2,829 |
| Rental income generated from investment properties | (711) | (569) | - | - |
| Inventories written down | - | 124 | - | - |
| Inventories written off | 17 | 5,191 | - | - |
| Property, plant and equipment written off | 4 | - | - | - |

* Included in employee benefits expense are the Directors' remuneration disclosed in Note 7 to the financial statements.

7. **KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

The aggregate amounts of emoluments receivable by key management personnel of the Group and of the Company during financial year are as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Executive Directors | | | | |
| - Directors' fees | 43 | 474 | - | - |
| - Salaries and emoluments | 2,075 | 5,851 | 38 | 1,339 |
| - Defined contribution plans | 241 | 627 | - | 157 |
| Total remuneration | 2,359 | 6,952 | 38 | 1,496 |
| Estimated monetary value of benefit-in-kind | 66 | 23 | - | 67 |
| | 2,425 | 6,975 | 38 | 1,563 |
| Non-executive Directors | | | | |
| - Directors' fees | 1,602 | 705 | 537 | 525 |
| - Salaries and emoluments | 2,750 | 56 | 72 | 52 |
| - Defined contribution plans | 309 | - | - | - |
| Total remuneration | 4,661 | 761 | 609 | 577 |
| Estimated monetary value of benefit-in-kind | 193 | 234 | 31 | 50 |
| | 4,854 | 995 | 640 | 627 |
| Key management personnel | | | | |
| - Salaries and emoluments | 2,025 | 1,298 | 540 | 477 |
| - Defined contribution plans | 259 | 172 | 71 | 63 |
| Total remuneration | 2,284 | 1,470 | 611 | 540 |
| Estimated monetary value of benefit-in-kind | 30 | 13 | 10 | 13 |
| | 2,314 | 1,483 | 621 | 553 |
| | 9,593 | 9,453 | 1,299 | 2,743 |

8. TAX EXPENSE/(INCOME)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Estimated tax payable: | | | | |
| - Current year | 20,078 | 15,297 | 7 | - |
| - Under provision in prior financial years | 1,746 | 1,371 | - | - |
| | 21,824 | 16,668 | 7 | - |
| Deferred tax: | | | | |
| - Origination and reversal of temporary differences | (6,563) | 12,520 | (691) | - |
| - Under/(Over) provision in prior financial years | 10,675 | 144 | (1,135) | - |
| | 4,112 | 12,664 | (1,826) | - |
| | 25,936 | 29,332 | (1,819) | - |

Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated taxable profit for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of tax expense/(income) applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Profit/(Loss) before tax | 132,417 | 22,125 | (134,177) | (115,448) |
| Tax expense calculated at Malaysian statutory tax rate of 24% | 31,780 | 5,310 | (32,202) | (27,707) |
| Tax effects of: | | | | |
| Non-deductible expenses | 56,651 | 16,427 | 40,179 | 36,257 |
| Non-taxable income | (79,238) | (2,370) | (11,208) | (8,891) |
| Under provision of tax payable in prior financial years | 1,746 | 1,371 | - | - |

8. **TAX EXPENSE/(INCOME) (CONT'D)**

A reconciliation of tax expense/(income) applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows (cont'd):

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax effects of (cont'd): | | | | |
| Under/(Over) provision of deferred tax in prior financial years | 10,675 | 144 | (1,135) | - |
| Deferred tax assets not recognised | 4,322 | 8,450 | 2,547 | 341 |
| | <u>25,936</u> | <u>29,332</u> | <u>(1,819)</u> | <u>-</u> |

9. **LOSS FOR THE FINANCIAL YEAR FROM DISCONTINUED OPERATION, NET OF TAX**

On 27 November 2023, the Company has disposed of 19,042,713 ordinary shares in the subsidiary, P.T. Ichtiar Gusti Pudi representing 95% equity interest therein.

An analysis of the results of the discontinued operations is as follows:

| | Group | |
|-------------------------|-------------------|------------------|
| | 1.7.2023 | 1.7.2022 |
| | to | to |
| | 27.11.2023 | 30.6.2023 |
| | RM'000 | RM'000 |
| Revenue | - | 8,887 |
| Cost of sales | - | (33,674) |
| Gross loss | - | (24,787) |
| Other income | 6,459 | 1,919 |
| Administrative expenses | (10,579) | (16,627) |
| Other expenses | (1) | (21,554) |
| Loss from operations | (4,121) | (61,049) |
| Finance costs | (18,559) | (31,964) |
| Loss before tax | (22,680) | (93,013) |
| Tax expense | - | (3,667) |
| Loss after tax | <u>(22,680)</u> | <u>(96,680)</u> |

9. **LOSS FOR THE FINANCIAL YEAR FROM DISCONTINUED OPERATION, NET OF TAX (CONT'D)**

An analysis of the results of the discontinued operations is as follows (cont'd):

| | Group | |
|---|-------------------|------------------|
| | 1.7.2023 | 1.7.2022 |
| | to | to |
| | 27.11.2023 | 30.6.2023 |
| | RM'000 | RM'000 |
| Loss after tax (cont'd) | (22,680) | (96,680) |
| Other comprehensive profit/(loss) | 340 | (20,914) |
| | <u>(22,340)</u> | <u>(117,594)</u> |
| Total comprehensive loss for the financial year | <u>(22,340)</u> | <u>(117,594)</u> |

(a) Included in the results from operating activities are as follows:

| | Group | |
|--|-------------------|------------------|
| | 1.7.2023 | 1.7.2022 |
| | to | to |
| | 27.11.2023 | 30.6.2023 |
| | RM'000 | RM'000 |
| Auditors' remuneration related to: | | |
| Statutory audit fees | | |
| - Other auditors | - | 51 |
| Depreciation of right-of-use assets | 10,213 | 2,700 |
| Fair value gain arising from biological assets | - | 521 |
| Impairment loss on trade receivables | - | 5,335 |
| Inventories written down | - | 5,246 |
| | <u>-</u> | <u>5,246</u> |

(b) The cash flows attributable to the discontinued operation are as follows:

| | Group | |
|---|-------------------|------------------|
| | 1.7.2023 | 1.7.2022 |
| | to | to |
| | 27.11.2023 | 30.6.2023 |
| Net cash used in operating activities | (395) | (6,309) |
| Net cash from financing activities | 395 | - |
| | <u>-</u> | <u>-</u> |
| Net cash used in discontinued operation | <u>-</u> | <u>(6,309)</u> |

10. **PROFIT/(LOSS) PER ORDINARY SHARE**

Basic profit/(loss) per ordinary share

The calculation of basic loss per ordinary share at 30 June 2024 was based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding during the year.

| | Group | |
|---|-----------------|-----------------|
| | 2024 | 2023 |
| Continuing operations | | |
| Basic profit per ordinary share | | |
| Net profit attributable to owners of the Company (RM'000) | <u>116,676</u> | <u>2,615</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>673,682</u> | <u>598,097</u> |
| Basic profit per ordinary share (sen) | <u>17.32</u> | <u>0.44</u> |
| Discontinuing operation | | |
| Basic loss per ordinary share | | |
| Net loss attributable to owners of the Company (RM'000) | <u>(21,546)</u> | <u>(91,846)</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>673,682</u> | <u>598,097</u> |
| Basic loss per ordinary share (sen) | <u>(3.20)</u> | <u>(15.35)</u> |
| Diluted earnings per ordinary shares | | |

Diluted earnings per share is the same as basic earnings per shares as there is no dilutive potential ordinary shares outstanding during the financial year.

11. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land RM'000 | Bearer plants RM'000 | Buildings and renovation RM'000 | Machinery and equipment RM'000 | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Asset under construction RM'000 | Total RM'000 |
|--|-------------------------|-------------------------|------------------------------------|-----------------------------------|--------------------------|---|------------------------------------|-----------------|
| Cost | | | | | | | | |
| As at 1 July 2022 | 26,960 | 393,141 | 321,526 | 130,555 | 38,765 | 16,605 | 66,857 | 994,409 |
| Additions | - | - | 11,175 | 249 | 375 | 316 | 1,665 | 13,780 |
| Disposals | - | (1,450) | - | (71) | (6,190) | (10) | - | (7,721) |
| Written off | - | - | - | (981) | (781) | - | - | (1,762) |
| Reclassifications | - | - | 1,700 | - | - | 683 | (2,383) | - |
| Effects of movements in exchange rates | - | 20,002 | (86) | 2,501 | 205 | 86 | - | 22,708 |
| As at 30 June 2023 | 26,960 | 411,693 | 334,315 | 132,253 | 32,374 | 17,680 | 66,139 | 1,021,414 |
| Additions | - | - | 361 | 89 | 834 | 796 | 500 | 2,580 |
| Disposals | - | - | - | (1,893) | (5,739) | - | - | (7,632) |
| Disposal of a subsidiary | - | (405,497) | (32,335) | (60,313) | (3,845) | (1,758) | - | (503,748) |
| Written off | - | - | (64) | - | - | (59) | (4) | (127) |
| Reclassifications | - | - | 15 | - | - | - | (15) | - |
| Effects of movements in exchange rates | - | (6,196) | (504) | (780) | (64) | (27) | - | (7,571) |
| As at 30 June 2024 | 26,960 | - | 301,788 | 69,356 | 23,560 | 16,632 | 66,620 | 504,916 |

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group (cont'd) | Freehold land RM'000 | Bearer plants RM'000 | Buildings and renovation RM'000 | Machinery and equipment RM'000 | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Asset under construction RM'000 | Total RM'000 |
|--|-------------------------|-------------------------|------------------------------------|-----------------------------------|--------------------------|---|------------------------------------|-----------------|
| Accumulated depreciation | | | | | | | | |
| As at 1 July 2022 | - | 79,273 | 46,955 | 85,392 | 37,412 | 12,537 | - | 261,569 |
| Charge for the financial year | - | 18,420 | 7,602 | 4,476 | 831 | 1,798 | - | 33,127 |
| Disposals | - | - | - | (71) | (6,190) | (2) | - | (6,263) |
| Written off | - | - | - | (981) | (781) | - | - | (1,762) |
| Effects of movements in exchange rates | - | 4,780 | 581 | 722 | 204 | 82 | - | 6,369 |
| As at 30 June 2023 | - | 102,473 | 55,138 | 89,538 | 31,476 | 14,415 | - | 293,040 |
| Charge for the financial year | - | 10,213 | 9,052 | 1,446 | 415 | 847 | - | 21,973 |
| Disposals | - | - | - | (1,893) | (5,739) | - | - | (7,632) |
| Disposal of a subsidiary | - | (111,233) | (10,518) | (26,233) | (3,824) | (1,662) | - | (153,470) |
| Written off | - | - | (64) | - | - | (59) | - | (123) |
| Effects of movements in exchange rates | - | (1,453) | (182) | (226) | (64) | (26) | - | (1,951) |
| As at 30 June 2024 | - | - | 53,426 | 62,632 | 22,264 | 13,515 | - | 151,837 |

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group (cont'd) | Freehold land RM'000 | Bearer plants RM'000 | Buildings and renovation RM'000 | Machinery and equipment RM'000 | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Asset under construction RM'000 | Total RM'000 |
|--------------------------------|-------------------------|-------------------------|------------------------------------|-----------------------------------|--------------------------|---|------------------------------------|-----------------|
| Accumulated impairment | | | | | | | | |
| As at 1 July 2022/30 June 2023 | 2,000 | - | - | - | - | - | 9,566 | 11,566 |
| Additions | - | - | 1,490 | - | - | 565 | 218 | 2,273 |
| As at 30 June 2024 | 2,000 | - | 1,490 | - | - | 565 | 9,784 | 13,839 |
| Carrying amounts | | | | | | | | |
| As at 30 June 2023 | 24,960 | 309,220 | 279,177 | 42,715 | 898 | 3,265 | 56,573 | 716,808 |
| As at 30 June 2024 | 24,960 | - | 246,872 | 6,724 | 1,296 | 2,552 | 56,836 | 339,240 |

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company | Freehold land RM'000 | Machinery and equipment RM'000 | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Total RM'000 |
|----------------------------------|----------------------------|---|-----------------------------|---|-----------------|
| Cost | | | | | |
| As at 1 July 2022 | 1,750 | 45 | 3,678 | 361 | 5,834 |
| Disposals | - | - | (870) | - | (870) |
| As at 30 June 2023 | 1,750 | 45 | 2,808 | 361 | 4,964 |
| Addition | - | - | 5 | 74 | 79 |
| Disposals | - | - | (1,187) | - | (1,187) |
| As at 30 June 2024 | 1,750 | 45 | 1,626 | 435 | 3,856 |
| Accumulated depreciation | | | | | |
| As at 1 July 2022 | - | 43 | 3,608 | 361 | 4,012 |
| Charge for the financial year | - | - | 60 | - | 60 |
| Disposals | - | - | (870) | - | (870) |
| As at 30 June 2023 | - | 43 | 2,798 | 361 | 3,202 |
| Charge for the financial year | - | - | 10 | 11 | 21 |
| Disposals | - | - | (1,187) | - | (1,187) |
| As at 30 June 2024 | - | 43 | 1,621 | 372 | 2,036 |
| Carrying amounts | | | | | |
| As at 30 June 2023 | 1,750 | 2 | 10 | - | 1,762 |
| As at 30 June 2024 | 1,750 | 2 | 5 | 63 | 1,820 |

11. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The net carrying amount of property, plant and equipment under finance lease arrangements as follows:

| | Group | | Company | |
|-------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Machinery and equipment | 5,540 | 6,100 | - | - |
| Motor vehicles | 1,158 | 849 | 5 | 10 |
| | <u>6,698</u> | <u>6,949</u> | <u>5</u> | <u>10</u> |

Freehold land and buildings of the Group with total net carrying amounts of RM76,001,000 (2023: RM135,980,000) are charged to financial institutions as securities for banking facilities granted to its subsidiaries.

Material accounting policy information

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land with an infinite life is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|-----------------------------------|-------------|
| Buildings | 2% |
| Renovation | 20% |
| Machinery and equipment | 10% - 33.3% |
| Motor vehicles | 20% - 33.3% |
| Furniture, fittings and equipment | 6.7% - 20% |

Capital work-in-progress consists of buildings under construction/installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until they are completed and ready for their intended use.

Fully depreciated assets are retained in the financial statements until they are no longer in used and no further charge for depreciation is made in respect of these assets.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce. The bearer plants that are available for use are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting such as seedling and planting costs, capitalisation of interest expense on loans and advances utilised to finance on-going planting costs. All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs and interests are expensed and depreciation commences. Upon maturity, these expenditures are depreciated based on estimated annual yield over 25 years.

12. RIGHT-OF-USE ASSETS

The Group and the Company lease several leasehold land, buildings, machinery and equipment, bunkering facilities and office equipment. The lease terms range of the Group and of the Company ranging from 2 to 33 years and 43 years (2023: 2 to 33 years and 43 years).

| Group | Leasehold land RM'000 | Buildings RM'000 | Machinery and equipment RM'000 | Bunkering facilities RM'000 | Office equipment RM'000 | Total RM'000 |
|---------------------------------------|-----------------------------|---------------------|---|-----------------------------------|-------------------------------|-----------------|
| Cost | | | | | | |
| As at 1 July 2022 | 38,656 | 3,537 | 5,560 | 5,184 | 139 | 53,076 |
| Additions | - | 48 | 13,858 | - | - | 13,906 |
| Derecognition | (1,488) | (3,514) | (4,472) | - | - | (9,474) |
| Lease modification | (2,218) | 2,882 | (717) | - | (139) | (192) |
| Effect of movements in exchange rates | 300 | - | - | - | - | 300 |
| As at 30 June 2023 | 35,250 | 2,953 | 14,229 | 5,184 | - | 57,616 |
| Additions | 900 | - | - | 236 | - | 1,136 |
| Derecognition | (2,612) | (257) | (1,312) | (158) | - | (4,339) |
| Disposal of a subsidiary | (30,068) | (654) | (938) | - | - | (31,660) |
| Effect of movements in exchange rates | (135) | (3) | (4) | - | - | (142) |
| As at 30 June 2024 | 3,335 | 2,039 | 11,975 | 5,262 | - | 22,611 |

12. RIGHT-OF-USE ASSETS (CONT'D)

| Group (cont'd) | Leasehold land RM'000 | Buildings RM'000 | Machinery and equipment RM'000 | Bunkering facilities RM'000 | Office equipment RM'000 | Total RM'000 |
|--------------------------------------|-----------------------------|---------------------|---|-----------------------------------|-------------------------------|-----------------|
| Accumulated depreciation | | | | | | |
| As at 1 July 2022 | 16,411 | 3,159 | 5,249 | 470 | 94 | 25,383 |
| Charge for the financial year | 3,221 | 227 | 3,316 | 1,754 | 18 | 8,536 |
| Derecognition | (1,854) | (3,148) | (4,472) | - | - | (9,474) |
| Lease modification | (133) | 67 | (393) | - | (112) | (571) |
| Effect of movement in exchange rates | 676 | - | - | - | - | 676 |
| As at 30 June 2023 | 18,321 | 305 | 3,700 | 2,224 | - | 24,550 |
| Charge for the financial year | 61 | 85 | 1,980 | 1,754 | - | 3,880 |
| Derecognition | (2,612) | (257) | (1,312) | (158) | - | (4,339) |
| Disposal of a subsidiary | (15,101) | (20) | (367) | - | - | (15,488) |
| Effect of movement in exchange rates | (68) | - | - | - | - | (68) |
| As at 30 June 2024 | 601 | 113 | 4,001 | 3,820 | - | 8,535 |
| Carrying amounts | | | | | | |
| As at 30 June 2023 | 16,929 | 2,648 | 10,529 | 2,960 | - | 33,066 |
| As at 30 June 2024 | 2,734 | 1,926 | 7,974 | 1,442 | - | 14,076 |

12. **RIGHT-OF-USE ASSETS (CONT'D)**

| Company | Building* RM'000 |
|--------------------------------------|-----------------------------|
| Cost | |
| As at 1 July 2022 | 75,766 |
| Remeasurement of right-of-use assets | <u>(5,286)</u> |
| As at 30 June 2023/30 June 2024 | <u>70,480</u> |
| Accumulated depreciation | |
| As at 1 July 2022 | 5,910 |
| Charge for the financial year | <u>1,598</u> |
| As at 30 June 2023 | 7,508 |
| Charge for the financial year | <u>1,598</u> |
| As at 30 June 2024 | <u>9,106</u> |
| Carrying amount | |
| As at 30 June 2023 | <u>62,972</u> |
| As at 30 June 2024 | <u>61,374</u> |

* This represents lease of building from a subsidiary which have been eliminated at the Group level.

In the current financial year, amounts recognised in profit or loss are as below:

| | Group | | Company | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Amounts recognised in profit and loss | | | | |
| Depreciation of right-of-use assets | 3,880 | 8,536 | 1,598 | 1,598 |
| Interest expense on lease liabilities | 790 | 875 | 2,922 | 2,950 |
| Expenses relating to short-term lease | <u>5,054</u> | <u>4,932</u> | <u>50</u> | <u>1</u> |
| | <u>9,724</u> | <u>14,343</u> | <u>4,570</u> | <u>4,549</u> |

During the financial year, the total cash outflows for leases for the Group and the Company amounted to RM9,593,000 (2023: RM10,126,000) and RM3,631,000 (2023: RM3,583,000) respectively.

12. **RIGHT-OF-USE ASSETS (CONT'D)**

Material accounting policy information

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

| | |
|-------------------------|-----------|
| Leasehold land | 3% - 10% |
| Buildings | 2% |
| Machinery and equipment | 14% - 20% |
| Bunkering facilities | 25% - 50% |

Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group or the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Company apply the exemption described above, then it classifies the sublease as an operating lease.

12. **RIGHT-OF-USE ASSETS (CONT'D)**

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

13. **INVESTMENT PROPERTIES**

| | Group | |
|------------------------------------|---------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Buildings | | |
| Cost | | |
| As at 1 July 2023/2022 | 7,662 | 4,813 |
| Transfer from completed properties | 2,319 | 2,849 |
| As at 30 June | <u>9,981</u> | <u>7,662</u> |
| Accumulated depreciation | | |
| As at 1 July 2023/2022 | 255 | 114 |
| Charge from the financial year | 191 | 141 |
| As at 30 June | <u>446</u> | <u>255</u> |
| Carrying amount | | |
| As at 30 June | <u>9,535</u> | <u>7,407</u> |
| Fair value | | |
| As at 30 June | <u>14,820</u> | <u>11,315</u> |

Material accounting policy information

Investment properties are stated at cost less accumulated depreciation and any impairment losses.

13. **INVESTMENT PROPERTIES (CONT'D)**

Material accounting policy information (cont'd)

Buildings are depreciated on the straight-line method over its useful life of 50 years (2023: 50 years).

The rental income earned by the Group from its investment properties amounted to RM711,000 (2023: RM568,000).

Direct operating expenses pertaining to the investment properties of the Group that generated rental income and that did not generate any rental income during the financial year amounted to RM26,000 (2023: RM17,000) and RMNil (2023: RM2,000) respectively.

Investment properties comprise of semi-detached factories, a terrace factory and shop lots building that are leased to third parties. The Group has classified these inventories as investment properties due to the change in intended use. The leases contain an initial non-cancellable year ranging from two (2) to three (3) years. Subsequent renewals are negotiated with the lessees and on average renewal years of one (1) year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

| Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|
| The Group estimates the fair value of all investment properties based on the market evidence of transaction prices for similar properties. Valuation processes applied by the Group for level 3 fair value. | Indicative market price of property in vicinity compared. | The estimated fair value would increase/ (decrease) if market prices of property were higher/(lower). |

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

14. INTANGIBLE ASSETS

| Group | Contractual customer relationship RM'000 | Lease agreement RM'000 | Software RM'000 | Goodwill on consolidation RM'000 | Total RM'000 |
|--|--|------------------------|-----------------|----------------------------------|--------------|
| Cost | | | | | |
| As at 1 July 2022 | 8,209 | 16,022 | 287 | 38,887 | 63,405 |
| Effects of movements in exchange rates | - | - | 15 | - | 15 |
| As at 30 June 2023 | 8,209 | 16,022 | 302 | 38,887 | 63,420 |
| Disposal of a subsidiary | - | - | (297) | (588) | (885) |
| Effects of movements in exchange rates | - | - | (5) | - | (5) |
| As at 30 June 2024 | 8,209 | 16,022 | - | 38,299 | 62,530 |

14. INTANGIBLE ASSETS (CONT'D)

| Group (cont'd) | Contractual customer relationship RM'000 | Lease agreement RM'000 | Software RM'000 | Goodwill on consolidation RM'000 | Total RM'000 |
|--|--|------------------------|-----------------|----------------------------------|--------------|
| Accumulated amortisation | | | | | |
| As at 1 July 2022 | 6,450 | 2,843 | 100 | - | 9,393 |
| Amortisation for the financial year | 1,173 | 517 | 66 | - | 1,756 |
| As at 30 June 2023 | 7,623 | 3,360 | 166 | - | 11,149 |
| Amortisation for the financial year | 586 | 775 | - | - | 1,361 |
| Disposal of a subsidiary | - | - | (163) | - | (163) |
| Effects of movements in exchange rates | - | - | (3) | - | (3) |
| As at 30 June 2024 | 8,209 | 4,135 | - | - | 12,344 |
| Accumulated impairment loss | | | | | |
| As at 1 July 2022 | - | - | - | - | - |
| Additions | - | - | - | 593 | 593 |
| As at 30 June 2023 | - | - | - | 593 | 593 |
| Disposal of a subsidiary | - | - | - | (587) | (587) |
| As at 30 June 2024 | - | - | - | 6 | 6 |
| Carrying amount | | | | | |
| As at 30 June 2023 | 586 | 12,662 | 136 | 38,294 | 51,678 |
| As at 30 June 2024 | - | 11,887 | - | 38,293 | 50,180 |

14. INTANGIBLE ASSETS (CONT'D)

Material accounting policy information

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortisation and any impairment losses.

For the purpose of impairment testing, goodwill is allocated to the cash-generating units, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each cash-generating unit are as follows:

| | Group | |
|--|---------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Malaysian supply base operation | 35,621 | 35,621 |
| Malaysian hotel operator unit | 2,410 | 2,410 |
| Multiple business units without significant goodwill | 262 | 263 |
| | 38,293 | 38,294 |

(i) Malaysian supply base operation

The recoverable amount is determined based on value-in-use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a 5 years period with terminal value computation with a pre-tax discount rate ranging from 10% to 12% (2023: 8% to 10%) per annum. The key assumptions for the value-in-use calculation include management's expectation on the growth in the number of vessels berthed per day. The terminal value was estimated using the perpetuity growth model, with a growth rate to perpetuity of 2% (2023: 1%) applied to steady-state estimate earnings at the end of the projected period.

(ii) Malaysian hotel operator unit

The recoverable amount is determined based on value-in-use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a 5 years period with terminal value computation with a pre-tax discount rate of 12% (2023: 10%) per annum. The key assumptions for the value-in-use calculation include management's expectation of the rooms' occupancy. The terminal value was estimated using the perpetuity growth model, with a growth rate to perpetuity of Nil (2023: Nil) applied to steady-state estimate earnings at the end of the projected period.

14. INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash - generating units containing goodwill

Management has identified that a reasonably possible change in one key assumption could cause the carrying amount to exceed the recoverable amount. The values assigned to the key assumptions represent management's assessment of future trends in the industry. A decrease of 1% in future planned revenue and increase of 1% in discount rate used would have increased the impairment loss by RM6,287,000.

15. CONCESSION SERVICE ASSETS

| | Group | |
|------------------------|------------------|------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| As at 1 July 2023/2022 | 2,429,713 | 2,251,485 |
| Additions | <u>130,329</u> | <u>178,228</u> |
| As at 30 June | <u>2,560,042</u> | <u>2,429,713</u> |

Concession service assets represent the project costs incurred on the construction of a highway undertaken by the Group pursuant to a concession agreement with the Government of Malaysia signed on 13 February 2013. The concession agreement gives right to the Group for collection of tolls over a concession period of 50 years from the Government of Malaysia in exchange for services to be rendered in connection with the design, construction, completion, operation, management and maintenance of the East Klang Valley Expressway ("EKVE").

Net interest cost capitalised in concession service assets during the financial year is RM91,751,000 (2023: RM89,228,000).

The Concession Services Assets are still under construction.

Material accounting policy information

Concession asset comprising highway concession is stated at cost less any accumulated amortisation and any impairment losses.

The highway concession cost will be amortised when the highway is ready for its intended use or when toll collection starts whichever is earlier.

In accordance with IC Interpretation 12 *Service Concession Arrangements*, revenue associated with construction works under the Concession Agreement shall be recognised and measured in accordance with MFRS 15 *Revenue from Contracts with Customers* when or as a performance obligation in the contract is satisfied. Revenue generated by construction work rendered by the Group is measured at fair value of the consideration received or receivable.

15. **CONCESSION SERVICE ASSETS (CONT'D)**

Material accounting policy information (cont'd)

In order to determine the construction revenue to be recognised, the Directors have estimated and recognised a construction margin in the construction of the infrastructure asset. The estimated margin is based on relative comparison with general industry trend although actual margins may differ.

16. **INVENTORIES**

| | Group | |
|--|---------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Non-current | | |
| Land held for development (Note 16.1) | 54,644 | 54,376 |
| Current | | |
| Property development costs (Note 16.2) | 3,606 | 3,655 |
| Completed properties | 514 | 2,833 |
| Marine fuels and lubricants | 6,904 | 3,139 |
| Consumable goods | 136 | 26,906 |
| | <u>11,160</u> | <u>36,533</u> |
| | <u>65,804</u> | <u>90,909</u> |

The inventories recognised as cost of sales in profit or loss amounted to RM24,339,000 (2023: RM15,559,000).

Material accounting policy information

Inventories are stated at the lower of cost and net realisable value adequate specific write down has been made by the Directors for deteriorated, obsolete and slow-moving inventories. The cost of marine fuels, lubricants and consumable goods is calculated using the weighted average method.

16. INVENTORIES (CONT'D)

16.1 Land held for development

| | Group | |
|--|---------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| As at 1 July 2023/2022 | 54,376 | 79,318 |
| Additions | 1,091 | 532 |
| Transfer to property development costs | (823) | (538) |
| Redeemed costs | - | (4,640) |
| Written off | - | (5,122) |
| Reversal of development costs | - | (15,174) |
| | <u>54,644</u> | <u>54,376</u> |
| As at 30 June | <u>54,644</u> | <u>54,376</u> |
| Freehold land | 45,233 | 45,233 |
| Development cost | 3,623 | 3,355 |
| Leasehold land | <u>5,788</u> | <u>5,788</u> |
| | <u>54,644</u> | <u>54,376</u> |

The land held for development represents land that are earmarked for future commercial development. Freehold land with carrying amount of RM6,558,000 (2023: RM6,558,000) is pledged to a bank for banking facility granted to the Group.

16.2 Property development costs

| | Group | |
|--|----------------|----------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| As at 1 July 2023/2022 | 3,655 | 1,254 |
| Transfer from land held for development | 823 | 538 |
| Additions | 4,688 | 3,918 |
| Recognised as an expense in profit or loss | <u>(5,560)</u> | <u>(2,055)</u> |
| As at 30 June | <u>3,606</u> | <u>3,655</u> |

17. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|--|-----------------|-----------------|
| | 2024 RM'000 | 2023 RM'000 |
| Unquoted shares, at cost | 645,974 | 660,520 |
| Redeemable convertible preference shares | 231,072 | 252,568 |
| Less: Accumulated impairment loss | <u>(43,317)</u> | <u>(43,317)</u> |
| | <u>833,729</u> | <u>869,771</u> |

Material accounting policy information

Investment in subsidiaries, which are eliminated on consolidation, are stated in the Company's statement of financial position at cost less any impairment losses.

(a) Redeemable convertible preference shares ("RCPS")

During the financial year, 33,432,000 RCPS (2023: 19,221,398 RCPS) were redeemed by a subsidiary company at the redemption price of RM1.00 per RCPS out of the capital of the subsidiary company for total cash of RM33,432,000 (2023: RM19,221,000).

(b) Accumulated impairment loss

Movements in the accumulated impairment loss of investment in subsidiary companies are as follows:

| | Company | |
|------------------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 |
| As at 1 July 2023/2022 | 43,317 | 42,966 |
| Additions | <u>-</u> | <u>351</u> |
| As at 30 June | <u>43,317</u> | <u>43,317</u> |

The Directors assesses whether there is any indicator of impairment during the financial year. In doing this, management has considered the current environment and financial performance of its subsidiary companies as impairment indicators. If any such indication exists, the management of the Company assesses the recoverable amount of the investment in subsidiaries and an impairment loss is recognised when the recoverable amount of the investment in subsidiaries is less than their carrying amount. The Directors concluded that the allowance for impairment loss amounting to RM43,317,000 (2023: RM43,317,000) as at the end of the reporting period is deemed adequate in respect of investments in subsidiaries.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Investment in subsidiaries, which are eliminated on consolidation, are stated in the Company's statement of financial position at cost less any impairment losses (cont'd).

(b) Accumulated impairment loss (cont'd)

The recoverable amount of the subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or value-in-use of the respective subsidiaries.

Estimating a value in use requires significant judgements and estimates about the future results and key assumptions applied to the cash flow projections of the subsidiaries in determining the recoverable amounts. These key assumptions include different forecast growth in future revenue and operating cash flows, as well as determining an appropriate pre-tax discount rate for used for each subsidiary.

Fair value less cost to sell method are within Level 3 of the fair value hierarchy.

There was impairment loss of RMNil (2023: RM351,000) recognised in the statement of profit or loss and other comprehensive income of the Company due to the decline of their recoverable amount.

Details of the Level 3 fair value method used in obtaining the recoverable amounts are as follows:

| Valuation method and key inputs | Significant unobservable inputs | Relationship of unobservable inputs and fair value |
|--|--|---|
| Adjusted net asset method which derives the fair value of an investee's equity by reference to the fair value of its assets and liabilities. | Fair value of individual assets and liabilities. | The higher the net assets, the higher the fair value. |

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

| Name of subsidiary | Principal activities | Country of incorporation | Proportion of ownership interest and voting power held by the Group | |
|---------------------------------------|--|--------------------------|---|--------|
| | | | 2024 % | 2023 % |
| Ahmad Zaki Sdn. Bhd. | Contractors of civil and structural construction works and to carry on all or any of the business of transport operators | Malaysia | 100 | 100 |
| Inter-Century Sdn. Bhd.\$ | Dealer of marine fuels | Malaysia | 100 | 100 |
| Tadok Granite Manufacturing Sdn. Bhd. | Dormant | Malaysia | 100 | 100 |
| AZRB International Ventures Sdn. Bhd. | Investment holding | Malaysia | 100 | 100 |
| Trend Vista Development Sdn. Bhd. | Real property and housing development | Malaysia | 100 | 100 |
| P.T. Ichtihar Gusti Pudi*\$ | Oil palm cultivation and processing of palm oil | Republic of Indonesia | - | 95 |
| Ahmad Zaki Saudi Arabia Co. Ltd.#@ | Contractors of civil and structural works | Kingdom of Saudi Arabia | 95 | 95 |
| Peninsular Medical Sdn. Bhd.\$ | Carry out maintenance services of a teaching hospital via concession and assets management agreements | Malaysia | 100 | 100 |
| AZ Land & Properties Sdn. Bhd. | Property development | Malaysia | 100 | 100 |

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):

| Name of subsidiary | Principal activities | Country of incorporation | Proportion of ownership interest and voting power held by the Group | |
|--|--|--------------------------|---|--------|
| | | | 2024 % | 2023 % |
| EKVE Sdn. Bhd.\$ | Engaged in the business of construction, establishment, operation, maintenance and management of a highway | Malaysia | 100 | 100 |
| Unggul Energy & Construction Sdn. Bhd. | Dormant | Malaysia | 100 | 100 |
| Temala Development Sdn. Bhd. | Property development | Malaysia | 70 | 70 |
| Betanaz Properties Sdn. Bhd. | Property development | Malaysia | 51 | 51 |
| Peninsular Prokonsult Sdn. Bhd. | Project management services | Malaysia | 100 | 100 |
| Residence Inn & Motels Sdn. Bhd. | Hotel operator and hotel project consultant | Malaysia | 100 | 100 |
| Betanaz Mills Sdn. Bhd. | Dormant | Malaysia | 67 | 67 |
| Sambungan Lebuhraya Timur Sdn. Bhd. | Dormant | Malaysia | 100 | 100 |
| Matrix Reservoir Sdn. Bhd. | Investment holding and rental of plant, machineries and equipment | Malaysia | 53 | 53 |

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):

| Name of subsidiary | Principal activities | Country of incorporation | Proportion of ownership interest and voting power held by the Group | |
|---|--|--------------------------|---|--------|
| | | | 2024 % | 2023 % |
| AZRB Capital Sdn. Bhd.\$ | A special purpose vehicle established solely for the purpose of issuance of sukuk, in compliance with shariah principles | Malaysia | 100 | 100 |
| Kemaman Technology & Industrial Park Sdn. Bhd. | Property development | Malaysia | 60 | - |
| Held through Betanaz Mills Sdn. Bhd. | | | | |
| Peak Crops Sdn. Bhd. | Dormant | Malaysia | 40 | 40 |
| Held through Ahmad Zaki Sdn. Bhd. | | | | |
| Peninsular Precast Sdn. Bhd. | Fabricating and marketing of Industrial Building Products and System ("IBS") | Malaysia | 100 | 100 |
| AZSB Machineries Sdn. Bhd. | Rental of machineries and equipment and to carry on all or any of the business of transport operators | Malaysia | 100 | 100 |
| Kemaman Technology & Industrial Park Sdn. Bhd. | Property development | Malaysia | - | 60 |
| Held through AZRB International Ventures Sdn. Bhd. | | | | |
| Ahmad Zaki Saudi Arabia Co. Ltd.#@ | Contractors of civil and structural works | Kingdom of Saudi Arabia | 5 | 5 |

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):

| Name of subsidiary | Principal activities | Country of incorporation | Proportion of ownership interest and voting power held by the Group | |
|--|---|--------------------------|---|--------|
| | | | 2024 % | 2023 % |
| Held through Matrix Reservoir Sdn. Bhd. | | | | |
| TB Realty Sdn. Bhd. | Leasing of land and building | Malaysia | 53 | 53 |
| TB Supply Base Sdn. Bhd. | Logistic management services and vessel related services | Malaysia | 53 | 53 |
| TB Terminals Sdn. Bhd. | Dormant | Malaysia | 53 | 53 |
| Astral Far East Sdn. Bhd. | Dealer of lubricants, petroleum-based products and selling of potable water | Malaysia | 53 | 53 |

* Audited by other firm of auditors

@ Wholly-owned subsidiary of the Group

The financial statements are audited for the purpose of consolidation

\$ Shares have been pledged for banking facilities

2024

Acquisition of a subsidiary

During the financial year, a wholly-owned subsidiary, Ahmad Zaki Sdn. Bhd. disposed 2,871,000 ordinary shares representing 60% equity interest in Kemaman Technology & Industrial Park Sdn. Bhd. to the Company for a cash consideration of RM3,746,000.

Additional investment in a subsidiary

During the financial year, the Company subscribed 750,000 newly issued ordinary shares of Peninsular Prokonsult Sdn. Bhd. for a cash consideration of RM750,000, which did not result in any change in effective equity interest.

17. **INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Disposal of a subsidiary

On 27 November 2023, the Company disposed of its subsidiary, P.T. Ichtiar Gusti Pudi to Denai Saujana Sdn Bhd for a cash consideration of RM1.

The disposal of P.T. Ichtiar Gusti Pudi gave rise to a loss of RM19,043,000 in the Company's financial statements.

The effect of the disposal of P.T. Ichtiar Gusti Pudi on the financial position of the Group as at the date of disposal was as follows:

| | Group 2024 RM'000 |
|--|----------------------------------|
| Property, plant and equipment | 350,278 |
| Right-of-use assets | 16,172 |
| Intangible assets | 134 |
| Inventories | 22,277 |
| Deferred tax assets | 2,553 |
| Trade and other receivables | 17,215 |
| Biological assets | 139 |
| Cash and deposits | 88 |
| Employee benefits | (7,476) |
| Loans and borrowings | (646,519) |
| Trade and other payables | (225,595) |
| | <hr/> |
| Net liabilities at date of disposal | (470,734) |
| Goodwill | 1 |
| Non-controlling interest | 21,856 |
| Exchange translation | 25,363 |
| Gain on disposal of a subsidiary | 423,515 |
| | <hr/> |
| Proceeds from disposal | 1 |
| Less: Cash and cash equivalents | (88) |
| | <hr/> |
| Net cash outflows on disposal of equity interest in a subsidiary | <u>(87)</u> |

There was no disposal in the prior financial year.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

Details of non-wholly owned subsidiaries that have non-controlling interests ("NCI"):

| Name of subsidiaries | NCI percentage of ownership interest and voting power % | (Loss)/Profit allocated to non-controlling interests RM'000 | Accumulated non- controlling interests RM'000 |
|--|---|---|---|
| 2024 | | | |
| Matrix Reservoir Sdn. Bhd. and its subsidiaries ("MRSB Group") | 47 | (4,968) | (11,001) |
| Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP") | 40 | 148 | 6,550 |
| P.T. Ichtiar Gusti Pudi ("PTIGP") | 5 | (1,117) | - |
| Other individually immaterial subsidiaries | | (5,392) | (4,011) |
| | | <u>(11,329)</u> | <u>(8,462)</u> |
| 2023 | | | |
| Matrix Reservoir Sdn. Bhd. and its subsidiaries ("MRSB Group") | 47 | (5,852) | (6,033) |
| Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP") | 40 | (498) | 6,402 |
| P.T. Ichtiar Gusti Pudi ("PTIGP") | 5 | (5,880) | *(20,739) |
| Other individually immaterial subsidiaries | | (3,473) | 1,381 |
| | | <u>(15,703)</u> | <u>(18,989)</u> |

* This includes impact of foreign currency translation reserves of RM1,046,000.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests (cont'd)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests (in terms of percentage) are set out below. The summarised financial information below represents amounts before intragroup eliminations.

| | 2024 | | 2023 | |
|--|-------------------------|----------------|-------------------------|----------------|
| | MRSB Group RM'000 | KTIP RM'000 | MRSB Group RM'000 | KTIP RM'000 |
| Statements of financial position | | | | |
| Non-current assets | 246,185 | 15,667 | 255,244 | 13,280 |
| Current assets | 28,295 | 8,856 | 21,092 | 9,713 |
| Total assets | 274,480 | 24,523 | 276,336 | 22,993 |
| Non-current liabilities | 94,328 | - | 97,174 | - |
| Current liabilities | 203,560 | 8,147 | 192,000 | 6,986 |
| Total liabilities | 297,888 | 8,147 | 289,174 | 6,986 |
| (Capital deficiency)/Total equity | (23,408) | 16,376 | (12,838) | 16,007 |
| Statements of profit or loss and other comprehensive income | | | | |
| Revenue | 53,081 | 7,761 | 47,833 | 3,665 |
| Loss before tax | (9,297) | (561) | (3,267) | (1,245) |
| (Loss)/Profit after tax | (10,570) | 369 | (12,451) | (1,245) |

18. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Unquoted shares, at cost | 2,740 | 2,740 | 2,640 | 2,640 |
| Share of post-acquisition reserves | | | | |
| As at 1 July 2023/2022 | (100) | 62 | - | - |
| Share of loss of associates, net of tax | (1,471) | (162) | - | - |
| As at 30 June | (1,571) | (100) | - | - |
| | <u>1,169</u> | <u>2,640</u> | <u>2,640</u> | <u>2,640</u> |

Goodwill included within the Group's carrying amount of investments in associates is as follows:

| | Group | |
|-------------------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 |
| Goodwill on acquisition | <u>587</u> | <u>2,058</u> |

Material accounting policy information

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses.

The details of the associates, which is incorporated in Malaysia, are as follows:

| Name of associates | Principal activities | Proportion of ownership interest and voting power held by the Group | |
|--|----------------------|---|-----------|
| | | 2024 % | 2023 % |
| Palmacorp Sdn. Bhd.* | Dormant | 50 | 50 |
| Held through Ahmad Zaki Sdn. Bhd. | | | |
| Fasatimur Sdn. Bhd.* | Dormant | 50 | 50 |

* *Audited by other firm of auditors*

As at the reporting date, the summarised financial information of the associates has not been presented as the associates are immaterial to the Group.

18. INVESTMENTS IN ASSOCIATES (CONT'D)

Contingent liabilities and capital commitments

The associates have no contingent liabilities and capital commitments in both financial years.

19. INTERESTS IN JOINT VENTURES

| | Group | |
|---|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 |
| Investment cost | - | 30 |
| Share of post-acquisition results in joint ventures | - | (30) |
| | - | - |

The details of the joint ventures, all incorporated in Malaysia, are as follows:

| | Name | Project or principal activities | Proportion of ownership interest and voting power held by the Group | |
|------|---------------------------------------|---|---|-----------|
| | | | 2024 % | 2023 % |
| (i) | BumiHiway - Ahmad Zaki Joint Venture* | Realignment of the route from Putrajaya to Cyberjaya, Selangor | - | 50 |
| (ii) | Ahmad Zaki - JasaBakti Joint Venture* | Design and building of "Sekolah Menengah Sains Hulu Terengganu" in Terengganu | - | 70 |

* *Audited by other firm of auditors*

As at the reporting date, the summarised financial information of the joint venture has not been presented as the joint venture is immaterial to the Group.

Material accounting policy information

Investment in joint ventures are stated in the Company's statement of financial position at cost less any impairment losses.

19. INTERESTS IN JOINT VENTURES (CONT'D)

Contingent liabilities and capital commitments

The joint venture has no contingent liabilities or capital commitments as at the reporting date.

20. INVESTMENT IN FINANCIAL ASSETS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| At fair value through profit or loss: | | | | |
| Club membership | 68 | 68 | 68 | 68 |

The club membership is in respect of a transferable golf club corporate membership.

The fair value of other investments is determined based on the fair value obtained from the club memberships' websites whereby the quotes obtained reflected transactions in similar instruments. The Directors are of the opinion that the carrying amounts of the investment in financial assets approximate its fair value.

21. DEFERRED TAX (ASSETS)/LIABILITIES

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| As at 1 July 2023/2022 | 136,815 | 120,885 | (235) | (235) |
| Recognised in profit or loss | 4,112 | 16,331 | (1,826) | - |
| Disposal of a subsidiary | (2,553) | - | - | - |
| Effect of movements in exchange rates | (50) | (401) | - | - |
| As at 30 June | 138,324 | 136,815 | (2,061) | (235) |
| Presented as: | | | | |
| Deferred tax liabilities | 141,780 | 151,724 | - | - |
| Deferred tax assets | (3,456) | (14,909) | (2,061) | (235) |
| | 138,324 | 136,815 | (2,061) | (235) |

21. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

| Group | Property, plant and equipment RM'000 | Right-of-use and lease liabilities RM'000 | Concession service receivables RM'000 | Deferred income RM'000 | Unused tax losses RM'000 | Unabsorbed capital allowances RM'000 | Investment properties RM'000 | Others RM'000 | Total RM'000 |
|---------------------------------------|---|--|--|---------------------------|-----------------------------|---|---------------------------------|------------------|-----------------|
| As at 1 July 2022 | 12,601 | - | 106,404 | 47,487 | (26,428) | (18,913) | - | (266) | 120,885 |
| Recognised in profit or loss | (11,540) | (39) | 60,239 | (41,003) | (9,912) | 17,833 | (1,332) | 2,085 | 16,331 |
| Effect of movements in exchange rates | - | - | - | - | (401) | - | - | - | (401) |
| As at 30 June 2023 | 1,061 | (39) | 166,643 | 6,484 | (36,741) | (1,080) | (1,332) | 1,819 | 136,815 |
| Recognised in profit or loss | 5,664 | (89) | 12,795 | (10,295) | 2,424 | (755) | 2,765 | (8,397) | 4,112 |
| Disposal of a subsidiary | (923) | - | - | - | (3,594) | - | - | 1,964 | (2,553) |
| Effect of movements in exchange rates | - | - | - | - | (50) | - | - | - | (50) |
| As at 30 June 2024 | 5,802 | (128) | 179,438 | (3,811) | (37,961) | (1,835) | 1,433 | (4,614) | 138,324 |

21. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

| Company | Property, plant and equipment RM'000 | Right-of-use assets and lease liabilities RM'000 | Unused tax losses RM'000 | Impairment RM'000 | Total RM'000 |
|------------------------------|---|---|--------------------------------|----------------------|-----------------|
| As at 1 July 2022 | 19 | - | (254) | - | (235) |
| Recognised in profit or loss | (25) | (229) | 254 | - | - |
| As at 30 June 2023 | (6) | (229) | - | - | (235) |
| Recognised in profit or loss | (6) | (1,075) | - | (745) | (1,826) |
| As at 30 June 2024 | (12) | (1,304) | - | (745) | (2,061) |

21. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The amounts of deferred tax assets (at gross) that are not recognised in the statements of financial position are as follows:

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Unused tax losses | 283,851 | 267,776 | 25,693 | 15,078 |
| Unabsorbed capital allowances | 43,679 | 40,748 | 5,543 | 5,544 |
| Unutilised tax allowances | 151,999 | 151,999 | - | - |
| Others | 3,436 | 4,434 | - | - |
| | <u>482,965</u> | <u>464,957</u> | <u>31,236</u> | <u>20,622</u> |

Deferred tax assets (at gross) have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Company and certain subsidiaries companies can utilise the benefits therefrom.

Based on the current legislation, any unused tax losses shall be carried forward for a maximum period of ten consecutive years of assessment immediately following that year of assessment, whereas the unabsorbed capital allowances are allowed to be carried forward indefinitely.

The expiry of the unused tax losses is as follow:

| Year of assessment ("YA") | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| YA 2028 | 87,038 | 87,038 | 13,471 | 13,471 |
| YA 2029 | 41,909 | 41,909 | - | - |
| YA 2030 | 42,701 | 42,891 | 822 | 822 |
| YA 2031 | 57,549 | 57,549 | - | - |
| YA 2032 | 33,671 | 33,505 | 785 | 785 |
| YA 2033 | 10,368 | 4,884 | - | - |
| YA 2034 | 10,615 | - | 10,615 | - |
| | <u>283,851</u> | <u>267,776</u> | <u>25,693</u> | <u>15,078</u> |

22. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Non-current | | | | |
| Non-trade | | | | |
| Other receivables | - | 8,457 | - | - |
| Concession service receivable | 517,141 | 552,486 | - | - |
| | <u>517,141</u> | <u>560,943</u> | <u>-</u> | <u>-</u> |
| Current | | | | |
| Trade | | | | |
| External parties | 127,303 | 158,931 | 2,489 | 1,189 |
| Less: Impairment losses | (9,161) | (8,912) | (1,189) | (1,189) |
| | 118,142 | 150,019 | 1,300 | - |
| Concession service receivable | 35,345 | 31,593 | - | - |
| Amount owing from affiliates | 276 | 752 | - | - |
| Accrued income | 24,019 | 14,822 | - | - |
| | <u>177,782</u> | <u>197,186</u> | <u>1,300</u> | <u>-</u> |

22. TRADE AND OTHER RECEIVABLES (CONT'D)

| | Group | | Company | |
|-------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Non-trade | | | | |
| Amount owing from: | | | | |
| Holding company | 250 | 173 | - | - |
| Subsidiaries | - | - | 431,976 | 588,861 |
| Associate | 1 | - | - | - |
| Affiliates | 6,220 | 5,860 | 259 | 218 |
| Less: Impairment losses | (49) | (49) | (23,546) | (135,883) |
| | <u>6,422</u> | <u>5,984</u> | <u>408,689</u> | <u>453,196</u> |
| Other receivables | 253,472 | 35,235 | 239,841 | 10,865 |
| Less: Impairment losses | (242,271) | (14,644) | (239,265) | (10,693) |
| | <u>11,201</u> | <u>20,591</u> | <u>576</u> | <u>172</u> |
| Deposits | 7,990 | 8,342 | 151 | 238 |
| Less: Impairment losses | (22) | (22) | - | - |
| | <u>7,968</u> | <u>8,320</u> | <u>151</u> | <u>238</u> |
| Prepayments | <u>3,521</u> | <u>6,635</u> | <u>30</u> | <u>30</u> |
| | <u>29,112</u> | <u>41,530</u> | <u>409,446</u> | <u>453,636</u> |
| | <u>206,894</u> | <u>238,716</u> | <u>410,746</u> | <u>453,636</u> |
| Total | <u>724,035</u> | <u>799,659</u> | <u>410,746</u> | <u>453,636</u> |

Movements in the allowance for doubtful debt of trade receivables are as follows:

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| As at 1 July 2023/2022 | 8,912 | - | 1,189 | - |
| Additions | 7,466 | 8,912 | - | 1,189 |
| Reversal | (64) | - | - | - |
| Disposal of a subsidiary | (7,153) | - | - | - |
| As at 30 June | <u>9,161</u> | <u>8,912</u> | <u>1,189</u> | <u>1,189</u> |

22. **TRADE AND OTHER RECEIVABLES (CONT'D)**

Movements in the allowance for doubtful debt of non-trade receivables are as follows:

| | Group | | Company | |
|--|----------------|---------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 1 July 2023/2022 | 14,715 | 10,590 | 146,576 | 21,451 |
| Addition | 230,144 | 4,096 | 124,783 | 125,042 |
| Written off | - | (62) | (123) | (8) |
| Reversal | - | - | (7,576) | - |
| Disposal of a subsidiary | (1,668) | - | - | - |
| Effect of movement in foreign exchange | (849) | 91 | (849) | 91 |
| As at 30 June | <u>242,342</u> | <u>14,715</u> | <u>262,811</u> | <u>146,576</u> |

Trade receivables are non-interest bearing and normal trade credit terms granted by the Group and the Company ranging from 30 to 90 days (2023: 30 to 90 days) from date of invoice. Overdue balances are reviewed regularly by management of the Company.

Included in trade receivables from external parties are retention sums of the Group and of the Company amounting to RM77,714,000 and RM611,000 (2023: RM112,840,000 and RMNil) relating to construction work-in-progress.

Retention sums are unsecured, non-interest bearing and are expected to be collected within the operating cycle of the Group and of the Company are as follows:

| | Group | | Company | |
|--------------------|---------------|----------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within 1 year | 6,570 | 5,169 | - | - |
| Within 2 - 5 years | <u>71,144</u> | <u>107,671</u> | <u>611</u> | <u>-</u> |
| | <u>77,714</u> | <u>112,840</u> | <u>611</u> | <u>-</u> |

Concession service receivable of the Group represents fair value of long-term receivable from the Government of Malaysia over a concession period of 21.5 years upon completion of the Sultan Ahmad Shah Medical Centre in 2016 under the Private Financing Initiative which granted the Group to undertake the design, build, lease and maintenance of the teaching hospital.

Accrued income represents unbilled revenue arising from supply of medical equipments and maintenance services, whereby goods have been delivered or services have been rendered. The normal credit terms granted to customer is 30 days (2023: 30 days) from date of invoice.

22. **TRADE AND OTHER RECEIVABLES (CONT'D)**

The amount due from holding company, subsidiaries, associate and affiliates are unsecured, non-interest bearing and repayable on demand.

Affiliates are companies, which have common directors and shareholders as that of the company.

23. **CONSTRUCTION CONTRACT ASSETS/(LIABILITIES)**

| | Group | | Company | |
|--|----------------|----------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Construction contract assets | 141,107 | 166,638 | 6,796 | 1,938 |
| Less: Impairment | <u>(4,626)</u> | <u>-</u> | <u>(1,916)</u> | <u>-</u> |
| | <u>136,481</u> | <u>166,638</u> | <u>4,880</u> | <u>1,938</u> |
| Construction contract liabilities | | | | |
| Deposit received | <u>(1,365)</u> | <u>(750)</u> | <u>-</u> | <u>-</u> |

Movement in the allowance for impairment of construction contract assets are as follows:

| | Group | | Company | |
|-------------------------|---------------|---------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Additions/As at 30 June | <u>4,626</u> | <u>-</u> | <u>1,916</u> | <u>-</u> |

Amount relating to construction contracts are balances due from customers under construction contracts that arise when the Group and the Company receive payments from customers via progress billings. The Group or the Company will previously have recognised amount due from contract customers for any work performed. Any amount previously recognised as an amount due from contract customers is reclassified to trade receivables at the point at which it is invoiced to the customer.

The Group and the Company apply an ECL rate, which is computed based on the historical time value loss rate from the timing of repayment of trade receivables, adjusted by forward-looking information that is available without undue cost or effort, to calculate the loss allowances for amount due from contract customers. At the end of each reporting period, the Group and the Company review the ECL rate and re-measure the loss allowance amount.

23. **CONSTRUCTION CONTRACT ASSETS/(LIABILITIES) (CONT'D)**

Included in additions to aggregate costs incurred to-date are the following amounts charged during the financial year:

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Interest/Finance costs capitalised | 2,481 | 2,078 | - | - |
| Staff costs | 15,246 | 21,970 | - | - |

Construction contract liabilities relate to deposits made by customers for the goods or services which is yet to transfer or perform by the Group as at the reporting date. The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

24. **BIOLOGICAL ASSETS**

| | Group | |
|---------------------------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 |
| As at 1 July 2023/2022 | 139 | 660 |
| Loss from changes in fair value | - | (521) |
| Disposal of a subsidiary | (139) | - |
| As at 30 June | - | 139 |

In prior financial year, the unharvested fresh fruit bunches (“FFB”) used in estimating fair value were 886 metric ton.

Management has considered FFB less than 15 days before harvesting in the valuation of fair value. FFB more than 15 days before harvesting are excluded from the valuation as their fair values are considered negligible. Costs to sell include harvesting costs at the point of harvest.

The Group’s biological assets were fair valued within Level 3 of the fair value hierarchy. A reasonable change in the key assumptions would not result in a material impact to the financial statements.

25. **SHORT TERM INVESTMENTS**

Short term investments are funds invested mainly in money market and fixed income instruments and are managed by investment management companies. The short-term investments are readily convertible to cash.

During the financial year, the Group has capitalised into the concession service assets the fair value loss and divided income from these financial assets amounting to RM159,000 (2023: RM467,000) and RM263,000 (2023: RM374,000) respectively.

26. **CASH AND DEPOSITS**

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits placed with licensed banks | 161,079 | 72,335 | 1,637 | 1,600 |
| Housing development account | 34 | 556 | - | - |
| Cash and bank balances | <u>274,031</u> | <u>173,784</u> | <u>1,736</u> | <u>1,597</u> |
| | <u>435,144</u> | <u>246,675</u> | <u>3,373</u> | <u>3,197</u> |

Included in deposits with licensed banks of the Group are deposits of RM52,576,000 (2023: RM59,323,000) which have been pledged to financial institutions as security for bank guarantee and credit facilities granted to the Group and restricted cash of RM167,106,000 (2023: RM145,157,000) which represent the sinking fund created pursuant to Concession Agreement for purposes of future assets replacement at the teaching hospital and other credit facilities granted to the Group.

Project accounts are bank accounts maintained in accordance with Section 7A of the Housing Development (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the Company upon the completion of the property development projects.

The deposits placed with licensed banks of the Group and of the Company bear interest at interest rates ranging from 2.00% to 3.10% (2023: 1.75% to 3.10%) and 2.25% to 2.65% (2023: 1.35% to 1.75%) per annum respectively with maturities of 30 to 365 days (2023: 30 to 365 days).

27. SHARE CAPITAL

| | 2024 Units | Group and Company 2024 RM'000 | 2023 Units | 2023 RM'000 |
|---|----------------|-------------------------------------|----------------|----------------|
| Issued and fully paid with no par value: | | | | |
| As at 1 July 2023/2022 | 598,097 | 197,536 | 598,097 | 197,536 |
| Issued during the financial year: | | | | |
| - Private placement | 59,643 | 12,210 | - | - |
| - Exercised warrant | -* | -* | - | - |
| - Derecognised of warrant | - | 27,889 | - | - |
| As at 30 June | <u>657,740</u> | <u>237,635</u> | <u>598,097</u> | <u>197,536</u> |

* Less than 100

On 16 October 2023, the Company issued 18,800,000 new ordinary shares at an issue price of RM0.21 per ordinary share pursuant to a Private Placement exercise to eligible investors for working capital purpose.

On 23 October 2023, the Company issued 30,000,000 new ordinary shares at an issue price of RM0.21 per ordinary share pursuant to a Private Placement exercise to eligible investors for working capital purpose.

On 31 October 2023, the Company issued 10,843,400 new ordinary shares at an issue price of RM0.181 per ordinary share pursuant to a Private Placement exercise to eligible investors for working capital purpose.

On 8 May 2024, 69 units of warrants were redeemed at the price of RM0.25.

On 13 May 2024, the remaining 116,201,883 units of warrants which were not exercised prior to the expired date, had lapsed.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

The total 657,741,147 (2023: 598,097,678) issued and fully paid-up ordinary shares as at 30 June 2024, 1,662,862 (2023: 1,662,862) shares are held as treasury shares by the Company. As at 30 June 2024, the number of outstanding ordinary shares in issue after the set off is therefore 656,078,285 (2023: 596,434,816) ordinary shares.

28. **TREASURY SHARES**

| | Group and Company | |
|--|--------------------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Brought forward/Carried forward | | |
| 1,662,862 ordinary shares | <u>1,026</u> | <u>1,026</u> |

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

There was no repurchase of the Company's shares during the financial year.

29. **RESERVES**

| | Group | | Company | |
|--------------------------------------|-----------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-distributable: | | | | |
| Warrant reserve | - | 27,889 | - | 27,889 |
| Foreign exchange translation reserve | 18,674 | (6,272) | 3,006 | 3,182 |
| Employees' share scheme | 1,506 | 1,506 | 1,506 | 1,506 |
| Other reserve | <u>686</u> | <u>686</u> | <u>-</u> | <u>-</u> |
| | 20,866 | 23,809 | 4,512 | 32,577 |
| Distributable: | | | | |
| Accumulated losses | <u>(57,943)</u> | <u>(153,073)</u> | <u>(241,266)</u> | <u>(108,908)</u> |
| | <u>(37,077)</u> | <u>(129,264)</u> | <u>(236,754)</u> | <u>(76,331)</u> |

The movements in each category of the reserves are disclosed in the statements of changes in equity.

29. RESERVES (CONT'D)

Warrant reserve

The warrants are constituted by a Deed Poll dated 18 March 2014. Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 14 May 2014 until 13 May 2024 at an adjusted exercise price of RM0.63 per share for every warrant held in accordance with the provisions in the Deed Poll. Any warrants not exercised at the date of maturity will lapse and cease to be valid for any purpose.

On 8 May 2024, 69 units of warrants were redeemed by the Company.

On 13 May 2024, the remaining 116,201,883 units of warrants which were not exercised prior to the expired date, had lapsed.

There was no issuance of new Warrants during the financial year.

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Employees' Share Scheme ("ESS")

The ESS reserve represents the equity settled share options granted to eligible directors and employees. This reserve is made up of the cumulative value of services received from eligible directors and employees recorded on the grant date of share options. Details of ESS granted to eligible directors and employees are disclosed in Note 37.

Other reserve

Other reserve mainly represents the statutory reserve in accordance with Saudi Arabian Companies Law & Company's Article of Association, of which 10% of the annual net income is required to be transferred to statutory reserve until this reserve equals to 50% of the capital. This reserve is not available for dividend distribution.

30. LOANS AND BORROWINGS

| | Note | Group | | Company | |
|---|------|------------------|------------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Non-current | | | | | |
| Term loans | a | 987,157 | 1,166,251 | 311,828 | 236,790 |
| Finance lease liabilities | b | 837 | 1,078 | - | - |
| Sukuk | c | 1,348,162 | 1,432,639 | - | - |
| Reimbursable land cost | d | 78,181 | - | - | - |
| Redeemable preference shares | e | 9,400 | 3,000 | - | - |
| | | <u>2,423,737</u> | <u>2,602,968</u> | <u>311,828</u> | <u>236,790</u> |
| Current | | | | | |
| Term loans | a | 44,345 | 222,614 | 19,000 | 26,000 |
| Finance lease liabilities | b | 1,607 | 3,329 | - | 12 |
| Sukuk | c | 104,259 | 18,315 | - | - |
| Bank overdrafts | f | 79,578 | 48,746 | - | - |
| Revolving credit and Murabahah facilities | g | 111,717 | 152,764 | - | - |
| Bankers' acceptance | h | 3,200 | 2,921 | - | - |
| Invoice financing | i | 737 | - | - | - |
| Redeemable preference shares | e | 4,750 | 459 | - | - |
| | | <u>350,193</u> | <u>449,148</u> | <u>19,000</u> | <u>26,012</u> |
| | | <u>2,773,930</u> | <u>3,052,116</u> | <u>330,828</u> | <u>262,802</u> |

30. LOANS AND BORROWINGS (CONT'D)

Note a

| | Note | Group | | Company | |
|------------------|--------|------------------|------------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Term loan - I | (i) | - | 445,405 | - | - |
| Term loan - II | (ii) | 611,385 | 580,524 | - | - |
| Term loan - III | (iii) | 169,525 | 169,525 | 169,525 | 169,525 |
| Term loan - IV | (iv) | 3,849 | 4,646 | - | - |
| Term loan - V | (v) | 72,940 | 75,500 | - | - |
| Term loan - VI | (vi) | 12,500 | 20,000 | - | - |
| Term loan - VII | (vii) | 73,120 | 46,413 | 73,120 | 46,413 |
| Term loan - VIII | (viii) | 88,183 | 46,852 | 88,183 | 46,852 |
| | | <u>1,031,502</u> | <u>1,388,865</u> | <u>330,828</u> | <u>262,790</u> |

The term loans of the Group comprise the followings:

- (i) **Term loan I** is denominated in USD and bears interest ranging from Nil (2023: 3.75% to 5.78%) per annum, respectively. The term loan is repayable within a period of 108 months upon full disbursement.

In February 2022, the bank agreed to Restructure and Reschedule the loan, whereby the principal repayment will start in March 2023. The remaining tenure of the facility has been extended for another two years maturing in December 2027. The existing profit was paid/payable during the restructuring period.

- (ii) **Term loan II** is a Government Support Loan which bears fixed interest at 4.00% (2023: 4.00%) per annum. The term loan is repayable over 35 years commencing in March 2021.

- (iii) **Term loan III** bears interest at rates ranging from 7.03% to 7.18% (2023: 5.87% to 7.20%) per annum. The term loan is repayable over 6 years commencing August 2020 and secured by the shares held by the Company over its subsidiary. In May 2020, the bank has approved 6 months moratorium for both profit and principal payment which recommenced in November 2020 and February 2021 respectively.

In August 2021, the bank has granted Payment Assistance on principal payment which recommenced in May 2022. In March 2022, the bank agreed to Restructure and Reschedule the loan, whereby the principal repayment will commence in February 2023 and tenure is extended for another two years to mature in November 2029. The existing profit payment continue to be paid during the assistance and restructuring period.

30. **LOANS AND BORROWINGS (CONT'D)**

Note a (cont'd)

(iii) (cont'd)

In October 2023, the bank agreed to Restructure and Reschedule the loan, whereby the principal repayment will start in February 2025. The existing profit payment paid/payable during the restructuring period.

(iv) **Term loan IV** bears interest at rates ranging from 5.32% to 5.64% (2023: 4.32% to 5.30%) per annum. The term loan is secured and supported by a corporate guarantee by the Company. The term loan is repayable over 8 years commencing January 2018. In June 2021, the bank had further granted extension of Principal Moratorium which recommenced in July 2022. The existing profit payment is continued to be paid during the moratorium period.

(v) **Term loan V** bears interest at rates at 8.31% (2023: 5.56%) per annum. The term loan is repayable in half-yearly instalments over 7 years commencing from August 2018. The bank granted Moratorium and restructuring on the extension on principal repayment to the Company in September 2020.

In August 2021, the bank agreed to restructure and reschedule the loan by extending the loan tenure by 4 years with lower monthly principal and interest payments. The principal payment recommenced in July 2022 whilst the existing interest payment continue to be paid during the extension period.

In October 2023, the bank has approved 11 months moratorium for principal payment which recommenced in July 2024 and further agreed restructure and reschedule the loan to 72 months from the instalment commencement date with a lower monthly repayment. The existing profit payment was paid during the moratorium period.

(vi) **Term loan VI** represents bankers' acceptance and invoice financing being converted into a short-term loan to be repaid over a period of 26 months. It bears an interest rate of 7.95% (2023: ranging from 6.95% to 7.95%) per annum.

(vii) **Term loan VII** bears interest at rates ranging from 8.90% to 9.15% (2023: 6.00% to 9.94%) per annum. The term loans are bullet repayment at the end of the tenure of term loans. In October 2023, the bank has approved moratorium for profit up to June 2024. The existing profit payment paid/payable during the restructuring period.

30. **LOANS AND BORROWINGS (CONT'D)**

Note a (cont'd)

(viii) **Term loan VIII** bears interest at rates ranging from 8.50% to 8.75% (2023: 7.82% to 9.78%) per annum. The term loans are bullet repayment at the end of the tenure of term loans. In October 2023, the bank has approved moratorium for profit up to November 2024. The existing profit payment paid/payable during the restructuring period.

The above term loans are secured by way of:

- (a) Against certain subsidiaries shares to be pledged;
- (b) Against freehold land and building as disclosed in Note 11;
- (c) Third party legal charge over Forlenza Land Sdn. Bhd.'s land titles, an affiliate company;
- (d) Debenture incorporating fixed and floating charges;
- (e) Against agency and security sharing agreement;
- (f) Against assignment of receivables;
- (g) Against debt services reserve account, Project Account and Housing Development Account;
- (h) Against letter of comfort;
- (i) Irrevocable and unconditional letter of undertaking given by the Company, a Director and a former Director; and
- (j) Joint and several guarantee by certain Directors.

Note b

| | Group | | Company | |
|----------------------------------|---------------|---------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Finance lease liabilities | | | | |
| Current | 1,607 | 3,329 | - | 12 |
| Non-current | 837 | 1,078 | - | - |
| | <u>2,444</u> | <u>4,407</u> | <u>-</u> | <u>12</u> |

The maturity analysis of finance lease liabilities is disclosed in Note 35 to the financial statements.

The interest rates implicit in these hire purchase arrangements range from 2.18% to 6.36% (2023: 2.18% to 6.36%) per annum.

30. LOANS AND BORROWINGS (CONT'D)

Note c

| | Group | |
|--------------|------------------|------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Sukuk | | |
| Non-current | 1,348,162 | 1,432,639 |
| Current | <u>104,259</u> | <u>18,315</u> |
| | <u>1,452,421</u> | <u>1,450,954</u> |

The effective profit rate for Islamic Medium Term Notes is between 5.25% to 6.25% (2023: 5.25% to 6.25%) per annum. The facility is guaranteed by financial guarantors and is repayable over 11 years commencing year 2026. It is secured by subsidiary's shares, designated accounts of the subsidiary, proceeds of toll collection, income and other revenue arising from the Concession Agreement with the Government of Malaysia.

In December 2019, the Group had issued RM535,000,000 Sukuk Murabahah under the Sukuk Murabahah Programme in nominal value based on the Shariah principle of Murabahah. The Sukuk Murabahah has a tenure ranging from 3 to 12 years, at a profit rate of between 4.85% to 5.35% (2023: 4.85% to 5.35%) per annum, payable semi-annually. Proceeds raised from the issuance was advanced to the Company for its Shariah-compliant general working capital requirements and corporate purposes.

Note d

On 27 November 2023, the Government of Malaysia issue the Reimbursable Land Cost ("RLC") amounted to RM165 million. The RLC bears fixed interest at 1.00% (2023: Nil) per annum. The RLC is repayable over 15 years commencing year 2026.

Note e

| | Group | |
|-------------------------------------|---------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Redeemable preference shares | | |
| Non-current | 9,400 | 3,000 |
| Current | <u>4,750</u> | <u>459</u> |
| | <u>14,150</u> | <u>3,459</u> |

30. LOANS AND BORROWINGS (CONT'D)

Note e (cont'd)

On 15 June 2022, the Group executed the following:

- Subscription Agreement with Naval Elite Limited (“NEL”) (“NEL Subscription Agreement”) for the issuance and allotment of up to 3,000,000 CRPS and 1,000,000 RPS A; and
- Subscription Agreement with Le Mercier’s Capital Pte Ltd (“LMC”) (“LMC Subscription Agreement”) for the issuance and allotment of 1,059,290 RPS B.

As of 30 June 2022, the Group has issued 1,605,596 CRPS, 1,000,000 RPS A and 1,059,290 RPS B at RM1 each.

On 24 April 2024, the Group executed the following:

- Subscription Agreement with Naval Elite Limited (“NEL”) (“NEL Subscription Agreement”) for the issuance and allotment of up to 2,000,000 RPS C.

On 3 May 2024, the Group executed the following:

- Subscription Agreement with Naval Elite Limited (“NEL”) (“NEL Subscription Agreement”) for the issuance and allotment of up to 9,150,000 CRPS B.

The salient features of the CRPS and RPS (including RPS A, B and C) are as follows:

- (a) The CRPS and RPS shall rank pari passu among themselves.
- (b) The right to receive fixed cumulative dividends at the rate of 5% per annum on a daily basis calculated based on the Issue Price of the CRPS, RPS B and CRPS B and 15% per annum on daily basis calculated based on the Issue Price of the RPS C.

30. LOANS AND BORROWINGS (CONT'D)

Note e (cont'd)

The salient features of the CRPS and RPS (including RPS A, B and C) are as follows (cont'd):

- (c) The proceeds from the CRPS shall be used by the Group to fund the dredging of the channel, turning basin and wharf at Tok Bali Supply Base.

The proceeds from the RPS A shall be used by the Group to pay for the completion of a warehouse located at Tok Bali Supply Base.

The proceeds from the RPS B shall be used by the Group to settle or set off all outstanding liabilities amounting to RM1,059,290 due to Le Mercier's Capital Pte Ltd.

The proceeds from the RPS C shall be used by the Subscriber, TBSB and/or the company, as the case may be, to pay for the dredging works within the wharf, turning basin and navigation channel of Tok Bali Supply Base, charter payment for a tug from a Tug Agent, payment to the Dredger and purchase of fuel for the Dredgers.

The proceeds from the CRPS B shall be used by the Subscriber, TBSB and/or the company, as the case may be, to pay for the payment to the Dredgers, purchase of fuel and lubricants for the Dredgers and construction of the warehouse office.

- (d) Entitled to repayment of capital on a winding up or other returns of capital in priority to any payment to the holders of all other ordinary shares, preference shares and other securities of the Group.
- (e) Shall carry no right to receive notice of or to attend or vote at any general meeting of the Company, save as the terms and conditions set out in the Subscription Agreements.

Shall not have the right to convert all or part of the outstanding RPS A, RPS B and RPS C then issued to ordinary shares.

30. **LOANS AND BORROWINGS (CONT'D)**

Note e (cont'd)

The salient features of the CRPS and RPS (including RPS A, B and C) are as follows (cont'd):

(f) The Company shall redeem the relevant CRPS and RPS in issue at the Redemption Dates or clause stated below:

| CRPS | CRPS B | RPS A | RPS B | RPS C |
|---|--|--|---|--|
| Redeemable if the holder of the relevant CRPS agrees that the Company has achieved the Liquidity Event within eighteen (18) months after the date of issue of the first tranche of the CRPS | Redeemable if the holder of the relevant CRPS B agrees that the Company shall no less than two (2) months prior to the expiration of sixty (60) months from the issue of the first tranche of the CRPS B issue a written notice to the holder of the relevant CRPS B | 31 July 2022 - RM150,000 31 August 2022 - RM150,000 30 September 2022 - RM150,000 31 October 2022 - RM150,000 30 November 2022 - RM150,000 31 December 2022 - RM150,000 31 January 2023 - RM150,000 31 January 2023 - RM150,000 | 28 February 2023 - RM150,000 31 March 2023 - RM150,000 30 April 2023 - RM150,000 31 May 2023 - RM150,000 30 June 2023 - RM150,000 31 July 2023 - RM150,000 31 August 2023 - RM100,000 30 September 2023 - RM59,290 | 31 August 2024 - RM100,000 30 September 2024 - RM100,000 31 October 2024 - RM100,000 30 November 2024 - RM150,000 31 December 2024 - RM150,000 31 January 2025 - RM150,000 28 February 2025 - RM200,000 31 March 2025 - RM200,000 30 April 2025 - RM200,000 30 June 2025 - RM200,000 31 July 2025 - RM200,000 31 August 2025 - RM50,000 |

30. **LOANS AND BORROWINGS (CONT'D)**

Note f

The bank overdraft facilities are repayable on demand and bear interest at rates ranging from 4.85% to 8.06% (2023: 6.82% to 7.95%) per annum. Bank overdraft facilities are secured by freehold land and building and deposits placed with licensed banks as disclosed in Note 11 and Note 26 respectively; and a corporate guarantee from the Company.

Note g

The revolving credits and Murabahah facilities are repayable on demand and bear profit at rates ranging from 4.24% to 8.32% (2023: 4.27% to 8.32%) per annum. These facilities are secured by corporate guarantee from the Company and assignment of projects proceeds of a subsidiary.

Note h

Bankers' acceptance facilities are repayable within 120 days and bear rates ranging from 4.45% to 4.73% (2023: 3.79% to 4.75%) per annum. These facilities are secured by corporate guarantee from the Company.

Note i

Invoice financing facilities are repayable within 120 days and bear rates ranging from 4.60% to 4.81% (2023: Nil) per annum. These facilities are secured by corporate guarantee from the Company.

31. **LEASE LIABILITIES**

| | Group | | Company | |
|-------------|---------------|---------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current | 9,684 | 13,656 | 66,120 | 66,809 |
| Current | 4,126 | 3,667 | 690 | 660 |
| | <u>13,810</u> | <u>17,323</u> | <u>66,810</u> | <u>67,469</u> |

31. LEASE LIABILITIES (CONT'D)

Set out below are the carrying amount of lease liabilities and the movements during the financial year:

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| At 1 July 2023/2022 | 17,323 | 9,767 | 67,469 | 73,387 |
| Remeasurement | - | - | - | (5,286) |
| Additions | 236 | 13,906 | - | - |
| Finance cost on lease liabilities | 790 | 875 | 2,922 | 2,950 |
| Repayment of lease liabilities | (4,539) | (5,194) | (3,581) | (3,582) |
| Lease modification | - | (2,011) | - | - |
| Reclass to other payable and accrual | - | (20) | - | - |
| | <u>13,810</u> | <u>17,323</u> | <u>66,810</u> | <u>67,469</u> |
| At 30 June | | | | |

The maturity analysis of lease liabilities is disclosed in Note 35 to the financial statements.

The Group and the Company applied the incremental borrowing rates to the lease liabilities recognised ranging from 3.00% to 5.05% and 4.35% (2023: 3.00% to 5.05% and 4.35%) per annum.

32. **EMPLOYEE BENEFITS**

Retirement benefits

| | Group | |
|--------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| As at 1 July 2023/2022 | 7,476 | 7,476 |
| Disposal of a subsidiary | (7,476) | - |
| | <u> </u> | <u> </u> |
| As at 30 June | <u> </u> | <u>7,476</u> |

The Group's subsidiary in Indonesia makes provision for non-contributory defined benefit plan that provides pension benefits for employees upon retirement, death, disability and voluntary resignation as required under Law No.11/2020 (the "Omnibus Law") (2023: Law No. 13/2003 (the "Labor Law")) of the Republic of Indonesia. The plan entitles an employee to receive payment according to their years of service.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk and interest rate risk.

Movement in net defined benefit obligations

| | Group | |
|---|-------------------|-------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| At 1 July 2023/2022 | 7,476 | 6,677 |
| Included in profit or loss | | |
| Current service cost | - | 448 |
| Included in other comprehensive income | | |
| Remeasurement gain: | | |
| Disposal of a subsidiary | (7,476) | - |
| Effect of movements in exchange rate | - | 351 |
| | <u> </u> | <u> </u> |
| At 30 June | <u> </u> | <u>7,476</u> |

Post-employee benefits obligations are calculated by an independent actuary using the Projected Unit Credit method.

32. **EMPLOYEE BENEFITS (CONT'D)**

Movement in net defined benefit obligations (cont'd)

The key assumptions used are as follows:

| | 2024 | 2023 |
|---|-------------|--|
| Discount rate | - | 7.75% per annum |
| Future salary/wage increment | - | 5.00% per annum |
| Mortality rate | - | 100% of TMI4 |
| Morbidity rate | - | 5% of TMI4 |
| Executive | - | 5% per year until age 34 then decrease linearly and become 0% at age 55 |
| Non-executive | - | 10% per year until age 34 then decrease linearly and become 0% at age 55 |
| | | 2024 2023 |
| Proportion of early retirement take-up | - | N/A |
| Proportion of normal retirement take-up | - | 100% |
| Normal retirement age | - | 55 years |

33. TRADE AND OTHER PAYABLES

| | Note | Group | | Company | |
|-------------------------------|------|------------------|------------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Non-current | | | | | |
| Non-trade | | | | | |
| Accruals and other payables | a | 5,748 | - | 5,748 | - |
| Deferred income | b | 301,679 | 214,107 | - | - |
| | | <u>307,427</u> | <u>214,107</u> | <u>5,748</u> | <u>-</u> |
| Current | | | | | |
| Trade | | | | | |
| External parties | c | 515,261 | 571,398 | 4,713 | 2,243 |
| Advance payments received | d | 10,000 | 10,000 | - | - |
| | | <u>525,261</u> | <u>581,398</u> | <u>4,713</u> | <u>2,243</u> |
| Non-trade | | | | | |
| Amount due to: | | | | | |
| Director | e | 1,858 | 1,754 | - | - |
| Holding company | e | 8,198 | 9,539 | 187 | 194 |
| Affiliates | e | 4,789 | 1,398 | - | - |
| Subsidiaries | e | - | - | 849,146 | 915,279 |
| Associate | e | 6 | 53 | - | - |
| | | 14,851 | 12,744 | 849,333 | 915,473 |
| Deferred income | b | 164,193 | 140,269 | - | - |
| Accruals and other payables | a | 185,011 | 381,440 | 63,761 | 28,410 |
| Sales and service tax payable | | 653 | 927 | - | - |
| | | <u>364,708</u> | <u>535,380</u> | <u>913,094</u> | <u>943,883</u> |
| | | <u>889,969</u> | <u>1,116,778</u> | <u>917,807</u> | <u>946,126</u> |
| Total | | <u>1,197,396</u> | <u>1,330,885</u> | <u>923,555</u> | <u>946,126</u> |

33. **TRADE AND OTHER PAYABLES (CONT'D)**

Note a

Included in accruals and other payables of the Group's are interest on borrowings and bank guarantees fees amounting to RM39,510,000 and RM51,488,000 respectively (2023: RM14,885,000 and RM30,893,000) respectively.

Note b

The Group received a loan from the Malaysian Government as per Note 30(a)(iii) and Note 30(d) at an interest rate lower than the prevailing market rate. Using the prevailing market rate, the loan amount is adjusted to its fair value and the difference is treated as deferred income amounted to RM297,497,000 (2023: RM209,748,000).

Deferred income amounted to RM164,016,000 (2023: RM140,092,000) is a maintenance reserve fund which represents sinking fund created pursuant to Concession Agreement for purposes of future assets replacement at the teaching hospital.

The deferred revenue amounted to RM4,359,000 (2023: RM4,536,000) arises as a result of the government grant received in July 2018. The grant is to reimburse the acquired property, plant and equipment in prior years and therefore is recognised to profit or loss over 30 years.

Note c

The normal credit term granted by suppliers of the Group and of the Company range from 30 to 90 days (2023: 30 to 90 days).

Included in trade payables of the Group are:

- (i) retention sums of RM170,523,000 (2023: RM213,658,000).
- (ii) liquidated ascertain damages of RMNil (2023: RM7,000,000).
- (iii) amount due to affiliates as follows:

| | Group | |
|--|---------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Amount due to a subsidiary of Chuan Huat Resources Berhad, a company in which Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda has a substantial financial interest and is also a director: | | |
| - Chuan Huat Industrial Marketing Sdn. Bhd. | 3,584 | 4,025 |

33. **TRADE AND OTHER PAYABLES (CONT'D)**

Note d

Advance payments received are in respect of the Group's and the Company's construction contracts. These advances are to be set off against the progress billings on the related contracts.

Note e

Affiliates are companies, which have common directors and shareholders of the Company and its subsidiaries. The amount is unsecured, interest-free and subject to normal credit terms.

These amounts are unsecured, interest-free and repayable on demand.

34. **OPERATING SEGMENTS**

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different business strategies. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- (i) Engineering and Construction - civil and structural works
- (ii) Concession - concession and assets managements
- (iii) Oil and Gas - dealing in marine fuels, lubricants, petroleum based products and logistic management and vessel related services
- (iv) Plantation - production of crude palm oil and kernel
- (v) Property - property development, hotel operation and facilities management

Other non-reportable segments comprise investment holding and provision of management services.

Inter-segment transactions, if any, are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

34. OPERATING SEGMENTS (CONT'D)

Performance is measured based on segment profit before tax, interest, depreciation and amortisation as included in the internal management reports that are reviewed by the Group Managing Director (the chief operating decision maker). Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill and intangible assets) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total liability is used to measure the gearing ratio of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid land lease, land held for development and intangible assets other than goodwill.

Geographical segments

The Group operates in four principal geographical areas of the world:

- | | | |
|-------|-------------------------|--|
| (i) | Malaysia | - civil and structural works, concession assets management, dealing in marine fuels, lubricants, petroleum-based products, logistic management, vessel related services, property development, investment holding and provision of management services |
| (ii) | Republic of Indonesia | - production of crude palm oil and kernel |
| (iii) | India (Branch office) | - civil and structural works |
| (iv) | Kingdom of Saudi Arabia | - civil and structural works |

34. OPERATING SEGMENTS (CONT'D)

| | Discontinued | Continuing | | | | | | | |
|---|----------------------|---|----------------------|-----------------------|----------------------|--------------------|-------------------------------|------------------------|------------------------|
| | Plantation RM'000 | Engineering and Construction RM'000 | Concession RM'000 | Oil and Gas RM'000 | Plantation RM'000 | Property RM'000 | Other Operations RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| 2024 | | | | | | | | | |
| Revenue | | | | | | | | | |
| External revenue | - | 322,492 | 72,216 | 88,353 | - | 12,409 | - | - | 495,470 |
| Inter-segment revenue | - | - | - | - | - | - | 44,507 | (44,507) | - |
| Total revenue | - | 322,492 | 72,216 | 88,353 | - | 12,409 | 44,507 | (44,507) | 495,470 |
| Results | | | | | | | | | |
| Operating results | (4,121) | (46,581) | (2,791) | (1,682) | 1,373 | 552 | (106,138) | 302,673 | 143,285 |
| Interest income | - | 848 | 50,681 | 8 | - | 36 | 37 | - | 51,610 |
| Interest expense | (18,559) | (35,771) | (23,251) | (8,611) | - | (690) | - | 3,195 | (83,687) |
| Share of loss of associates, net of tax | - | - | - | - | - | - | - | (1,471) | (1,471) |
| (Loss)/Profit before tax | (22,680) | (81,504) | 24,639 | (10,285) | 1,373 | (102) | (106,101) | 304,397 | 109,737 |
| Tax expense | - | - | - | - | - | - | - | - | (25,936) |
| Profit for the financial year | | | | | | | | | 83,801 |
| Other segment information | | | | | | | | | |
| Additions to non-current assets | - | 79 | 406 | 3,125 | - | 3,516 | - | - | 7,126 |
| Other non-cash income/(expense) | - | 10,339 | (48,407) | 2,117 | - | - | 233,036 | (423,515) | (226,430) |
| Depreciation and amortisation of non-current assets | 10,213 | 200 | 150 | 14,437 | - | 793 | 2,155 | - | 27,948 |

34. OPERATING SEGMENTS (CONT'D)

↔ Continuing ↔

| | Engineering and Construction RM'000 | Concession RM'000 | Oil and Gas RM'000 | Plantation RM'000 | Property RM'000 | Other Operations RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|--------------------------|---|----------------------|-----------------------|----------------------|--------------------|-------------------------------|------------------------|------------------------|
| Assets | | | | | | | | |
| Segment assets | 2,718,563 | 566,921 | 371,336 | 1 | 77,059 | 616,115 | - | 4,349,995 |
| Investment in associate | - | - | - | - | - | 2,640 | (1,471) | 1,169 |
| Deferred tax assets | 1,395 | - | - | - | - | 2,061 | - | 3,456 |
| Tax recoverable | 1 | - | 1,942 | - | 19 | 355 | - | 2,317 |
| Total assets | 2,719,959 | 566,921 | 373,278 | 1 | 77,078 | 621,171 | (1,471) | 4,356,937 |
| Liabilities | | | | | | | | |
| Segment liabilities | 106,829 | 197,534 | 47,419 | 9 | 10,374 | 850,406 | - | 1,212,571 |
| Loans and borrowings | 1,895,075 | 10,236 | 100,477 | - | 3,849 | 764,293 | - | 2,773,930 |
| Deferred tax liabilities | 40,541 | 98,260 | 2,979 | - | - | - | - | 141,780 |
| Tax liabilities | 13,994 | 22,823 | 661 | - | 108 | - | - | 37,586 |
| Total liabilities | 2,056,439 | 328,853 | 151,536 | 9 | 14,331 | 1,614,699 | - | 4,165,867 |

34. OPERATING SEGMENTS (CONT'D)

| | Discontinued | | Continuing | | | | | | | Consolidated RM'000 |
|---|--------------|----------------------|---|----------------------|-----------------------|----------------------|--------------------|-------------------------------|------------------------|------------------------|
| | Note | Plantation RM'000 | Engineering and Construction RM'000 | Concession RM'000 | Oil and Gas RM'000 | Plantation RM'000 | Property RM'000 | Other Operations RM'000 | Eliminations RM'000 | |
| 2023 | | | | | | | | | | |
| Revenue | | | | | | | | | | |
| External revenue | | 8,887 | 235,741 | 56,232 | 71,648 | - | 7,936 | - | - | 380,444 |
| Inter-segment revenue | | - | 108,971 | - | 9,087 | - | - | 42,653 | (160,711) | - |
| Total revenue | | 8,887 | 344,712 | 56,232 | 80,735 | - | 7,936 | 42,653 | (160,711) | 380,444 |
| Results | | | | | | | | | | |
| Operating results | (ii) | (61,049) | 21,314 | 7,291 | 3,866 | 632 | (4,982) | (1,592) | - | (34,520) |
| Interest income | | - | 925 | 52,820 | 6 | - | 12 | - | - | 53,763 |
| Interest expense | | (31,964) | (26,430) | (24,581) | (7,814) | - | 820 | - | - | (89,969) |
| Share of loss of associates, net of tax | | - | - | - | - | - | - | - | (162) | (162) |
| (Loss)/Profit before tax | | (93,013) | (4,191) | 35,530 | (3,942) | 632 | (4,150) | (1,592) | (162) | (70,888) |
| Tax expense | | | | | | | | | | (32,999) |
| Loss for the financial year | | | | | | | | | | (103,887) |
| Other segment information | | | | | | | | | | |
| Additions to non-current assets | (iii) | 591 | 58 | - | 27,548 | - | 2,870 | - | - | 31,067 |
| Other non-cash income/(expense) | (iv) | 6,803 | 2,292 | (51,483) | (250) | - | 27,529 | 205 | - | (14,904) |
| Depreciation and amortisation of non-current assets | | 22,562 | 6,217 | 115 | 12,420 | - | 793 | 1,658 | - | 43,765 |

34. OPERATING SEGMENTS (CONT'D)

| | ← Discontinued | Continuing → | | | | | | | | | | |
|--------------------------|----------------------|---|----------------------|-----------------------|----------------------|--------------------|-------------------------------|------------------------|------------------------|--|--|--|
| | Plantation RM'000 | Engineering and Construction RM'000 | Concession RM'000 | Oil and Gas RM'000 | Plantation RM'000 | Property RM'000 | Other Operations RM'000 | Eliminations RM'000 | Consolidated RM'000 | | | |
| 2023 (cont'd) | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Segment assets | 433,355 | 2,972,564 | 749,171 | 271,396 | 3,307 | 76,647 | 107,808 | - | 4,614,248 | | | |
| Investment in associate | - | - | - | - | - | - | 2,640 | - | 2,640 | | | |
| Deferred tax assets | 5,608 | 681 | - | - | 8,385 | - | 235 | - | 14,909 | | | |
| Tax recoverable | - | 154 | - | 1,949 | 1 | 96 | 357 | - | 2,557 | | | |
| Total assets | 438,963 | 2,973,399 | 749,171 | 273,345 | 11,693 | 76,743 | 111,040 | - | 4,634,354 | | | |
| Liabilities | | | | | | | | | | | | |
| Segment liabilities | 183,064 | 914,646 | 160,715 | 49,098 | 1,646 | 9,840 | 37,425 | - | 1,356,434 | | | |
| Loans and borrowings | 445,460 | 1,806,690 | 10,335 | 89,242 | - | 4,646 | 695,743 | - | 3,052,116 | | | |
| Deferred tax liabilities | - | 44,675 | 100,593 | 6,456 | - | - | - | - | 151,724 | | | |
| Tax liabilities | - | 9,007 | 16,811 | 5 | - | - | - | - | 25,823 | | | |
| Total liabilities | 628,524 | 2,775,018 | 288,454 | 144,801 | 1,646 | 14,486 | 733,168 | - | 4,586,097 | | | |

34. OPERATING SEGMENTS (CONT'D)

Major segment by geographical area

| | Malaysia RM'000 | Republic of Indonesia RM'000 | India RM'000 | Kingdom of Saudi Arabia RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---------------------------------------|--------------------|------------------------------------|-----------------|--------------------------------------|------------------------|------------------------|
| 2024 | | | | | | |
| Total revenue from external customers | 495,470 | - | - | - | - | 495,470 |
| Total assets | 4,354,667 | - | 2,259 | 11 | - | 4,356,937 |
| Total liabilities | 4,147,876 | - | 7,188 | 10,803 | - | 4,165,867 |
| Property, plant and equipment | 339,240 | - | - | - | - | 339,240 |
| Right-of-use assets | 14,076 | - | - | - | - | 14,076 |
| Investment properties | 9,535 | - | - | - | - | 9,535 |
| Intangible assets | 50,180 | - | - | - | - | 50,180 |
| 2023 | | | | | | |
| Total revenue from external customers | 371,557 | 8,887 | - | - | - | 380,444 |
| Total assets | 4,195,795 | 436,797 | 1,751 | 11 | - | 4,634,354 |
| Total liabilities | 3,929,318 | 629,967 | 7,233 | 19,579 | - | 4,586,097 |
| Property, plant and equipment | 343,556 | 373,252 | - | - | - | 716,808 |
| Right-of-use assets | 19,965 | 13,041 | - | - | - | 33,006 |
| Investment properties | 7,407 | - | - | - | - | 7,407 |
| Intangible assets | 51,677 | 1 | - | - | - | 51,678 |

34. OPERATING SEGMENTS (CONT'D)

- (i) Inter-segment revenue is eliminated on consolidation.
Inter-segment assets and liabilities are eliminated on consolidation.

- (ii) Operating results

| | Group | |
|----------------------------|----------------|-----------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Operating results | 143,285 | (34,520) |
| Finance income | 51,610 | 53,763 |
| Finance costs | (83,687) | (89,969) |
| Share of loss of associate | (1,471) | (162) |
| | <u>109,737</u> | <u>(70,888)</u> |

- (iii) Additions to non-current assets other than financial instruments and deferred tax assets consist of the following items:

| | | Group | |
|---|-------------|---------------|---------------|
| | Note | 2024 | 2023 |
| | | RM'000 | RM'000 |
| Property, plant and equipment | 11 | 2,580 | 13,780 |
| Right-of-use assets | 12 | 1,136 | 13,906 |
| Investment properties | 13 | 2,319 | 2,849 |
| Inventories - Land held for development | 16.1 | 1,091 | 532 |
| | | <u>7,126</u> | <u>31,067</u> |

34. OPERATING SEGMENTS (CONT'D)

- (iv) Other non-cash expenses/(income) consist of the following items as presented in the respective notes:

| | Group | |
|--|-----------|----------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Amortisation of transaction costs | 523 | 205 |
| Accretion of fair value on non-current receivables | (48,407) | (51,000) |
| Bad debts written off | 2,599 | 62 |
| Employee retirement benefits provision | - | 448 |
| Fair value loss arising from biological assets | - | 521 |
| Fair value loss on financial assets | - | 48 |
| Gain on disposal of property, plant and equipment, net | (1,645) | (1,833) |
| Gain on lease modification of right-of-use assets | - | (2,390) |
| Grant income recognised | (177) | (177) |
| Gain on disposal of a subsidiary | (423,515) | - |
| Impairment loss on financial assets | 237,546 | 13,008 |
| Impairment loss on non-financial assets | 4,626 | 593 |
| Impairment loss on property, plant and equipment | 2,273 | - |
| Inventories written off | 17 | 5,191 |
| Inventories written down | - | 124 |
| Land held for development written off | - | 5,122 |
| Property, plant and equipment written off | 4 | - |
| Reversal of development cost | - | 15,174 |
| Loss on foreign exchange - unrealised | (274) | - |
| | (226,430) | (14,904) |

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

Capital risk management

The table below provides an analysis of the various categories of financial instruments:

- (a) Financial assets measured at amortised cost;
- (b) Financial assets designated at fair value through profit or loss (“FVTPL”); and
- (c) Other financial liabilities measured at amortised cost.

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| At amortised cost: | | | | |
| Trade and other receivables, excluding prepayments | 720,514 | 793,024 | 410,716 | 453,606 |
| Cash and deposits | <u>435,144</u> | <u>246,675</u> | <u>3,373</u> | <u>3,197</u> |
| At FVTPL: | | | | |
| Club membership and unquoted shares | 68 | 68 | 68 | 68 |
| Short term investments | <u>15,390</u> | <u>71,488</u> | <u>-</u> | <u>-</u> |
| Financial liabilities | | | | |
| At amortised cost: | | | | |
| Loans and borrowings | 2,773,930 | 3,052,116 | 330,828 | 262,802 |
| Trade and other payables, excluding deferred income | <u>1,018,368</u> | <u>1,175,330</u> | <u>923,555</u> | <u>946,126</u> |

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, currency risk and interest rate risk. The Group and the Company have taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, construction contract assets, short term investments and cash and deposits.

Receivables and construction contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

Exposure to credit risk, credit quality and collateral

Generally, trade and other receivables and construction contract assets are written off if the Directors deem them uncollectable. As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk arising from trade and other receivables and construction contract assets is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that trade receivables and construction contract assets that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables and construction contract assets are regular customers that have been transacting with the Group and the Company. On-going credit evaluation is performed on the financial condition of the trade receivables and construction contract assets. The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables and construction contract assets.

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(a) **Credit risk (cont'd)**

Receivables and construction contract assets (cont'd)

Impairment losses

The Group and the Company apply a simplified approach in calculating loss allowances for trade receivables and construction contract assets at an amount equal to lifetime ECL. The Group and the Company estimate the loss allowance on trade receivables and construction contract assets by applying an ECL rate at the end of each reporting period. The calculation of ECL rates were segmented according to potential exposures based on common credit risk characteristics such as nature of business, type of projects undertaking and selection of similar type of customers.

The Group and the Company assessed the ECL on trade receivables and construction contract assets individually. The Group and the Company write off a trade receivable and construction contract assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables and construction contract assets are over three years past due, whichever occurs earlier. None of the trade receivables and construction contract assets that have been written off is subject to enforcement activities.

In addition, the Group and the Company have determined that, based on the assessments undertaken to date on the past default experience and reputation of the debtors, the Group and the Company regard the trade receivables and construction contract assets to have low credit risk.

As at the end of the reporting period, there was no indication that the construction contract assets are not recoverable other than those disclosed in Note 23.

The Group and the Company maintain an ageing analysis in respect of trade receivables only.

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(a) **Credit risk (cont'd)**

Receivables and construction contract assets (cont'd)

Impairment losses (cont'd)

The ageing of trade receivables (external parties) as at the end of the reporting period was:

| | Gross RM'000 | Individual impairment RM'000 | Net RM'000 |
|-----------------------------|-------------------------|---|-----------------------|
| Group | | | |
| 2024 | | | |
| Not past due | 69,813 | - | 69,813 |
| Past due 1 - 30 days | 3,868 | (24) | 3,844 |
| Past due 31 - 120 days | 10,321 | (131) | 10,190 |
| Past due more than 120 days | 43,301 | (9,006) | 34,295 |
| | <u>127,303</u> | <u>(9,161)</u> | <u>118,142</u> |
| 2023 | | | |
| Not past due | 122,290 | (18) | 122,272 |
| Past due 1 - 30 days | 5,340 | (73) | 5,267 |
| Past due 31 - 120 days | 1,534 | (41) | 1,493 |
| Past due more than 120 days | 29,767 | (8,780) | 20,987 |
| | <u>158,931</u> | <u>(8,912)</u> | <u>150,019</u> |
| Company | | | |
| 2024 | | | |
| Not past due | 988 | - | 988 |
| Past due 1 - 30 days | 169 | - | 169 |
| Past due 31 - 120 days | - | - | - |
| Past due more than 120 days | 1,332 | (1,189) | 143 |
| | <u>2,489</u> | <u>(1,189)</u> | <u>1,300</u> |
| 2023 | | | |
| Not past due | - | - | - |
| Past due 1 - 30 days | - | - | - |
| Past due 31 - 120 days | - | - | - |
| Past due more than 120 days | 1,189 | (1,189) | - |
| | <u>1,189</u> | <u>(1,189)</u> | <u>-</u> |

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(a) Credit risk (cont'd)

Receivables and construction contract assets (cont'd)

Impairment losses (cont'd)

Receivables that are individually determined to be credit impaired at the end of the reporting period relate to debtors who are in significant financial difficulties and had defaulted on payments. As at the end of the reporting period, there is no allowance made for impairment losses of trade receivables and construction contract assets for the Group and the Company.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and suppliers. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM2,144,785,000 (2023: RM2,785,855,000), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees have not been recognised in the financial statements since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies.

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(a) **Credit risk (cont'd)**

Inter-company balances

Risk management objectives, policies and processes for managing the risk

Amounts owing from holding company, joint venture, associate and affiliates are classified as amortised cost in the Group's and the Company's financial statements because the Group's and the Company's business model is to hold and collect the contractual cash flows and those cash flows are 'solely payments of principal and interest' ("SPPI").

The Company makes payment on behalf of and/or provides advances to its ultimate holding company, subsidiaries, associate, joint ventures and affiliates. The Company monitors the results of the subsidiaries regularly except for the amounts due from ultimate holding company, associate and affiliates which are not material.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts due from ultimate holding company, subsidiaries, associate, joint venture and affiliates are not recoverable other than those disclosed in Note 22.

Other receivables

Risk management objectives, policies and processes for managing the risk

As at the end of each reporting period, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month-ECL if credit risk on a financial asset or a group of financial assets has not increased significantly since initial recognition. For all other financial assets, a loss allowance at an amount equal to lifetime ECL is required.

Impairment losses

Other receivables that are individually determined to be credit impaired at the end of the reporting period relate to receivables who are in significant financial difficulties and had defaulted on payments. Adequate allowance for doubtful debts has been provided.

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligation due to shortage of funds. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's and the Company's operations and investment activities. In additions, the Group and the Company strive to maintain available banking facilities at a reasonable level against its overall debt position.

As at 30 June 2024, the Group and the Company have net current liabilities of RM475,853,000 (2023: RM833,420,000) and RM518,141,000 (2023: RM513,670,000) respectively. The table below sets out details of unutilised banking facilities that the Group has at its disposal to further reduce its liquidity risk.

As at the end of the reporting period, the unutilised credit facilities of the Group consisted of the following:

| | Group | |
|-----------------------------------|------------------|------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Secured bank overdraft facilities | | |
| - Amount used | 79,578 | 48,746 |
| - Amount unused | 69,184 | - |
| | <u>148,762</u> | <u>48,746</u> |
| Secured term loan facilities | | |
| - Amount used | 1,031,502 | 1,388,865 |
| - Amount unused | 16,880 | 86,735 |
| | <u>1,048,382</u> | <u>1,475,600</u> |
| Secured trade facilities | | |
| - Amount used | 115,653 | 155,685 |
| - Amount unused | 101,614 | 90,699 |
| | <u>217,267</u> | <u>246,384</u> |

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

As at the end of the reporting period, the unutilised credit facilities of the Group consisted of the following (cont'd):

| | Company | |
|------------------------------|----------------|----------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Secured term loan facilities | | |
| - Amount used | 330,828 | 262,790 |
| - Amount unused | 16,880 | 86,735 |
| | <u>347,708</u> | <u>349,525</u> |

During the financial year, the Group monitors its repayment capabilities of its loan. Certain of its banking facilities, where required, will be restructured taking into consideration the Group's cash flow position and projections. The Group remains in constant communications with and receive support from the various financial institutions to help the Group to manage its financial obligations. Where necessary, the financial institutions have provided the necessary support to approve or consider deferment, or the structuring of payments due to the financial institutions to better match the expected cash flows of the Group. In July 2024, the Group had obtained approval for additional Government Support Loan Siri 2 (GSL 2) from the Government of Malaysia amounting to RM135 million. The GSL 2 from the government is for the additional cost incurred for the highway concession project (EKVE). The GSL 2 is now in the final stage of finalising the documentation and fulfilling the conditions precedent. This loan will be utilised to meet the Groups' short-term obligations and working capital.

35. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

| Group | Carrying amount RM'000 | Contractual interest rate/ coupon | Contractual cash flows RM'000 | Under 1 year RM'000 | 2 to 5 years RM'000 | More than 5 years RM'000 |
|---|---------------------------|--------------------------------------|----------------------------------|------------------------|------------------------|-----------------------------|
| Financial liabilities | | | | | | |
| 2024 | | | | | | |
| Trade and other payables | 1,018,368 | - | 1,018,368 | 715,123 | 5,748 | 297,497 |
| Bank overdrafts | 79,578 | 4.85% - 8.06% | 79,578 | 79,578 | - | - |
| Bankers' acceptance | 3,200 | 4.45% - 4.73% | 3,200 | 3,200 | - | - |
| Invoice financing | 737 | 4.60% - 4.81% | 737 | 737 | - | - |
| Lease liabilities | 13,810 | 3.00% - 5.05% | 157,509 | 7,747 | 24,742 | 125,020 |
| Finance lease liabilities | 2,444 | 2.18% - 6.36% | 2,575 | 1,664 | 911 | - |
| Revolving credit and Murabahah facilities | 111,717 | 4.24% - 8.32% | 111,717 | 111,717 | - | - |
| Term loans and Sukuk | 2,483,923 | 4.00% - 9.15% | 2,505,977 | 240,837 | 1,082,815 | 1,182,325 |
| Reimbursed land cost | 78,181 | 1% | 78,181 | 78,181 | - | - |
| Redeemable preference shares | 14,150 | 5% - 15% | 16,695 | 5,493 | 11,202 | - |
| | 3,806,108 | | 3,974,537 | 1,244,277 | 1,125,418 | 1,604,842 |

35. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (cont'd).

| Group (cont'd) | Carrying amount RM'000 | Contractual interest rate/ coupon | Contractual cash flows RM'000 | Under 1 year RM'000 | 2 to 5 years RM'000 | More than 5 years RM'000 |
|---|---------------------------|--------------------------------------|----------------------------------|------------------------|------------------------|-----------------------------|
| Financial liabilities | | | | | | |
| 2023 | | | | | | |
| Trade and other payables | 1,175,330 | - | 1,175,330 | 965,582 | - | 209,748 |
| Bank overdrafts | 48,746 | 6.82% - 7.95% | 48,746 | 48,746 | - | - |
| Bankers' acceptance and invoice financing | 2,921 | 3.79% - 4.75% | 2,921 | 2,921 | - | - |
| Lease liabilities | 17,323 | 3.00% - 5.05% | 20,954 | 4,456 | 11,485 | 5,013 |
| Finance lease liabilities | 4,407 | 2.18% - 6.36% | 4,597 | 3,506 | 1,091 | - |
| Revolving credit and Murabahah facilities | 152,764 | 4.27% - 8.32% | 152,764 | 152,764 | - | - |
| Term loans and Sukuk | 2,839,819 | 4.15% - 9.94% | 5,252,296 | 439,497 | 1,410,185 | 3,402,614 |
| Redeemable preference shares | 3,459 | 5% | 3,609 | 459 | 3,150 | - |
| | <u>4,244,769</u> | | <u>6,661,217</u> | <u>1,617,931</u> | <u>1,425,911</u> | <u>3,617,375</u> |

35. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (cont'd).

| Company | Carrying amount RM'000 | Contractual interest rate/ coupon | Contractual cash flows RM'000 | Under 1 year RM'000 | 2 to 5 years RM'000 | More than 5 years RM'000 |
|------------------------------|---------------------------|--------------------------------------|----------------------------------|------------------------|------------------------|-----------------------------|
| Financial liabilities | | | | | | |
| 2024 | | | | | | |
| Trade and other payables | 923,555 | - | 923,555 | 917,807 | 5,748 | - |
| Lease liabilities | 66,810 | 4.35% | 137,598 | 3,582 | 14,326 | 119,690 |
| Term loans | 330,828 | 7.03% - 9.15% | 401,794 | 45,403 | 336,425 | 19,966 |
| | <u>1,321,193</u> | | <u>1,462,947</u> | <u>966,792</u> | <u>356,499</u> | <u>139,656</u> |
| Financial guarantee* | <u>2,144,785</u> | | <u>2,144,785</u> | <u>2,144,785</u> | - | - |

* This exposure is included in liquidity risk for illustration only.

35. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (cont'd).

| Company (cont'd) | Carrying amount RM'000 | Contractual interest rate/ coupon | Contractual cash flows RM'000 | Under 1 year RM'000 | 2 to 5 years RM'000 | More than 5 years RM'000 |
|------------------------------|---------------------------|--------------------------------------|----------------------------------|------------------------|------------------------|-----------------------------|
| Financial liabilities | | | | | | |
| 2023 | | | | | | |
| Trade and other payables | 946,126 | - | 946,126 | 946,126 | - | - |
| Lease liabilities | 67,469 | 4.35% | 141,180 | 3,581 | 14,327 | 123,272 |
| Finance lease liabilities | 12 | 2.92% | 12 | 12 | - | - |
| Term loans | 262,790 | 5.87% - 11.50% | 366,551 | 47,465 | 248,075 | 71,011 |
| | <u>1,276,397</u> | | <u>1,453,869</u> | <u>997,184</u> | <u>262,402</u> | <u>194,283</u> |
| Financial guarantee* | <u>2,788,505</u> | | <u>2,788,505</u> | <u>2,788,505</u> | <u>-</u> | <u>-</u> |

* This exposure is included in liquidity risk for illustration only.

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(b) **Liquidity risk (cont'd)**

The above amounts reflect the undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

(c) **Currency risk**

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily US Dollar ("USD") and Indonesia Rupiah ("IDR").

Risk management objectives, policies and processes for managing the risk

The Group presently does not hedge its foreign currency exposures. Nevertheless, the management regularly monitors its exposure and keep this policy under review.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency other than the functional currency of Group entities) risk, based on carrying amounts as at the end of the reporting period was:

| | Group | |
|---|-----------------|------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| US Dollar - loans and borrowings | - | (445,405) |
| IDR - Other payables | (18,664) | - |
| | <u>(18,664)</u> | <u>-</u> |
| Exposures in the statements of financial position | <u>(18,664)</u> | <u>(445,405)</u> |

Currency risk sensitivity analysis

A 10% (2023: 10%) strengthening of RM against the following currency at the end of the reporting period would have increased/(decreased) equity and profit or loss/equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(c) **Currency risk (cont'd)**

Currency risk sensitivity analysis (cont'd)

| | Group | |
|-----|---|---|
| | 2024 | 2023 |
| | Profit or loss/Equity RM'000 | Profit or loss/Equity RM'000 |
| USD | - | 44,541 |
| IDR | 1,866 | - |

A 10% (2023: 10%) weakening of RM against the above currencies at the end of the reporting period would have had the abovementioned impacts on profit or loss and to the amounts shown above, on the basis that all other variables remained constant.

(d) **Interest rate risk**

The Group's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The Group's excess cash is invested in fixed deposits with tenure of less than 12 months, hence exposure to risk of change in their fair values due to changes in interest rates is not significant.

Risk management objectives, policies and processes for managing the risk

The Company does not have a formal policy for managing interest rate risk. The exposure to interest rate risk is monitored closely by the management.

35. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

(d) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument, based on carrying amounts as at the end of the reporting period was:

| | Group | | Company | |
|----------------------------------|--------------------|--------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fixed rate instruments | | | | |
| Financial assets | 161,079 | 72,335 | 1,637 | 1,600 |
| Financial liabilities | <u>(1,676,660)</u> | <u>(1,631,828)</u> | <u>(66,810)</u> | <u>(67,481)</u> |
| | <u>(1,515,581)</u> | <u>(1,559,493)</u> | <u>(65,173)</u> | <u>(65,881)</u> |
| Floating rate instruments | | | | |
| Financial liabilities | <u>(1,111,080)</u> | <u>(1,437,611)</u> | <u>(330,828)</u> | <u>(262,790)</u> |

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company only have fixed rate deposits placed with licensed banks with tenure of less than 12 months for financial assets. The Group and the Company do not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 1% (2023: 1%) in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

35. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

(d) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(b) *Cash flow sensitivity analysis for variable rate instruments (cont'd)*

| | Group | | Company | |
|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1% increase RM'000 | 1% decrease RM'000 | 1% increase RM'000 | 1% decrease RM'000 |
| 2024 | | | | |
| Floating rate instruments | | | | |
| Term loans | (10,315) | 10,315 | (3,308) | 3,308 |
| Bank overdrafts | (796) | 796 | - | - |
| Cash flow sensitivity (net) | <u>(11,111)</u> | <u>11,111</u> | <u>(3,308)</u> | <u>3,308</u> |
| 2023 | | | | |
| Floating rate instruments | | | | |
| Term loans | (13,888) | 13,888 | (2,628) | 2,628 |
| Bank overdrafts | (487) | 487 | - | - |
| Cash flow sensitivity (net) | <u>(14,375)</u> | <u>14,375</u> | <u>(2,628)</u> | <u>2,628</u> |

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(e) Fair value information

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) Club membership and unquoted shares

It is not practical to determine the fair value of these unquoted shares and memberships due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(ii) Unquoted unit trusts

Fair value of the investments in unit trust are determined based on the net asset value of the unit trust at the end of the reporting period.

(iii) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts approximate their fair values due to the relatively short-term maturities of these financial assets and liabilities.

(iv) Long-term receivables and payables

The fair values of long-term receivables and payables are estimated using discounted cash flow analysis based on the weighted average cost of capital of the Group. The Group classifies this at Level 3 in fair value hierarchy.

(v) Loans and borrowings

The carrying amounts of bank overdrafts, trust receipts, revolving credit and Murabahah facilities, invoice financing, bankers' acceptance and short-term loans are approximate fair values due to the relatively short-term maturity of these financial liabilities.

The carrying amounts of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near to the end of the reporting period.

35. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk management (cont'd)

(e) Fair value information (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For loans and borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period (2023: no transfer in either direction).

Level 3 fair value

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the year.

The Group and the Company monitor capital using a gearing ratio, which is computed by using total loans and borrowings net of cash and deposits and short term investments over shareholder's equity attributable to owners of the Company.

Net gearing ratio

The net gearing ratio at the end of the reporting period is as follows:

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Total loans and borrowings | 2,773,930 | 3,052,116 | 330,828 | 262,802 |
| Less: Cash and deposits | (435,144) | (246,675) | (3,373) | (3,197) |
| Less: Short term investments | (15,390) | (71,488) | - | - |
| Net debts | 2,323,396 | 2,733,953 | 327,455 | 259,605 |
| Total equity | 191,070 | 48,257 | (145) | 120,179 |
| Net debt-to-equity ratio (times) | 12.16 | 56.65 | - | 2.16 |

37. **SHARE-BASED PAYMENTS**

The Company has an Employee Share Scheme (“ESS”) intended to provide an opportunity for all eligible persons within the Group determined by the ESS Committee to participate in the equity of the Company. The ESS comprises of the following awards:

- (i) options which entitle the eligible persons, upon exercise, to obtain the Company’s shares at specified future date a pre-determined price (“ESS Options”); and
- (ii) the right to have a number of the Company’s shares vested at the future date as the ESS Committee may decide (“ESS Share Awards”) provided that relevant performance conditions/targets of AZRB Group which has been pre-determined at the point of the offer of the ESS Share Awards are duly fulfilled.

During the year 2017, the Company made the first offer of 4,597,453 options under the ESS Options and 5,614,943 shares under the ESS Shares Award to eligible employees and Directors of the Company and/or its eligible subsidiaries.

The movements in number of shares pursuant to the issuance of ESS are as follows:

| Grant date | Expiry date | Exercise price per share RM | Balance as at 1 July 2023/2022 | Number of ordinary shares | | | Balance as at 30 June |
|----------------------|-------------|-----------------------------|--------------------------------|---------------------------|-----------|-----------|-----------------------|
| | | | | Granted | Exercised | Forfeited | |
| Share Options | | | | | | | |
| 2024 | | | | | | | |
| 31.03.2017 | 17.08.2024* | 0.61 | 1,855,365 | - | - | - | 1,855,365 |
| 2023 | | | | | | | |
| 31.03.2017 | 17.08.2024* | 0.61 | 2,685,540 | - | - | (830,175) | 1,855,365 |

* The ESS was implemented on 18 August 2014 (“Effective Date”) and shall be in force for a period of 5 years and expires on 17 August 2019. The ESS has been extended for a further period of 5 years expiring on 17 August 2024.

37. **SHARE-BASED PAYMENTS (CONT'D)**

The fair value of ESS is determined based on the following assumptions:

| | | Share Options |
|--|---------|-------------------------|
| Valuation model | | Binomial Option Pricing |
| Offer date | | 1.3.2017 |
| Grant date | | 31.3.2017 |
| Fair value of share options at grant dates | | |
| - At vesting date on 28.02.2018 | (RM) | 0.4472 |
| - At vesting date on 28.02.2019 | (RM) | 0.4685 |
| - At vesting date on 28.02.2020 | (RM) | 0.4823 |
| Grant date share price | (RM) | 1.00 |
| Exercise price | (RM) | 0.61 |
| Expected volatility | (%) | 35.28 |
| Expected life | (years) | 7 |
| Risk free rate | (%) | 4.07 |
| Expected dividend yield | (%) | 2.00 |

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features were incorporated into the measurement of fair value.

38. **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 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.

38. MATERIAL LITIGATIONS (CONT'D)

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

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.

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.

38. **MATERIAL LITIGATIONS (CONT'D)**

Writ and Statement of Claim against AEON Co. (M) Bhd and Counter Claim by AEON Co. (M) Bhd (“AEON”) (cont'd)

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 2023, 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.

On 1 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 6 July 2023, and were dismissed with costs in the cause.

The Trial had proceeded on 6 and 7 July 2023 and continued in several sessions until 28 August 2024. The decision of the matter is fixed on 16 December 2024.

The Directors have made an assessment and sought legal advise in respect of this matter and are of the opinion that the Group has good grounds to deferred and contest against the case.

39. **RELATED PARTIES**

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates, joint ventures, affiliates, Directors and key management personnel.

39. RELATED PARTIES (CONT'D)

Identity of related parties (cont'd)

Significant related party transactions

The significant related party transactions of the Group and of the Company, other than key management personnel compensation (see Note 7), are as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Trade | | | | |
| Dividend income received/ receivable from subsidiaries | - | - | (31,872) | (27,730) |
| Management fees received/ receivable from subsidiaries | - | - | (12,443) | (14,923) |
| Corporate guarantee fees receivable from subsidiaries | - | - | (1,005) | (1,301) |
| Purchases from following companies in which a director has substantial financial interests, and is also a director: | | | | |
| - MIM Waste Services Sdn. Bhd. | 49 | - | - | - |
| - Kemaman Quarry Sdn. Bhd. | 39 | 14 | - | - |
| Sales to the following companies of which a director has substantial financial interests, and is also a director | | | | |
| - MIM Waste Services Sdn. Bhd. | 18 | 138 | - | - |
| - Kemaman Quarry Sdn. Bhd. | - | 54 | - | - |

39. **RELATED PARTIES (CONT'D)**

Identity of related parties (cont'd)

Significant related party transactions (cont'd)

The significant related party transactions of the Group and of the Company, other than key management personnel compensation (see Note 7), are as follows (cont'd):

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-trade | | | | |
| Rental expenses charged by a subsidiary | - | - | 3,582 | 3,582 |
| Administrative services payable to holding company | 276 | 62 | - | - |
| Insurance premium paid or payable to holding company | 95 | 457 | - | - |
| Rental of land paid to a Director of the Company | - | 598 | - | - |
| Rental of land paid to a shareholder | 773 | - | - | - |
| Security services charged by holding company | 741 | 1,408 | - | - |
| Progress billing issued by a subsidiary | - | - | 12,233 | 6,738 |
| Management fees charged by holding company | - | 1,561 | - | 1,561 |
| Advance to a subsidiary | - | - | 51,932 | 54,918 |

The outstanding balances arising from the above transactions have been disclosed in Notes 22 and 33, respectively.

40. **COMPARATIVE INFORMATION**

Certain comparative figures in the financial statements have been reclassified on the face of the statements of financial position and statements of cash flows to confirm current year presentation due to change in reclassification.

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS

The Directors of **AHMAD ZAKI RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and their cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors dated on 28 October 2024.

LEE CHEE KHOON

**DATO' SRI WAN ZAKARIAH BIN
HAJI WAN MUDA**

Kuala Lumpur

Registration No. 199701017271 (432768 - X)

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE
FINANCIAL MANAGEMENT OF THE COMPANY**

I, **SHAHRULANUAR BIN ISHAK**, the Officer primarily responsible for the financial management of **AHMAD ZAKI RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

SHAHRULANUAR BIN ISHAK
(MIA No. 28067)

Subscribed and solemnly declared by the
abovenamed **SHAHRULANUAR BIN
ISHAK** at **KUALA LUMPUR** this 28th
October 2024.

Before me,

COMMISSIONER FOR OATHS