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 2023

(In Ringgit Malaysia)

Registration No. 199701017271 (432768 - X)

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FINANCIAL STATEMENTS

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AHMAD ZAKI RESOURCES BERHAD
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AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors of **AHMAD ZAKI RESOURCES BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

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 18 and 19 to the financial statements respectively.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year attributable to:		
Owners of the Company	(89,231)	(115,448)
Non-controlling interests	(14,656)	-
	(103,887)	(115,448)

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

The Company has not issued any new shares or debentures during the financial 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.

As at 30 June 2023, the total numbers of warrants that remain unexercised were 116,201,952.

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, 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.

EMPLOYEES’ SHARE SCHEME (CONT’D)

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

(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.

(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 38 to the financial statements.

TREASURY SHARES

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

As at 30 June 2023, the Company held a total of 1,662,862 ordinary shares as treasury shares out of its issued and paid-up share capital of 598,097,678 ordinary shares. Such treasury shares are held at carrying amount of RM1,025,787 and further relevant details are disclosed in Note 29 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 provision 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.

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 provision 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 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.

OTHER STATUTORY INFORMATION (CONT'D)

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 (Appointed on 15 March 2023)
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad (Retired on 30 April 2023)
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda (Retired on 30 April 2023)

DIRECTORS (CONT'D)

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:

Sultan Abdullah Ibni Sultan Haji Ahmad Shah
Tengku Baderul Zaman Ibni Sultan Mahmud
Tengku Tan Sri Dato' Haji Mohamad Rizam bin Tengku Abdul Aziz
Dato' Tengku Rozanna Petri binti Tengku Mohamed Nasrun
Dato' Sri DiRaja Haji Adnan bin Haji Yaakob
Dato' Sri Haji Adnan bin Wan Mamat
Dato' Ir. Dr Ashaari bin Mohamad
Dato' Haji Bahari bin Johari
Dato' Haji Zakaria bin Awang
Dr Hjh Wan Maimun binti Wan Abdullah
Mohammad Fauzi bin Haji Ahmad
Mohd Zaki bin Mohd Noor
Wan Azwan Shah bin Tan Sri Dato' Sri Haji Wan Zaki
Wan Ramzi bin Haji Wan Muda
Hamkamarul Bahrin bin Mohamad
Azmi bin Mat Ali
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
Tan Sri Dato Sri Haji Wan Zaki bin Haji Wan Muda
Mohd Jauhari Bin Mohamad (Appointed on 1 June 2023)
Tengku Puteri Raja Tengku Puteri Iman Afzan Binti Al-Sultan Abdullah
(Appointed on 1 November 2022)
Dr. Tengku Muhammad Fa-iz Petra Ibni Al- Marhum Sultan Ismail Petra
(Appointed on 15 May 2023)
Mohd Nasir Bin Mohd Noor (Appointed on 23 December 2022)
Wan Shariman bin Wan Mohamed (Resigned on 8 July 2022)
Dato' Khairul Yusni bin Md Yusof (Resigned on 31 August 2022)
Tengku Norhana binti Sultan Mahmud (Resigned on 17 September 2022)

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 are as follows:

	Number of Ordinary Shares			
	As at 1.7.2022	**Bought**	**Sold**	**As at 30.6.2023**
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	1,061,262	-	-	1,061,262
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,500,000	-	(500,000)	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	-	-	863,125
Dato' Roslan bin Tan Sri Jaffar*	492,187	-	-	492,187

	Warrants 2014/2024			
	As at 1.7.2022	**Bought**	**Sold**	**As at 30.6.2023**
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 are as follows (cont'd):

	Number of Options over Ordinary Shares			
	As at 1.7.2022	**Bought**	**Sold**	**As at 30.6.2023**
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 1.7.2022	**Bought**	**Sold**	**As at 30.6.2023**
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

* 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 2023 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 2023 are set out below:

	Incurred by the Company RM'000	Incurred by the subsidiaries RM'000	Total RM'000
Directors' fees	525	654	1,179
Salaries and other emoluments	1,548	4,986	6,534
Benefits-in-kind	117	140	257
	2,190	5,780	7,970

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' liability insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year which provides appropriate insurance cover for the Directors of the Company on a Group basis. The amount of insurance premium payable during the financial year amounted to RM83,485 and the amount of indemnity coverage for Directors and Officers of the Company during the financial year amounted RM40,000,000.

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.

HOLDING COMPANY

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

SIGNIFICANT EVENT

The significant event is disclosed in Note 44 to the financial statements.

AUDITORS

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

The total amount of 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 RM150,000 and RM388,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATO' SRI WAN ZAKARIAH
BIN HAJI WAN MUDA

LEE CHEE KHOON

Kuala Lumpur,
30 October 2023

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 2023, 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 a summary of significant accounting policies, as set out on pages 20 to 165.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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.

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 For the financial year ended 30 June 2023, the Group recognised revenue on construction contracts of RM236,430,000 which contributed to 62.15% 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.	Our audit procedures included, among others, the following: ▪ 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.

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) Refer to "critical accounting judgements" in Note 4.1(b) to the financial statements and construction contract revenue and construction contract cost recognised in profit or loss in Note 5 to the financial statements.	Our audit procedures included, among others, the following (cont'd): ▪ 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 As at 30 June 2023, the Group has goodwill and intangible assets of RM35,623,000 and RM13,384,000 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.	Our audit procedures included, among others, the following: ▪ 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.

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. Refer to key assumptions used as disclosed in Note 15 to the financial statements.	▪ 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.
(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. As at 30 June 2023, the Group's and the Company's have net current liabilities of RM783,538,000 and RM513,670,000 respectively as a result of losses incurred in the current and previous financial years.	▪ 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.

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. ▪ 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.
Refer to "Going concern" in Note 3.2 to the financial statements and "Liquidity risk" in Note 36(b) to the financial statements. Note 3.2 discloses the Directors' assessment on the ability of the Group and of the Company to continue as a going concern while Note 36(b) disclosures 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 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 3.2 and Note 36(b) to the financial statements respectively.

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, International Financial Reporting 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.

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

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

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.

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 communicated 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.

Registration No. 199701017271 (432768 - X)

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

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 18 to the financial statements.

Other Matters

1. 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.

2. The financial statements of the Group and of the Company as at 30 June 2022 were audited by another firm of Chartered Accountants whose auditors' report dated 28 October 2022, expressed an unqualified opinion on their financial statements.

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

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

Kuala Lumpur
30 October 2023

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000**
Revenue	5	380,444	723,142	50,013	59,636
Cost of sales		(305,471)	(671,102)	(6,992)	(13,430)
Gross profit		74,973	52,040	43,021	46,206
Other income		9,874	5,508	8,281	14,557
Administrative expenses		(80,028)	(69,234)	(16,626)	(27,182)
Impairment of financial assets		(12,946)	(9,934)	(126,314)	(12,247)
Impairment of non-financial assets		(593)	-	(351)	(26,931)
Other expenses		(25,800)	(37,672)	(3,886)	(4,313)
Loss from operations		(34,520)	(59,292)	(95,875)	(9,910)
Finance income	6	53,763	56,954	65	46
Finance costs	7	(89,969)	(65,292)	(19,638)	(11,809)
Share of loss of associates, net of tax		(162)	(1)	-	-
Loss before tax	8	(70,888)	(67,631)	(115,448)	(21,673)
Tax (expense)/income	10	(32,999)	(11,930)	-	4
Loss for the financial year		(103,887)	(79,561)	(115,448)	(21,669)
Other comprehensive loss, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(19,028)	(8,310)	(136)	(50)
Actuarial loss from employee benefits	33	-	(554)	-	-
Total other comprehensive loss for the financial year		(19,028)	(8,864)	(136)	(50)
Total comprehensive loss for the financial year		(122,915)	(88,425)	(115,584)	(21,719)

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000
Loss attributable to:					
Owners of the Company		(89,231)	(76,758)	(115,448)	(21,669)
Non-controlling interests		(14,656)	(2,803)	-	-
Loss for the financial year		(103,887)	(79,561)	(115,448)	(21,669)
Total comprehensive loss attributable to:					
Owners of the Company		(107,212)	(85,123)	(115,584)	(21,719)
Non-controlling interests		(15,703)	(3,302)	-	-
Total comprehensive loss for the financial year		(122,915)	(88,425)	(115,584)	(21,719)

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated
Loss per ordinary share (sen)			
Basic	11	(14.96)	(12.87)
Diluted	11	(14.96)	(12.87)

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 2023

	Note	Group 30.6.2023 RM'000	Group 30.6.2022 RM'000 Restated	Group 1.7.2021 RM'000 Restated	Company 30.6.2023 RM'000	Company 30.6.2022 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	12	663,926	668,392	622,806	1,762	1,822
Right-of-use assets	13	33,066	27,693	25,978	62,972	69,856
Investment properties	14	7,407	4,699	2,599	-	-
Intangible assets	15	51,678	54,012	55,751	-	-
Concession service assets	16	2,429,713	2,251,485	1,944,692	-	-
Inventories	17	54,376	79,318	64,177	-	-
Investments in subsidiaries	18	-	-	-	869,771	882,481
Investments in associates	19	2,640	2,802	2,803	2,640	2,640
Interests in joint ventures	20	-	-	-	-	-
Investments in financial assets	21	68	116	116	68	68
Deferred tax assets	22	14,909	11,972	8,433	235	235
Trade and other receivables	23	560,943	593,521	626,458	-	-
Total non-current assets		3,818,726	3,694,010	3,353,813	937,448	957,102
Current assets						
Inventories	17	36,533	31,848	49,116	-	-
Trade and other receivables	23	298,655	337,507	382,845	453,636	512,111
Construction contract assets	24	159,581	122,053	123,709	1,938	2,892
Biological assets	25	139	660	264	-	-
Short term investments	26	71,488	107,455	228,062	-	-
Tax recoverable		2,557	7,619	6,389	357	322
Cash and deposits	27	246,675	189,500	207,424	3,197	4,611
Total current assets		815,628	796,642	997,809	459,128	519,936
TOTAL ASSETS		4,634,354	4,490,652	4,351,622	1,396,576	1,477,038

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)

		Group			Company	
	Note	**30.6.2023 RM'000**	**30.6.2022 RM'000 Restated**	**1.7.2021 RM'000 Restated**	**30.6.2023 RM'000**	**30.6.2022 RM'000**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	28	197,536	197,536	197,536	197,536	197,536
Treasury shares	29	(1,026)	(1,026)	(1,026)	(1,026)	(1,026)
Reserves	30	(129,264)	(22,052)	63,071	(76,331)	39,253
Equity attributable to owners of the Company		67,246	174,458	259,581	120,179	235,763
Non-controlling interests	18	(18,989)	(3,286)	16	-	-
Total equity		48,257	171,172	259,597	120,179	235,763
Non-current liabilities						
Loans and borrowings	31	2,599,968	2,667,919	2,504,280	236,790	161,541
Lease liabilities	32	13,656	7,353	5,288	66,809	72,706
Employee benefits	33	7,476	6,677	4,022	-	-
Deferred tax liabilities	22	151,724	132,857	130,597	-	-
Trade and other payables	34	214,107	209,815	209,748	-	-
Total non-current liabilities		2,986,931	3,024,621	2,853,935	303,599	234,247
Current liabilities						
Trade and other payables	34	1,120,237	923,636	771,563	946,126	998,313
Construction contract liabilities	24	750	-	-	-	-
Loans and borrowings	31	448,689	351,128	459,297	26,012	8,034
Lease liabilities	32	3,667	2,414	2,618	660	681
Tax payable		25,823	17,681	4,612	-	-
Total current liabilities		1,599,166	1,294,859	1,238,090	972,798	1,007,028
Total liabilities		4,586,097	4,319,480	4,092,025	1,276,397	1,241,275
TOTAL EQUITY AND LIABILITIES		4,634,354	4,490,652	4,351,622	1,396,576	1,477,038

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 2023

	← Non-distributable					→	Distributable			
	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	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
As at 30 June 2021 (as previously stated)	197,536	1,784	27,889	18,976	1,506	(1,026)	49,666	296,331	16	296,347
Prior year adjustments (Note 43)	-	-	-	-	-	-	(36,750)	(36,750)	-	(36,750)
As at 1 July 2021 (as restated)	197,536	1,784	27,889	18,976	1,506	(1,026)	12,916	259,581	16	259,597
Loss for the financial year	-	-	-	-	-	-	(76,758)	(76,758)	(2,803)	(79,561)
Foreign currency translation differences for foreign operations	-	(608)	-	(7,231)	-	-	-	(7,839)	(471)	(8,310)
Actuarial loss from employee benefits	-	(526)	-	-	-	-	-	(526)	(28)	(554)
Total other comprehensive loss for the financial year	-	(1,134)	-	(7,231)	-	-	-	(8,365)	(499)	(8,864)
Total comprehensive loss for the financial year	-	(1,134)	-	(7,231)	-	-	(76,758)	(85,123)	(3,302)	(88,425)
As at 30 June 2022	197,536	650	27,889	11,745	1,506	(1,026)	(63,842)	174,458	(3,286)	171,172

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	← Non-distributable					→	Distributable			
	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	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group (cont'd)										
As at 30 June 2022	197,536	650	27,889	11,745	1,506	(1,026)	(63,842)	174,458	(3,286)	171,172
Loss for the financial year	-	-	-	-	-	-	(89,231)	(89,231)	(14,656)	(103,887)
Foreign currency translation differences for foreign operations	-	36	-	(18,017)	-	-	-	(17,981)	(1,047)	(19,028)
Total other comprehensive loss for the financial year	-	36	-	(18,017)	-	-	-	(17,981)	(1,047)	(19,028)
Total comprehensive loss for the financial year	-	36	-	(18,017)	-	-	(89,231)	(107,212)	(15,703)	(122,915)
As at 30 June 2023	197,536	686	27,889	(6,272)	1,506	(1,026)	(153,073)	67,246	(18,989)	48,257

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	← Non-distributable →					Distributable	
	Share capital RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
Company							
As at 1 July 2021	197,536	27,889	3,368	1,506	(1,026)	28,209	257,482
Loss for the financial year	-	-	-	-	-	(21,669)	(21,669)
Foreign currency translation differences for foreign operations	-	-	(50)	-	-	-	(50)
Total other comprehensive loss for the financial year	-	-	(50)	-	-	-	(50)
Total comprehensive loss for the financial year	-	-	(50)	-	-	(21,669)	(21,719)
As at 30 June 2022	197,536	27,889	3,318	1,506	(1,026)	6,540	235,763

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Non-distributable					Distributable	
	Share capital RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
Company (cont'd)							
As at 30 June 2022 (cont'd)	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)
At 30 June 2023	197,536	27,889	3,182	1,506	(1,026)	(108,908)	120,179

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
OPERATING ACTIVITIES					
Loss before tax		(70,888)	(67,631)	(115,448)	(21,673)
Adjustments for:					
Accretion of fair value on non-current receivables		(51,000)	(53,119)	-	-
Amortisation of transaction costs		205	1,298	-	-
Amortisation of intangible assets		1,756	1,748	-	-
Bad debts written off		62	-	37	-
Depreciation of property, plant and equipment		33,127	34,796	60	84
Depreciation of right-of-use assets		8,536	6,552	1,598	1,728
Depreciation of investment properties		141	73	-	-
Dividend received from subsidiary companies		-	-	(27,730)	(27,916)
Employee retirement benefits provision		448	1,646	-	-
Fair value loss on financial assets		48	4,029	-	-
Fair value loss/(gain) arising from biological assets		521	(396)	-	-
Gain on disposal of property, plant and equipment - net		(1,833)	(480)	(112)	(118)
Gain on derecognition of right-of-use assets		-	(4,536)	-	-
Gain on lease modification of right-of-use assets		(2,390)	-	-	-
Gain on redemption of redeemable convertible preference shares ("RCPS")		-	-	(6,862)	(13,102)
Impairment of investment in subsidiary companies		-	-	351	26,931
Impairment loss on receivables		13,008	10,932	126,314	12,247
Impairment of intangible assets		593	-	-	-
Inventories written-off		69	-	-	-
Inventories written down		5,246	-	-	-

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
OPERATING ACTIVITIES (CONT'D)					
Adjustments for (cont'd):					
Interest income		(2,763)	(3,835)	(65)	(46)
Interest expense		89,764	63,994	19,638	11,809
Land held for development written-off		5,122	-	-	-
Loss on foreign exchange - unrealised		-	13,086	2,829	4,275
Reversal of development costs		15,174	-	-	-
Share of loss of associates		162	1	-	-
Operating profit/(loss) before working capital changes		45,108	8,158	610	(5,781)
Movements in working capital:					
Inventories		(6,642)	(7,923)	-	-
Construction contract assets		(36,778)	4,093	954	(975)
Property development costs		2,054	26,686	-	-
Concession service assets		(89,000)	(217,635)	-	-
Trade and other receivables		47,837	120,462	222	(4,476)
Trade and other payables		193,928	136,850	(8,164)	4,803
Cash generated from/(used in) operations		156,507	70,691	(6,378)	(6,429)
Retirement benefits paid		-	(237)	-	-
Income tax (paid)/refund - net		(3,464)	(1,093)	(34)	1,374
Net cash from/(used in) operating activities		153,043	69,361	(6,412)	(5,055)

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
INVESTING ACTIVITIES					
Addition of land held for development		(532)	(16,636)	-	-
Addition of property development costs		(3,918)	-	-	-
Dividend received from subsidiary companies		-	-	27,730	27,916
Interest received		2,763	3,835	65	64
Proceeds from redemption of RCPS		-	-	19,221	36,702
Proceeds from disposal of property, plant and equipment		442	634	112	118
Proceeds from terminated projects		4,640	-	-	-
Purchase of property, plant and equipment		(13,780)	(70,778)	-	-
Advance to subsidiaries		-	-	(68,293)	(20,453)
Repayment from/(Advance to) affiliate companies		1,869	-	(14)	(25)
Repayment from holding company		-	-	574	59
Advance to associate		(20)	-	-	-
Net cash (used in)/from investing activities		(8,536)	(83,035)	(20,605)	44,381
FINANCING ACTIVITIES					
Repayment to subsidiaries		-	-	(60,116)	(27,808)
Advances from holding company		-	-	194	-
Decrease/(Increase) in pledged cash and deposits		(102,141)	7,488	-	-
Interest paid		(128,197)	(143,896)	(4,120)	(8,601)
Repayments of lease liabilities		(4,319)	(1,139)	(3,582)	(3,859)
Advance from associate		53	-	-	-
Repayments to holding company		(484)	-	-	-
Advance from affiliate companies		1,398	-	-	-
Repayments of finance lease liabilities		(5,278)	(8,023)	(36)	(70)

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
FINANCING ACTIVITIES (CONT'D)					
Net drawdowns of loans and borrowings		10,339	24,015	93,263	-
Net cash (used in)/from financing activities		(228,629)	(121,555)	25,603	(40,338)
CASH AND CASH EQUIVALENTS					
Net changes		(84,122)	(135,139)	(1,414)	(1,012)
Effect of movement foreign exchange rates		(76)	-	-	-
Brought forward		149,135	284,274	4,611	5,623
Carried forward		64,937	149,135	3,197	4,611

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

(i) Cash and cash equivalents

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Deposits placed with licensed banks	72,335	69,804	1,600	3,532
Housing development account	556	2,869	-	-
Cash and bank balances	173,783	116,827	1,597	1,079
Short term investments	71,488	107,455	-	-
	318,162	296,955	3,197	4,611
Less:				
Bank overdrafts	(48,746)	(45,482)	-	-
Deposits placed with licensed banks	(59,323)	(66,140)	-	-
Cash and bank balances	(145,156)	(36,198)	-	-
	64,937	149,135	3,197	4,611

(ii) Acquisition of right-of-use assets

During the financial year, the Group acquired right-of-use assets with an aggregate cost of RM13,906,000 (2022: RM7,880,000) which were financed as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Lease liabilities arrangements	13,906	7,880	-	-

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (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.

	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 7) RM'000	As at 30 June RM'000
Group						
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	2,963,880	(166,616)	-	21,285	176,955	2,995,504
	2,983,332	(163,364)	(2,031)	21,285	178,012	3,017,234
2022						
Lease liabilities	7,906	6,741	(5,312)	-	432	9,767
Finance lease liabilities	17,708	(8,617)	-	-	594	9,685
Loan and borrowings	2,904,483	(113,582)	-	20,998	151,981	2,963,880
	2,930,097	(115,458)	(5,312)	20,998	153,007	2,983,332

AHMAD ZAKI RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (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 7) RM'000	As at 30 June RM'000
Company					
2023					
Finance lease liabilities	50	(40)	-	1	11
Term loans	169,575	76,528	1	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	12,984	(2,770)	19,638	1,245,743
2022					
Finance lease liabilities	120	(73)	-	3	50
Term loans	169,525	(8,548)	-	8,598	169,575
Lease liabilities	72,741	(3,859)	1,297	3,208	73,387
Amount due to subsidiaries	1,000,687	(27,808)	-	-	972,879
	1,243,073	(40,288)	1,297	11,809	1,215,891

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

NOTES TO THE FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 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 2023 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 18 and 19 respectively.

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

The financial statements of the Company were authorised by the Board of Directors for issuance on 30 October 2023.

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"), International Financial Reporting 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 amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 July 2022.

The initial application of the applicable amendments/improvements to the standards did not have material financial impact to the financial statements.

2.3 New/amendments to MFRSs in 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 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 2023:-

MFRS 17 and amendment to MFRS 17	Insurance Contracts
Amendment to MFRS 17	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	Income Taxes - International Tax Reform - Pillar Two Model Rules

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 - Disclosure - Supplier Finance Arrangements

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

2.3 New/amendments to MFRSs in issue but not yet effective (cont'd)

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

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

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

* Not applicable to the Group and the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention, except as stated in the accounting policies explained below. 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.

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 *Shared-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*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of accounting (cont'd)

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 (unadjpusted) 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.

3.2 Going concern

As at 30 June 2023, the Group and the Company have net current liabilities of RM783,538,000 and RM513,670,000 respectively as a result of losses incurred in the current and previous financial years. In addition, the Group and the Company have also committed borrowings amounting to RM3,048,657,000 and RM262,802,000 as of that date. The Group's unutilised borrowing facilities amounting to RM177,434,000 is as further disclosed in Note 36(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 2024 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;
3. Renegotiation, where required, with the financial institutions on their borrowings repayment terms, as mentioned in Note 36(b);
4. Securing additional financing from certain financial institutions and the Government of Malaysia as mentioned in Note 36(b); and
5. Undertook a private placement of up to 10% of the total number of issued shares of the Company to third party investors as announced on 21 September 2023 as mentioned in Note 44.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Going concern (cont'd)

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.

3.3 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 unless otherwise stated.

3.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is defined as follows:

- Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- Potential voting rights are considered when assessing control only when such rights are substantive.

- The Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Basis of consolidation (cont'd)

(a) Subsidiaries (cont'd)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(b) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Basis of consolidation (cont'd)

(b) Business combinations (cont'd)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus of deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(c) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Basis of consolidation (cont'd)

(c) Associates (cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of the investments includes transaction costs.

(d) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of their share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Basis of consolidation (cont'd)

(e) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year/year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.5 Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value that are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Foreign currency (cont'd)

(a) Foreign currency transactions (cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign exchange translation reserve ("FETR") in equity.

(b) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FETR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the FETR related to that foreign operation is reclassified to profit or loss as part of profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group performs;

- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- the Group's and the Company's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.6 **Revenue and other income recognition (cont'd)**

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(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.

(b) **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).

(c) **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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Revenue and other income recognition (cont'd)

(d) 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.

(e) Other income

Revenue from other sources are recognised as follows:

(i) interest income is recognised on an accrual basis using the effective interest method;

(ii) dividend income is recognised when the right to receive payment is established;

(iii) management fee income is recognised on an accrual basis, by reference to the agreements entered into; and

(iv) rental income is recognised on a straight-line basis over the tenure of the lease.

3.7 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Employee benefits (cont'd)

(b) **State plans**

The Group's contributions to statutory pension funds are charged to profit or loss in the financial period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(c) **Defined benefit plans**

The Group's net obligation in respect of defined benefit plan of a foreign subsidiary's 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments, if any.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Employee benefits (cont'd)

(d) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(e) Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 38.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.8 Income tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Income tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and when they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.9 Financial instruments

(a) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(b) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objectives is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(b) Fair value through other comprehensive income ("FVTOCI")

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminate or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised at FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.9 **Financial instruments (cont'd)**

(b) **Financial instrument categories and subsequent measurement (cont'd)**

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

A financial liability is any liability with contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(a) Financial liabilities measured at amortised cost

Financial liabilities that are not held for trading, or designated as at FVTPL, are initially recognised at fair value and subsequently are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group's and the Company's significant financial liabilities include trade and other payables, loans and borrowings and lease liabilities which are initially measured at fair value and subsequently measured at amortised cost.

(c) **Derecognition**

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.9 **Financial instruments (cont'd)**

(c) **Derecognition (cont'd)**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.10 **Property, plant and equipment**

(a) **Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.10 **Property, plant and equipment (cont'd)**

(b) **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Freehold land is not depreciated.

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Property, plant and equipment (cont'd)

(c) Depreciation (cont'd)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

Assets under construction consists of plant and machineries 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.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

3.11 Investment properties

Investment property is property which is owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and any impairment losses.

Building and warehouses are depreciated on the straight-line method over its useful life of 30 years.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Leases

(a) As lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability by using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.12 **Leases (cont'd)**

(a) **As lessee (cont'd)**

The Group and the Company remeasure the lease liability and make a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, to the extent that the costs relate to a right-of-use asset. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.12 **Leases (cont'd)**

(a) **As lessee (cont'd)**

Leasehold land	3% - 33.3%
Buildings	25%
Machinery and equipment	14% - 20%
Bunkering facilities	3.5% - 33.3%
Office equipment	50%

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group and the Company apply MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

(b) **As lessor**

Leases for which the Group or the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group or the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amount due from lessees under finance leases are recognised as receivables at the amount of the Group's or the Company's net investment in the leases. Finance lease income is allocated to financial period so as to reflect a constant periodic rate of return on the Group's or the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Inventories

(a) Land held for development

Land held for property development consists of land on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(b) Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

(c) Marine fuels and lubricants and consumable goods

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Inventories (cont'd)

(d) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportion of common costs attributable to developing the properties to completion.

3.14 Biological assets

The biological assets of the Group comprised produce growing on bearer plants, which are fresh fruit bunches ("FFB") prior to harvest. Biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flow is estimated using expected output method and the estimated market price of the produce growing on bearer plants. Cost to sell consists of harvesting costs at the point of harvest.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the end of the reporting period.

At the time of harvest, produce are measured at fair value less costs to sell and transferred to inventories.

3.15 Intangible assets

(a) Concession asset

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

Highway concession cost include expenditure that is directly incurred in the design and construction of the East Klang Valley Expressway. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Intangible assets (cont'd)

(a) Concession asset (cont'd)

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, the carrying amount of the highway concession is assessed and written down immediately to its recoverable amount.

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.

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.

(b) Other intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, the carrying amount of intangible assets is assessed and written down immediately to its recoverable amount.

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

3.16 Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's and the Company's contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers. The Group's and the Company's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group and the Company perform their obligation under the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment

(a) Financial assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on all trade and other receivables and construction contract assets. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime ECL for trade receivables and construction contract assets. The expected credit losses on these financial assets are estimated based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and included forward-looking information, where available.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment (cont'd)

(a) Financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

(b) Goodwill and intangible assets

Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment and at least annually, and whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment (cont'd)

(b) Goodwill and intangible assets (cont'd)

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

(c) Other assets

The carrying amounts of other tangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment (cont'd)

(c) Other assets (cont'd)

Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

3.18 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs. Ordinary shares and warrants are equity instruments.

(a) Ordinary shares

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period which they are declared.

(b) Warrants

Warrants are classified as equity instruments. The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for a consideration equivalent to the exercise price of the warrants.

(c) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(a) Performance guarantees and bonds

Provisions for performance guarantees and bonds are recognised when crystallisation is probable. When crystallisation is possible, the performance guarantees and bonds are disclosed as contingent liabilities.

(b) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group and the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group and the Company recognise any impairment loss on the assets associated with that contract.

3.20 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS, if any, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of warrants and options.

3.22 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.23 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.24 Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and short term deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Related parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group and the Company if that person:-

- (i) Has control or joint control over the Group and the Company;
- (ii) Has significant influence over the Group and the Company; or
- (iii) Is a member of the key management personnel of the corporate shareholders of the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

- (i) The entity and the Group or the Company are members of the same group;
- (ii) The entity is an associate or joint venture of the other entity;
- (iii) Both the Group or the Company and the entities are joint ventures of the same third party;
- (iv) The Group or the Company is a joint venture of a third entity and the other entity is an associate of the same third entity;
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company for an entity related to the Group or the Company;
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the corporate shareholders of the Group or the entity; and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the corporate shareholders of the Group or to the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continuously evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, the management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(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**

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 contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the construction project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 Key sources of estimation uncertainty

The management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as discussed below:

(a) **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 5 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.

(b) **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.

(c) **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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

The management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as discussed below (cont'd):

(d) **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.

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

Significant estimate is required in determining the impairment of trade receivables and construction 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 use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

(f) **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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

The management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as discussed below (cont'd):

(g) **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.

(h) **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.

5. REVENUE

Disaggregated revenue information

	Group		Company	
Type of revenue	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Revenue from contracts with customers:				
Attributable contract revenue	236,430	357,703	7,360	14,137
Sale of goods/Rendering of services	127,192	112,435	-	-
Sale of fresh fruit bunches, crude palm oil and kernel	8,887	214,401	-	-
Sale of completed properties	3,665	34,824	-	-
Income from hotel operation, and food and beverages	4,270	3,779	-	-
Revenue from other sources of income:				
Management fees	-	-	14,923	17,583
Dividend income	-	-	27,730	27,916
	380,444	723,142	50,013	59,636
Timing of revenue recognition:				
At a point in time	69,576	331,644	42,653	45,499
Over time	310,868	391,498	7,360	14,137
	380,444	723,142	50,013	59,636

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

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Engineering and constructions				
Financial years ending 30 June:				
2023	-	855,464	-	23,231
2024	693,528	92,057	13,732	-
	693,528	947,521	13,732	23,231

6. FINANCE INCOME

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income on:				
- Accretion of fair value on non-current receivables	51,000	53,119	-	-
- Deposits placed with licensed banks	541	674	65	46
- Short term investment	2,222	3,161	-	-
	53,763	56,954	65	46

Accretion of fair value on non-current receivables represents fair value impact on concession receivables from Government of Malaysia as explained in Note 23.

7. FINANCE COSTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Sukuk	83,123	73,134	-	-
- Term loans	86,917	72,615	16,687	8,598
- Bank overdrafts	3,058	2,582	-	-
- Finance lease	182	594	1	3
- Lease liabilities	875	432	2,950	3,208
- Revolving credits	6,900	4,490	-	-
- Trust receipts	357	486	-	-
- Banker's acceptance	171	966	-	-
- Invoice financing	114	290	-	-
- Reversal of over recognised	(627)	-	-	-
	181,070	155,589	19,638	11,809
Less: Capitalisation of interest				
- Sukuk	(58,795)	(58,980)	-	-
- Term loans	(30,433)	(30,178)	-	-
- Lease liabilities	(9)	-	-	-
- Revolving credits	(1,622)	(695)	-	-
- Trust receipts	(357)	(486)	-	-
- Banker's acceptance	(90)	(966)	-	-
- Invoice financing	-	(290)	-	-
	(91,306)	(91,595)	-	-
	89,764	63,994	19,638	11,809
Amortisation of transaction costs	205	1,298	-	-
	89,969	65,292	19,638	11,809

8. LOSS BEFORE TAX

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration related to:				
Statutory audit fees:				
- Grant Thorton Malaysia PLT	538	-	150	-
- Other auditors	51	589	-	165
Non-audit fees:				
- Other auditors	5	18	5	5
Amortisation of intangible assets	1,756	1,748	-	-
Bad debts written off	62	-	37	-
Directors' fee	1,179	796	525	460
Depreciation of property, plant and equipment	33,127	34,796	60	84
Depreciation of investment properties	141	73	-	-
Depreciation of right-of-use assets	8,536	6,552	1,598	1,728
Expenses relating to short term and low value asset leases	1,386	269	624	1
Employee benefits expense*:				
- Salaries and other emoluments	54,550	33,984	9,274	11,500
- Contribution to defined contribution plans	6,199	3,218	964	1,261
- Retirement benefits	448	1,646	-	-
Fair value loss/(gain) arising from biological assets	521	(396)	-	-
Fair value loss on financial assets	48	4,029	-	-
Gain on disposal of property, plant and equipment - net	(1,833)	(480)	(112)	(118)
Gain on derecognition of right-of-use assets	-	(4,536)	-	-
Gain on lease modification of right-of-use assets	(2,390)	-	-	-

8. LOSS BEFORE TAX (CONT'D)

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gain on redemption of redeemable convertible preference shares	-	-	(6,862)	(13,102)
Government grant income	(177)	-	-	-
Impairment loss on non-financial assets:				
- Investment in subsidiaries	-	-	351	26,931
- Goodwill	593	-	-	-
Impairment loss on:				
- Trade receivables	8,912	-	1,189	-
- Subsidiaries (non-trade)	-	-	124,374	2,313
- Affiliate (non-trade)	49	-	-	-
- Other receivables and deposits	4,034	9,934	751	9,934
(Gain)/Loss on foreign exchange:				
- Realised	-	18	-	147
- Unrealised	-	13,086	2,829	4,275
Reversal of impairment loss on:				
- Individual in subsidiaries	-	-	668	-
Rental income generated from investment properties	(569)	(321)	-	-
Rental of short term lease and low value lease	-	269	1	1
Inventories written down	5,246	-	-	-
Inventoried written off	5,191	-	-	-

* Included in employee benefits expense are the Directors' remuneration disclosed in Note 9 to the financial statements.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Executive Directors				
- Directors' fees	474	3	-	-
- Salaries and emoluments	5,851	3,566	1,339	2,078
- Defined contribution plans	627	-	157	246
Total remuneration	6,952	3,569	1,496	2,324
Estimated monetary value of benefit-in-kind	23	164	67	79
	6,975	3,733	1,563	2,403
Non-Executive Directors				
- Directors' fees	705	721	525	460
- Salaries and emoluments	56	79	52	45
Total remuneration	761	800	577	505
Estimated monetary value of benefit-in-kind	234	153	50	46
	995	953	627	551
	7,970	4,686	2,190	2,954

10. TAX EXPENSE/(INCOME)

	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000
Estimated tax payable:				
- Current year	15,297	12,551	-	-
- Under/(over) provision in prior financial years	1,371	381	-	(4)
	16,668	12,932	-	(4)
Deferred tax:				
- Origination and reversal of temporary differences	16,187	(1,054)	-	-
- Under provision in prior financial years	144	52	-	-
	16,331	(1,002)	-	-
	32,999	11,930	-	(4)

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of estimated assessable profit for the financial year.

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

10. 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:

	Group		**Company**	
	2023 RM'000	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000**
Loss before tax	(70,888)	(67,631)	(115,448)	(21,673)
Tax expense calculated at Malaysian statutory tax rate of 24%	(17,013)	(16,231)	(27,707)	(5,202)
Tax effects of:				
Non-deductible expenses	42,137	22,777	36,257	15,936
Non-taxable income	(2,370)	(1,322)	(8,891)	(10,734)
Under/(Over) provision of tax payable in prior financial years	1,371	381	-	(4)
Under provision of deferred tax in prior financial years	144	52	-	-
Impact of change in tax rate in other tax jurisdiction	-	(439)	-	-
Recognition of deferred tax assets previously not recognised	-	(5,514)	-	-
Deferred tax assets not recognised	8,730	12,226	341	-
	32,999	11,930	-	(4)

11. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 30 June 2023 was based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding during the year.

	Group 2023	Group 2022 Restated
Basic loss per ordinary share		
Net loss attributable to owners of the Company (RM'000)	(89,231)	(76,758)
Weighted average number of ordinary shares in issue ('000)	596,435	596,435
Basic loss per ordinary share (sen)	(14.96)	(12.87)
Diluted loss per ordinary share		
Net loss attributable to owners of the Company (RM'000)	(89,231)	(76,758)
Weighted average number of ordinary shares in issue ('000)	596,435	596,435
Effects of warrants ('000)	-*	-*
Effects of dilution of ESS ('000)	-*	-*
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	596,435	596,435
Diluted loss per ordinary share (sen)	(14.96)	(12.87)

* The effect of potential ordinary shares ongoing from the exercise of warrants and dilution of ESS was anti-dilutive and accordingly was excluded from the diluted earnings per share computation above.

12. 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 2021	24,963	335,507	302,465	127,943	41,289	15,075	3,349	850,591
Additions	-	45,814	14,334	2,083	137	758	5,479	68,605
Disposals	-	-	-	(1,109)	(2,803)	(58)	(6)	(3,976)
Reclassifications	-	-	3,643	-	-	770	(4,413)	-
Effects of movements in exchange rates	-	11,819	1,084	1,638	141	58	-	14,740
As at 30 June 2022	24,963	393,140	321,526	130,555	38,764	16,603	4,409	929,960
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	(87)	2,501	206	86	-	22,708
As at 30 June 2023	24,963	411,692	334,314	132,253	32,374	17,678	3,691	956,965

12. 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 2021	-	61,828	38,264	78,977	37,988	10,728	-	227,785
Charge for the financial year	-	15,471	8,386	7,164	1,957	1,818	-	34,796
Disposals	-	-	-	(1,109)	(2,656)	(57)	-	(3,822)
Effects of movements in exchange rates	-	1,974	305	360	123	47	-	2,809
As at 30 June 2022	-	79,273	46,955	85,392	37,412	12,536	-	261,568
Charge for the financial year	-	18,420	7,602	4,475	831	1,799	-	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	89,537	31,476	14,415	-	293,039
Carrying amounts								
As at 30 June 2022	24,963	313,867	274,571	45,163	1,352	4,067	4,409	668,392
As at 30 June 2023	24,963	309,219	279,176	42,716	898	3,263	3,691	663,926

12. 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 2021	1,750	45	4,185	361	6,341
Disposals	-	-	(507)	-	(507)
As at 30 June 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
Accumulated depreciation					
As at 1 July 2021	-	43	4,031	361	4,435
Charge for the financial year	-	-	84	-	84
Disposals	-	-	(507)	-	(507)
As at 30 June 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
Carrying amounts					
As at 30 June 2022	1,750	2	70	-	1,822
As at 30 June 2023	1,750	2	10	-	1,762

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

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Machinery and equipment	6,100	1,684	-	-
Motor vehicles	849	714	10	70
	6,949	2,398	10	70

Freehold land and buildings of the Group with total net carrying amounts of RM135,980,000 (2022: RM136,468,000) are charged to financial institutions as securities for banking facilities granted to its subsidiaries.

13. 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 from 2 to 43 years (2022: 2 to 43 years). The average lease term of the Group and of the Company is approximately 21 years (2022: 21 years) and 43 years (2022: 43 years) respectively.

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 2021	37,267	3,166	3,235	5,312	139	49,119
Additions	-	371	2,325	5,184	-	7,880
Derecognition	-	-	-	(5,312)	-	(5,312)
Effect of movements in exchange rates	1,389	-	-	-	-	1,389
As at 30 June 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

13. 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 2021	13,722	2,714	3,125	3,513	67	23,141
Charge for the financial year	2,463	445	2,124	1,493	27	6,552
Derecognition	-	-	-	(4,536)	-	(4,536)
Effect of movement in exchange rates	226	-	-	-	-	226
As at 30 June 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
Carrying amounts						
As at 30 June 2022	22,245	378	311	4,714	45	27,693
As at 30 June 2023	16,929	2,648	10,529	2,960	-	33,066

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

Company	**Building RM'000**
Cost	
As at 1 July 2021	74,469
Remeasurement of right-of-use assets	1,297
As at 30 June 2022	75,766
Remeasurement of right-of-use assets	(5,286)
As at 30 June 2023	70,480
Accumulated depreciation	
As at 1 July 2021	4,182
Charge for the financial year	1,728
As at 30 June 2022	5,910
Charge for the financial year	1,598
As at 30 June 2023	7,508
Carrying amounts	
As at 30 June 2022	69,856
As at 30 June 2023	62,972

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

	Group		**Company**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Amounts recognised in profit and loss				
Depreciation of right-of-use assets	8,536	6,552	1,598	1,728
Interest expense on lease liabilities	875	432	2,950	3,208
Expenses relating to short-term lease	1,386	269	624	1
	10,797	7,253	5,172	4,937

During the year, the total cash outflow for leases for the Group and the Company amounted to RM10,866,000 (2022: RM1,408,000) and RM3,582,000 (2022: RM3,861,000) respectively.

14. INVESTMENT PROPERTIES

Buildings	Group 2023 RM'000	Group 2022 RM'000
Cost		
As at 1 July	4,813	2,640
Transfer from completed properties	2,849	2,173
As at 30 June	7,662	4,813
Accumulated depreciation		
As at 1 July	114	41
Charge from the financial year	141	73
As at 30 June	255	114
Carrying amount		
As at 30 June	7,407	4,699
Fair value		
As at 30 June	11,315	6,400

The rental income earned by the Group from its investment properties amounted to RM568,000 (2022: RM321,000).

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 RM17,000 (2022: RM83,000) and RM2,000 (2022: RM14,000) 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 years ranging from two (2) to three (3) years. Subsequent renewals are negotiated with the lessees and on average renewal years of one (1) year.

14. INVESTMENT PROPERTIES (CONT'D)

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.

15. INTANGIBLE ASSETS

Group	Contractual customer relationship RM'000	Lease agreement RM'000	Software RM'000	Goodwill on consolidation RM'000	Total RM'000
Costs					
As at 1 July 2021	8,209	16,022	278	38,887	63,396
Effects of movements in exchange rates	-	-	9	-	9
As at 30 June 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

15. 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 2021	5,277	2,326	42	-	7,645
Amortisation for the financial year	1,173	517	58	-	1,748
As at 30 June 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
Accumulated impairment loss					
As at 30 June 2022 /1 July 2022	-	-	-	-	-
Addition	-	-	-	593	593
As at 30 June 2023	-	-	-	593	593
Carrying amounts					
As at 30 June 2022	1,759	13,179	187	38,887	54,012
As at 30 June 2023	586	12,662	136	38,294	51,678

15. INTANGIBLE ASSETS (CONT'D)

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	
	2023 RM'000	**2022 RM'000**
Malaysian supply base operation	35,621	35,623
Malaysian hotel operator unit	2,410	2,410
Multiple business units without significant goodwill	263	854
	38,294	38,887

(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 of 7% (2022: 7%) 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 4.2% (2022: 4.2%) 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 7% (2022: 7%) 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 4.2% (2022: 4.2%) applied to steady-state estimate earnings at the end of the projected period.

The Directors believe that any reasonable possible change in the key assumptions would not cause the carrying values of the goodwill to materially exceed their recoverable amounts.

16. CONCESSION SERVICE ASSETS

	Group 2023 RM'000	Group 2022 RM'000
As at 1 July 2022/2021	2,251,485	1,944,692
Additions	178,228	306,793
As at 30 June	2,429,713	2,251,485

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 toll 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 RM89,228,000 (2022: RM88,781,000).

The Concession Services Assets are still under construction.

17. INVENTORIES

	Group 2023 RM'000	Group 2022 RM'000
Non-current		
Land held for development (Note 17.1)	54,376	79,318
Current		
Property development costs (Note 17.2)	3,655	1,254
Completed properties	2,872	6,113
Finished goods	-	42
Marine fuels and lubricants	3,139	5,559
Consumable goods	26,867	18,880
	36,533	31,848
	90,909	111,166

In current financial year, inventories recognised as cost of sales in profit or loss amounted to RM15,559,000 (2022: RM14,723,000).

17. INVENTORIES (CONT'D)

17.1 Land held for development

	Group 2023 RM'000	Group 2022 RM'000
As at 1 July 2022/2021	79,318	64,177
Additions	532	16,636
Transfer to property development costs	(538)	(1,495)
Redeemed costs	(4,640)	-
Written off	(5,122)	-
Reversal of development costs	(15,174)	-
As at 30 June	54,376	79,318
Freehold land	45,233	45,795
Development cost	3,355	3,355
Leasehold land	5,788	30,168
	54,376	79,318

The land held for development represents land that are earmarked for future commercial development. Freehold land with carrying amount of RM6,558,000 (2022: RM8,958,000) is pledged to a bank for banking facility granted to the Group.

Net interest cost capitalised in land held for development in the prior financial year was RM377,000.

17.2 Property development costs

	Group 2023 RM'000	Group 2022 RM'000
As at 1 July 2022/2021	1,254	26,445
Transfer from land held for development	538	1,495
Additions	3,918	91
Cumulative costs recognised as an expense in profit or loss	(2,055)	(26,777)
As at 30 June	3,655	1,254

18. INVESTMENTS IN SUBSIDIARIES

	Company 2023 RM'000	Company 2022 RM'000
Unquoted shares, at cost	660,520	660,520
Redeemable convertible preference shares	252,568	264,927
Less: Accumulated impairment loss	(43,317)	(42,966)
	869,771	882,481

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

During the financial year, 19,221,398 RCPS (2022: 36,702,000 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 RM19,221,398 (2022: RM36,702,000).

(b) Accumulated impairment loss

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

	Company 2023 RM'000	Company 2022 RM'000
As at 1 July 2022/2021	42,966	16,035
Additions	351	26,931
As at 30 June	43,317	42,966

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. The Directors concluded that the allowance for impairment loss amounting to RM43,317,000 (2022: RM42,966,000) as at the end of the reporting period is deemed adequate in respect of investments in subsidiaries.

18. 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 2023** %	**2022** %
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. Ichtiar Gusti Pudi*	Oil palm cultivation and processing of palm oil	Republic of Indonesia	95	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

18. 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 2023 %	2022 %
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	60
Matrix Reservoir Sdn. Bhd.	Investment holding and rental of plant, machineries and equipment	Malaysia	53	53

18. 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 2023 %	2022 %
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
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	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

18. 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 2023 %	2022 %
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*

18. 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
2023			
Matrix Reservoir Sdn. Bhd. and its subsidiaries ("MRSB Group")	47	(8,855)	(953)
Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP")	40	(498)	7,738
P.T. Ichtiar Gusti Pudi ("PTIGP")	5	(4,834)	*(20,739)
Other individually immaterial subsidiaries		(469)	(5,035)
		(14,656)	(18,989)
2022			
Matrix Reservoir Sdn. Bhd. and its subsidiaries ("MRSB Group")	47	(644)	7,902
Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP")	40	(88)	8,236
P.T. Ichtiar Gusti Pudi ("PTIGP")	5	(2,746)	#(14,859)
Other individually immaterial subsidiaries		675	(4,565)
		(2,803)	(3,286)

* This includes impact of foreign currency translation reserves of RM1,046,000.
# This includes impact of foreign currency translation reserves of RM466,000.

18. **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.

	2023		2022	
	MRSB Group RM'000	KTIP RM'000	MRSB Group RM'000	KTIP RM'000
Statements of financial position				
Non-current assets	257,033	13,280	248,675	10,718
Current assets	21,321	9,713	24,305	11,651
Total assets	278,354	22,993	272,980	22,369
Non-current liabilities	86,598	-	87,028	-
Current liabilities	204,632	6,986	186,339	5,122
Total liabilities	291,230	6,986	273,367	5,122
(Capital deficiency)/Total equity	(12,876)	16,007	(387)	17,247
Statements of profit or loss and other comprehensive income				
Revenue	47,833	3,665	40,642	1,087
(Loss)/Profit before tax	(3,305)	10	(3,181)	(220)
Loss after tax	(12,489)	(1,245)	(1,383)	(220)

19. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost	2,740	2,740	2,640	2,640
Share of post-acquisition reserves				
As at 1 July 2022/2021	62	63	-	-
Share of loss of associates, net of tax	(162)	(1)	-	-
As at 30 June	(100)	62	-	-
	2,640	2,802	2,640	2,640

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Goodwill on acquisition	2,058	2,058

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 2023 %	2022 %
Palmacorp Sdn. Bhd.*	Dormant	50	50
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.*	Dormant	50	50

* *Audited by other firm of auditors*

19. INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information of associates, not adjusted for the percentage ownership held by the Group:

	Effective ownership interest	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2023					
Palmacorp Sdn. Bhd.	50%	-	(1)	1,474	(304)
Fasatimur Sdn. Bhd.	50%	-	(1)	590	(296)
2022					
Palmacorp Sdn. Bhd.	50%	-	(3)	1,474	(304)
Fasatimur Sdn. Bhd.	50%	-	19	588	(295)

Contingent liabilities and capital commitments

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

20. INTERESTS IN JOINT VENTURES

	Group 2023 RM'000	Group 2022 RM'000
Investment cost	30	30
Share of post-acquisition results in joint ventures	(30)	(30)
	-	-

20. INTERESTS IN JOINT VENTURES (CONT'D)

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 2023 %	2022 %
(i)	BumiHiway - Ahmad Zaki Joint Venture*	Realignment of the route from Putrajaya to Cyberjaya, Selangor	50	50
(ii)	Ahmad Zaki - JasaBakti Joint Venture*	Design and building of "Sekolah Menengah Sains Hulu Terengganu" in Terengganu	70	70

* *Audited by other firm of auditors*

21. INVESTMENT IN FINANCIAL ASSETS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
At fair value through profit or loss:				
Unquoted shares in Malaysia	-	48	-	-
Club membership	68	68	68	68
	68	116	68	68
Fair value of quoted investment (Level 3)	68	116	68	68

The club membership is in respect of a transferable golf club corporate membership. Included in the fair value through profit or loss investments of the Group is the investment in Salcon MMCB AZSB JV Sdn. Bhd. with equity interest of 30%.

The Directors are of the opinion that the carrying amounts of the investment in financial assets approximate its fair value.

22. DEFERRED TAX (ASSETS)/LIABILITIES

	Group RM'000 Restated
As at 30 June 2021	85,414
Prior year adjustments (Note 43)	36,750
As at 1 July 2021, restated	122,164
Recognised in profit or loss	(1,002)
Effect of movements in exchange rates	(277)
As at 30 June 2022	120,885
Recognised in profit or loss	16,331
Effect of movements in exchange rates	(401)
As at 30 June 2023	136,815

	Company	
	2023 RM'000	2022 RM'000
As at 1 July/30 June	(235)	(235)

	Group			Company	
	30.6.2023 RM'000	30.6.2022 RM'000 Restated	1.7.2021 RM'000 Restated	30.6.2023 RM'000	30.6.2022 RM'000
Deferred tax liabilities	151,724	132,857	130,597	-	-
Deferred tax assets	(14,909)	(11,972)	(8,433)	(235)	(235)
	136,815	120,885	122,164	(235)	(235)

22. 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 2021, restated	8,712	-	142,854	(2,765)	(18,476)	(7,236)	-	(925)	122,164
Recognised in profit or loss	3,889	-	(36,450)	50,252	(7,675)	(11,677)	-	659	(1,002)
Effect of movements in exchange rates	-	-	-	-	(277)	-	-	-	(277)
As at 30 June 2022, restated	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)	(579)	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)	(845)	136,815

22. **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**	**Total RM'000**
As at 1 July 2021	28	-	(263)	(235)
Recognised in profit or loss	(9)	-	9	-
As at 30 June 2022	19	-	(254)	(235)
Recognised in profit or loss	(25)	(229)	254	-
As at 30 June 2023	(6)	(229)	-	(235)

22. 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	
	30.6.2023 RM'000	**30.6.2022 RM'000 Restated**	**1.7.2021 RM'000 Restated**	**30.6.2023 RM'000**	**30.6.2022 RM'000**
Unused tax losses	207,637	171,489	110,658	15,711	14,293
Unutilised capital allowances	8,825	8,595	18,483	5,555	5,549
	216,462	180,084	129,141	21,266	19,842

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.

Effective Year of Assessment 2019 as announced in the Annual Budget 2022, the unused tax losses of the Company and of its subsidiary companies as of 30 June 2023 and thereafter will be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years terms, the unused tax losses will be disregarded.

The expiry of the unused tax losses is as follow:-

	Group			Company	
	30.6.2023 RM'000	**30.6.2022 RM'000 Restated**	**1.7.2021 RM'000 Restated**	**30.6.2023 RM'000**	**30.6.2022 RM'000**
Year of assessment ("YA")					
YA 2028	20,640	20,640	76,605	13,371	13,371
YA 2029	5,599	5,599	34,053	-	-
YA 2030	10,185	13,249	-	822	822
YA 2031	24,926	56,829	-	-	-
YA 2032	75,172	75,172	-	-	-
YA 2033	71,115	-	-	1,518	-
	207,637	171,489	110,658	15,711	14,193

23. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-current				
Non-trade				
Other receivables	8,457	9,442	-	-
Concession service receivable	552,486	584,079	-	-
	560,943	593,521	-	-

23. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Current				
Trade				
External parties	237,958	271,052	1,189	1,189
Less: Impairment losses	(8,912)	-	(1,189)	-
	229,046	271,052	-	1,189
Concession service receivable	31,593	29,000	-	-
Amount owing from affiliates	752	-	-	-
Amount owing from a joint venture	-	47	-	-
	261,391	300,099	-	1,189
Non-trade				
Amount owing from:				
Holding company	173	577	-	574
Subsidiaries	-	-	588,861	520,330
Associate	-	20	-	-
Affiliates	5,860	3,991	218	204
Less: Impairment losses	(49)	-	(135,883)	(11,509)
	5,984	4,588	453,196	509,599
Other receivables	30,969	32,766	10,865	10,795
Less: Impairment losses	(14,644)	(10,590)	(10,693)	(9,942)
	16,325	22,176	172	853
Deposits	8,342	8,031	238	239
Less: Impairment losses	(22)	-	-	-
	8,320	8,031	238	239
Prepayments	6,635	2,613	30	231
	37,264	37,408	453,636	510,922
	298,655	337,507	453,636	512,111
Total	859,598	931,028	453,636	512,111

23. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 July 2022/2021	-	-	-	-
Additions	8,912	-	1,189	-
As at 30 June	8,912	-	1,189	-

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 July 2022/2021	10,590	656	21,451	9,204
Addition	4,096	10,932	125,133	12,247
Write-off	(62)	(998)	(8)	-
Effect of movement in foreign exchange	91	-	-	-
As at 30 June	14,715	10,590	146,576	21,451

Trade receivables are non-interest bearing and normal trade credit terms granted by the Group and the Company ranging from 30 to 90 days (2022: 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 at 30 June 2023 are retention sums of the Group amounting to RM112,840,000 (2022: RM124,161,000) relating to construction work-in-progress.

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.

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

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

24. CONSTRUCTION CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Construction contract assets				
As at 1 July 2022/2021	122,053	123,709	2,892	1,917
Revenue recognised	236,430	357,703	7,360	14,137
Progress billing	(198,902)	(359,359)	(8,314)	(13,162)
As at 30 June	159,581	122,053	1,938	2,892
Construction contract liabilities				
Deposit received	(750)	-	-	-

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.

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

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Interest/Finance costs capital	2,078	2,437	-	-
Staff costs	21,970	29,605	-	-
Running cost of machinery	-	2,060	-	-

24. CONSTRUCTION CONTRACT ASSETS/(LIABILITIES) (CONT'D)

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.

25. BIOLOGICAL ASSETS

	Group	
	2023	**2022**
	RM'000	**RM'000**
As at 1 July 2022/2021	660	264
(Loss)/Gain from changes in fair value	(521)	396
As at 30 June	139	660

The unharvested fresh fruit bunches ("FFB") used in estimating fair value were 886 metric ton (2022: 1,772 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.

26. 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 RM467,000 (2022: RM1,449,000) and RM374,000 (2022: RM2,065,000) respectively.

27. CASH AND DEPOSITS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	72,335	69,804	1,600	3,532
Housing development account	556	2,869	-	-
Cash and bank balances	173,784	116,827	1,597	1,079
	246,675	189,500	3,197	4,611

Included in deposits with licensed banks of the Group are deposits of RM59,223,000 (2022: RM66,140,000) which have been pledged to financial institutions as security for bank guarantee and credit facilities granted to the Group and restricted cash of RM145,156,000 (2022: RM36,198,000) 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 1.75% to 3.10% (2022: 1.25% to 3.97%) and 1.35% to 1.75% (2022: 1.30% to 1.75%) per annum respectively with maturities of 30 to 365 days (2022: 30 to 365 days).

28. SHARE CAPITAL

	Group and Company 2023 RM'000	2022 RM'000
Issued and fully paid with no par value:		
598,097,678 ordinary shares	197,536	197,536

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.

Of the total 598,097,678 (2022: 598,097,678) issued and fully paid-up ordinary shares as at 30 June 2023, 1,662,862 (2022: 1,662,862) shares are held as treasury shares by the Company. As at 30 June 2023, the number of outstanding ordinary shares in issue after the set off is therefore 596,434,816 (2022: 596,434,816) ordinary shares.

29. TREASURY SHARES

	Group and Company 2023 RM'000	2022 RM'000
Brought forward/Carried forward		
1,662,862 ordinary shares	1,026	1,026

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.

30. RESERVES

	Group			Company	
	30.6.2023 RM'000	**30.6.2022 RM'000 Restated**	**1.7.2021 RM'000 Restated**	**30.6.2023 RM'000**	**30.6.2022 RM'000**
Non-distributable:					
Warrant reserve	27,889	27,889	27,889	27,889	27,889
Foreign exchange translation reserve	(6,272)	11,745	18,976	3,182	3,318
Employees' share scheme	1,506	1,506	1,506	1,506	1,506
Other reserve	686	650	1,784	-	-
	23,809	41,790	50,155	32,577	32,713
Distributable:					
(Accumulated losses)/ Retained earnings	(153,073)	(63,842)	12,916	(108,908)	6,540
	(129,264)	(22,052)	63,071	(76,331)	39,253

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

Warrant reserve

Warrant reserve relates to the fair value of warrants in relation to the right shares issued in 2014. In financial year 2014, the Company issued 103,299,033 new detachable warrants ("Warrants") pursuant to the rights shares issued in 2014.

As at 30 June 2023, the total numbers of warrants that remain unexercised were 116,201,952.

The fair value of the Warrants has been determined based on its quoted price at the issuance date.

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 38.

30. RESERVES (CONT'D)

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.

31. LOANS AND BORROWINGS

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Term loans	a	1,166,251	1,131,593	236,790	161,525
Finance lease liabilities	b	1,078	3,892	-	16
Sukuk	c	1,432,639	1,532,434	-	-
		2,599,968	2,667,919	236,790	161,541
Current					
Term loans	a	222,614	64,281	26,000	8,000
Finance lease liabilities	b	3,329	5,793	12	34
Sukuk	c	18,315	17,776	-	-
Bank overdrafts	d	48,746	45,482	-	-
Trust receipts	e	-	19,700	-	-
Revolving credit and Murabahah facilities	f	152,764	182,397	-	-
Bankers' acceptance	g	2,921	15,699	-	-
		448,689	351,128	26,012	8,034
		3,048,657	3,019,047	262,802	169,575

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

Note a

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Term loan - I	(i)	445,405	331,717	-	-
Term loan - II	(ii)	-	7,261	-	-
Term loan - III	(iii)	-	19,524	-	-
Term loan - IV	(iv)	580,524	551,090	-	-
Term loan - V	(v)	169,525	169,525	169,525	169,525
Term loan - VI	(vi)	4,646	5,561	-	-
Term loan - VII	(vii)	75,500	79,196	-	-
Term loan - VIII	(viii)	20,000	32,000	-	-
Term loan - IX	(ix)	46,413	-	46,413	-
Term loan - X	(x)	46,852	-	46,852	-
		1,388,865	1,195,874	262,790	169,525

The term loans of the Group comprise the followings:

(i) **Term loan I** is denominated in USD and bears interest at 3.75% and 5.78% (2022: 4.29% and 4.56%) per annum, respectively. The term loan is repayable within a period of 108 months upon full disbursement and is secured by a corporate guarantee from the Company.

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 payment paid/payable during the restructuring period.

(ii) **Term loan II** bears interest at 3.86% per annum in prior year. The term loan is repayable on monthly basis by up to 85 instalments commencing from June 2016. This loan was fully paid during the financial year.

The above term loan is secured by way of:

(a) a first party legal charge over the land held for development as disclosed in Note 17;

(b) a legal assignment of rights in rental proceeds to be derived from the future commercial development on the land; and

(c) a corporate guarantee from the Company.

The bank granted Moratorium on the extension on principal repayment to the Company in November 2020 and June 2021. In December 2021, the bank granted another extension of Principal Moratorium principal repayment had in May 2022. The existing profit payment was paid during the moratorium period.

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

Note a (cont'd)

(iii) **Term loan III** bears interest at rates ranging from 3.94% to 4.30% per annum and repayable over 45 months instalments commencing April 2016. The term loan is secured and supported by freehold land and building as disclosed in Note 12 and corporate guarantee by the Company.

In May 2020, the bank has approved 6 months moratorium for principal payment which recommenced in November 2020 and further agreed restructure and reschedule the loan to 82 months from the instalment commencement date with a lower monthly repayment. The existing profit payment was paid during the moratorium period.

(iv) **Term loan IV** is a Government Support Loan which bears fixed interest at 4.00% (2022: 4.00%) per annum. The term loan is repayable over 35 years commencing in March 2021 and is secured and supported by a corporate guarantee by the Company.

(v) **Term loan V** bears interest at rates ranging from 5.87% to 9.78% (2022: 4.99% to 5.10%) 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.

(vi) **Term loan VI** bears interest at rates ranging from 4.32% to 5.30% (2022: 2.63% to 4.38%) 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.

(vii) **Term loan VII** bears interest at rates at 5.56% (2022: 5.56%) per annum. The term loan is repayable in half-yearly instalments over 7 years commencing from August 2018 and is secured by a corporate guarantee by the Company. The bank granted Moratorium and restructuring on the extension on principal repayment to the Company in September 2020.

In August 2020, 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.

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

Note a (cont'd)

(viii) **Term loan VIII** represents bankers' acceptance and invoice financing being converted into a short-term loan to be repaid over a period of 12 months. It bears an interest rate of 6.45% per annum and is secured by a corporate guarantee from the Company.

(ix) **Term loan IX** bears interest at rates ranging from 6.00% to 10.94% per annum. The term loan is repayable in instalments over 3 years commencing from July 2023. The term is secured and supported by freehold land and building as disclosed in Note 12.

(x) **Term loan X** bears interest at rates ranging from 7.82% to 11.50% per annum. The term loan is repayable in instalments over 3 years commencing from July 2023 and The term is secured and supported by freehold land and building as disclosed in Note 12.

Note b

	Group		**Company**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Finance lease liabilities				
Current	3,329	5,793	12	34
Non-current	1,078	3,892	-	16
	4,407	9,685	12	50

The maturity analysis of finance lease liabilities is disclosed in Note 36 to the financial statements.

The interest rates implicit in these hire purchase arrangements range from 2.18% to 6.36% (2022: 2.39% to 3.43%) per annum.

Note c

The effective profit rate for Islamic Medium Term Notes is between 5.25% to 6.25% (2022: 5.25% to 6.25%) per annum. The facility is guaranteed by financial guarantors and supported by a corporate guarantee by the Company and is repayable over 11 years commencing year 2026. It is secured by 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 4.70% to 5.35% (2022: 4.70% to 5.35%) per annum, payable semi-annually and guaranteed by the Company. Proceeds raised from the issuance was advanced to the Company for its Shariah-compliant general working capital requirements and corporate purposes.

31. LOANS AND BORROWINGS (CONT'D)

Note d

The bank overdraft facilities are repayable on demand and bear interest at rates ranging from 6.82% to 7.95% (2022: 7.81% to 8.31%) per annum. Bank overdraft facilities are secured by freehold land and building and deposits placed with licensed banks as disclosed in Note 12 and Note 27 respectively; and a corporate guarantee from the Company.

Note e

The trust receipts are repayable within 120 to 180 days and bear interest at 6.57% to 6.82% per annum in prior year. These facilities are secured and supported by deposits placed with licensed banks of a subsidiary as disclosed in Note 27 and corporate guarantee from the Company.

Note f

The revolving credits and Murabahah facilities are repayable on demand and bear profit at rates ranging from 4.27% to 8.32% (2022: 4.19% to 5.15%) per annum. These facilities are secured by corporate guarantee from the Company and assignment of projects proceeds of a subsidiary.

Note g

Bankers' acceptance facilities are repayable within 120 days and bear rates ranging from 3.79% to 4.75% (2022: 2.09% to 2.34%) per annum. These facilities are supported by corporate guarantee from the Company.

32. LEASE LIABILITIES

	Group		**Company**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Present value of lease liabilities analysed as:				
Non-current	13,656	7,353	66,809	72,706
Current	3,667	2,414	660	681
	17,323	9,767	67,469	73,387

32. LEASE LIABILITIES (CONT'D)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 July 2022/2021	9,767	7,906	73,387	72,741
Remeasurement	-	-	(5,286)	1,297
Additions	13,906	7,880	-	-
Finance cost on lease liabilities	875	432	2,950	3,208
Repayment of lease liabilities	(5,194)	(1,139)	(3,582)	(3,859)
Derecognition	-	(5,312)	-	-
Lease modification	(2,011)	-	-	-
Reclass to other payable and accrual	(20)	-	-	-
At 30 June	17,323	9,767	67,469	73,387

The maturity analysis of lease liabilities is disclosed in Note 36 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% (2022: 3.00% to 5.05% and 4.35%) per annum.

33. EMPLOYEE BENEFITS

Retirement benefits

	Group	
	2023 RM'000	2022 RM'000
Net defined benefit liability	7,476	6,677

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") (2022: 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.

33. EMPLOYEE BENEFITS (CONT'D)

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	
	2023 RM'000	**2022 RM'000**
At 1 July 2022/2021	6,677	4,022
Included in profit or loss		
Current service cost	448	1,234
Interest service cost	-	412
	448	1,646
Included in other comprehensive income		
Remeasurement gain:		
Actuarial loss arising from experience adjustments	-	554
Effect of movements in exchange rate	351	692
Less: Benefit paid	-	(237)
At 30 June	7,476	6,677

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

The key assumptions used are as follows:

	2023	**2022**
Discount rate	7.75% per annum	7.75% per annum
Future salary/wage increment	5.00% per annum	5.00% per annum
Mortality rate	100% of TMI4	100% of TMI4
Morbidity rate	5% of TMI4	5% of TMI4
Executive	5% per year until age 34 then decrease linearly and become 0% at age 55	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	10% per year until age 34 then decrease linearly and become 0% at age 55

33. EMPLOYEE BENEFITS (CONT'D)

The key assumptions used are as follows (cont'd):

	2023	**2022**
Proportion of early retirement take-up	N/A	N/A
Proportion of normal retirement take-up	100 %	100%
Normal retirement age	55 years	55 years

34. TRADE AND OTHER PAYABLES

		Group		**Company**	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-current					
Non-trade					
Deferred income	a	214,107	209,748	-	-
Advance payments received	b	-	67	-	-
		214,107	209,815	-	-
Current					
Trade					
External parties	c	571,398	665,180	2,243	3,166
Advance payments received	b	10,000	40,665	-	-
		581,398	705,845	2,243	3,166

34. TRADE AND OTHER PAYABLES (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current (cont'd)					
Non-trade					
Amount due to:					
Director	d	1,754	1,504	-	-
Holding company	d	9,539	10,023	194	-
Affiliates	d	1,398	6,465	-	-
Subsidiaries	d	-	-	915,279	972,291
Associate	d	53	-	-	-
		12,744	17,992	915,473	972,291
Deferred income	a	140,269	51,887	-	-
Accruals and other payables		384,899	147,369	28,410	22,856
SST payable		927	543	-	-
		538,839	217,791	943,883	995,147
		1,120,237	923,636	946,126	998,313
Total		1,334,344	1,133,451	946,126	998,313

Note a

The Group received a loan from the Malaysian Government as per Note 31(a)(iv) 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 RM209,748,000 (2022: RM209,748,000).

Deferred income amounted to RM140,092,000 (2022: RM36,199,000) 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 RM4,536,000 (2022: RM4,713,000) 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.

34. TRADE AND OTHER PAYABLES (CONT'D)

Note b

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 c

The normal credit term granted by suppliers of the Group and of the Company range from 30 to 90 days (2022: 30 to 90 days).

Included in trade payables of the Group are:

(i) retention sums of RM213,658,000 (2022: RM215,920,000).
(ii) liquidated ascertain damages of RM7,000,000 (2022: RM7,000,000)
(iii) amount due to/(from) affiliates as follows:

	Group	
	2023 RM'000	**2022 RM'000**
Amount due to/(from) subsidiaries 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.	4,896	4,559
- Chuan Huat Steel Sdn. Bhd.	(296)	(296)

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.

Note d

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

35. 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.

35. **OPERATING SEGMENTS (CONT'D)**

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.

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.

35. **OPERATING SEGMENTS (CONT'D)**

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

35. OPERATING SEGMENTS (CONT'D)

	Note	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									
Revenue									
External revenue		235,741	56,232	71,648	8,887	7,936	-	-	380,444
Inter-segment revenue		108,971	-	9,087	-	-	42,653	(160,711)	-
Total revenue		344,712	56,232	80,735	8,887	7,936	42,653	(160,711)	380,444
Results									
Operating results	(ii)	30,425	(3,282)	3,862	(60,413)	(4,982)	(130)		(34,520)
Interest income		925	50,474	6	-	12	2,346		53,763
Interest expense		(26,430)	(54)	(7,809)	(31,969)	820	(24,527)		(89,969)
Share of loss of associates, net of tax		-	-	-	-	-	-	(162)	(162)
(Loss)/Profit before tax		4,920	47,138	(3,941)	(92,382)	(4,150)	(22,311)	(162)	(70,888)
Tax expenses									(32,999)
Loss for the financial year									(103,887)
Other segment information									
Additions to non-current assets	(iii)	11	-	13,101	591	612	-		14,315
Other non-cash income/(expense)	(iv)	-	51,000	-	-	-	-		51,000
Depreciation and amortisation of non-current assets		(6,217)	(115)	(12,420)	-	(793)	(1,658)		(21,203)

35. OPERATING SEGMENTS (CONT'D)

	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	2,959,835	749,171	271,397	436,662	76,647	48,981	-	4,542,693
Investments	12,729	-	-	-	-	61,467	-	74,196
Deferred tax assets	681	-	-	13,993	-	235	-	14,909
Tax recoverable	154	-	1,948	1	96	357	-	2,556
Total assets	2,973,399	749,171	273,345	450,656	76,743	111,040	-	4,634,354
Liabilities								
Segment liabilities	918,106	160,715	49,098	184,710	9,840	37,425	-	1,359,894
Loans and borrowings	1,803,229	10,335	89,242	445,460	4,646	695,743	-	3,048,655
Deferred tax liabilities	44,676	100,593	6,456	-	-	-	-	151,725
Tax liabilities	9,007	16,811	5	-	-	-	-	25,823
Total liabilities	2,775,018	288,454	144,802	630,170	14,486	733,168	-	4,586,097

35. OPERATING SEGMENTS (CONT'D)

2022	Note	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
Revenue									
External revenue		357,896	54,280	57,962	214,401	38,603	-	-	723,142
Inter-segment revenue		-	-	5,900	-	-	17,500	(23,400)	-
Total revenue		357,896	54,280	63,862	214,401	38,603	17,500	(23,400)	723,142
Results									
Operating results	(ii)	(30,891)	3	1,195	(29,753)	4,888	(4,734)		(59,292)
Interest income		565	56,320	4	-	19	46		56,954
Interest expense		(16,585)	(21,761)	(6,295)	(18,482)	(2,094)	(75)		(65,292)
Share of loss of associates, net of tax		-	-	-	-	-	-	(1)	(1)
(Loss)/Profit before tax		(46,911)	34,562	(5,096)	(48,235)	2,813	(4,763)	(1)	(67,631)
Income tax expense									(11,930)
Loss for the financial year									(79,561)
Other segment information									
Additions to non-current assets	(iii)	9	130	21,350	46,889	19,036	-		87,414
Other non-cash income/(expense)	(iv)	301	53,119	61	(3,314)	-	118		50,285
Depreciation and amortisation of non-current assets		(10,964)	(103)	(11,218)	(20,030)	(763)	(91)		(43,169)

35. **OPERATING SEGMENTS (CONT'D)**

	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
2022								
Assets								
Segment assets	2,786,349	668,659	246,853	434,194	105,491	119,142	-	4,360,688
Investments	12,736	-	-	-	-	97,637	-	110,373
Deferred tax assets	2,942	-	7,258	1,539	-	233	-	11,972
Tax recoverable	5,425	90	1,535	1	246	322	-	7,619
Total assets	2,807,452	668,749	255,646	435,734	105,737	217,334	-	4,490,652
Liabilities								
Segment liabilities	900,470	51,310	41,932	125,812	27,948	2,423	-	1,149,895
Loans and borrowings	1,961,563	407	91,655	419,822	545,550	50	-	3,019,047
Deferred tax liabilities	23,813	103,639	1,259	-	-	4,146	-	132,857
Tax liabilities	8,509	9,172	-	-	-	-	-	17,681
Total liabilities	2,894,355	164,528	134,846	545,634	573,498	6,619	-	4,319,480

35. 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
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
Net additions to non-current assets	13,724	591	-	-		14,315
2022						
Total revenue from external customers	508,741	214,401	-	-	-	723,142
Total assets	4,037,222	451,447	1,972	11	-	4,490,652
Total liabilities	3,749,641	544,181	7,160	18,498	-	4,319,480
Net additions to non-current assets	40,525	46,889	-	-	-	87,414

35. 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	
	2023	**2022**
	RM'000	**RM'000**
Operating results	(34,520)	(59,292)
Finance income	53,763	56,954
Finance costs	(89,969)	(65,292)
Share of loss of associate	(162)	(1)
	(70,888)	(67,631)

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

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Property, plant and equipment	12	13,783	70,778
Inventories			
- Land held for development	17	532	16,636
		14,315	87,414

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

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Amortisation of transaction costs	7	205	1,298
Accretion of fair value on non-current receivables	6	(51,000)	(53,119)
Bad debts written			
Fair value loss/(gain) arising from biological assets	8	521	(396)
Gain on disposal of property, plant and equipment, net	8	(1,833)	(480)
Impairment loss on financial assets		12,995	9,934
Impairment loss on non-financial assets		593	-

35. OPERATING SEGMENTS (CONT'D)

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

	Note	Group 2023 RM'000	Group 2022 RM'000
Loss on foreign exchange - unrealised	8	-	13,086
		(38,519)	(29,677)

36. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets				
At amortised cost:				
Trade and other receivables, excluding prepayments	852,963	928,415	453,606	511,880
Cash and deposits	246,675	189,500	3,197	4,611
At FVTPL:				
Club membership and unquoted shares	68	116	68	68
Unquoted unit trusts	71,488	107,455	-	-
Financial liabilities				
At amortised cost:				
Loans and borrowings	3,048,657	3,019,047	262,802	169,575
Trade and other payables, excluding deferred income, LAD	972,968	864,273	946,126	998,313

36. 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, short term investments, cash and deposits and amount due from joint venture.

<u>Receivables</u>

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 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 that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables are regular customers that have been transacting with the Group. 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.

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

Financial risk management (cont'd)

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

Receivables (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.

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

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

Financial risk management (cont'd)

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

Receivables (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			
2023			
Not past due	201,317	(18)	201,299
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
	237,958	(8,912)	229,046
2022			
Not past due	241,082	-	241,082
Past due 1 - 30 days	2,989	-	2,989
Past due 31 - 120 days	1,422	-	1,422
Past due more than 120 days	25,559	-	25,559
	271,052	-	271,052
Company			
2023			
Not past due	-	-	-
Past due 1 - 30 days	-	-	-
Past due 31 - 120 days	-	-	-
Past due more than 120 days	1,189	(1,189)	-
	1,189	(1,189)	-
2022			
Not past due	-	-	-
Past due 1 - 30 days	-	-	-
Past due 31 - 120 days	-	-	-
Past due more than 120 days	1,189	-	1,189
	1,189	-	1,189

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

Financial risk management (cont'd)

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

Receivables (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 unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. 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 RM2,785,855,000 (2022: RM2,849,522,000), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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, joint ventures and affiliates which are not material.

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

Financial risk management (cont'd)

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

Inter-company balances (cont'd)

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 23.

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.

(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.

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

(b) Liquidity risk (cont'd)

As at 30 June 2023, the Group and the Company have net current liabilities of RM783,538,000 (2022: RM498,217,000) and RM513,670,000 (2022: RM487,092,000) 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	
	2023	**2022**
	RM'000	**RM'000**
Secured bank overdraft facilities		
- Amount used	48,746	45,482
- Amount unused	-	321
	48,746	45,803
Secured term loan facilities		
- Amount used	1,388,865	2,746,085
- Amount unused	86,735	31,572
	1,475,600	2,777,657
Secured trade facilities		
- Amount used	155,685	217,796
- Amount unused	90,699	140,881
	246,384	358,677

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

Financial risk management (cont'd)

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

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 2022 and September 2022, the Group had secured term loan facilities of up to RM180 million from certain financial institutions and obtain approval for additional loan from the Government of Malaysia amounting to RM165 million. The loan from the government is in respect of a Reimbursable Land Cost ("RLC") loan given for the additional cost incurred for the acquisition of land with regard to the highway concession project (EKVE). The RLC loan is now in the final stage of finalising the documentation and fulfilling the conditions precedent. These loans will be utilised to meet the Groups' short term obligations and working capital.

36. 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						
2023						
Trade and other payables	973,504	-	973,504	969,146	4,359	-
Bank overdrafts	48,746	6,82%-7.95%	48,746	48,746	-	-
Trust receipts, 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%	4,573	3,413	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%	6,252,296	439,497	1,407,185	1,282,211
	4,014,755		6,431,029	1,596,281	1,424,120	1,287,225

36. **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						
2022						
Trade and other payables	871,273		871,273	871,206	67	-
Bank overdrafts	45,482	7.81% - 8.31%	49,148	49,148	-	-
Trust receipts, bankers' acceptance and invoice financing	35,399	2.09% - 6.82%	36,976	36,976	-	-
Lease liabilities	9,767	3.00% - 5.05%	13,863	2,793	3,134	7,936
Finance lease liabilities	9,685	2.39% - 3.43%	10,043	6,020	4,023	-
Revolving credit and Murabahah facilities	182,397	4.19% - 5.15%	190,915	190,915	-	-
Term loans and Sukuk	2,746,084	3.44% - 6.45%	5,081,929	301,721	1,132,625	3,647,583
	3,890,320		6,254,147	1,458,779	1,139,858	3,655,519

36. 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						
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
	1,276,397		1,453,869	997,184	262,402	194,283

36. **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						
2022						
Trade and other payables	998,313	-	998,313	998,313	-	-
Lease liabilities	73,387	3.00% - 5.05%	156,000	3,860	15,440	136,700
Finance lease liabilities	50	1.52% - 2.54%	51	35	16	-
Term loans	169,525	5.07% - 5.14%	211,955	17,429	116,892	77,634
	1,241,275		1,366,319	1,019,637	132,348	214,334

36. **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").

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	
	2023	**2022**
	RM'000	**RM'000**
US Dollar - loans and borrowings	(445,405)	(331,717)
Exposures in the statements of financial position	(445,405)	(331,717)

Currency risk sensitivity analysis

A 10% (2022: 10%) strengthening of RM against the following currency at the end of the reporting period would have increased/(decreased) equity and profit or loss 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.

36. 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	
	2023	**2022**
	Profit or loss	**Profit or loss**
	RM'000	**RM'000**
USD	44,541	33,172

A 10% (2022: 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.

36. 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fixed rate instruments				
Financial assets	72,335	69,804	1,600	3,532
Financial liabilities	(2,035,885)	(2,110,985)	(67,480)	(73,437)
	(1,963,550)	(2,041,181)	(65,880)	(69,905)
Floating rate instruments				
Financial liabilities	(1,012,772)	(908,062)	(262,790)	(169,525)

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% (2022:1%) 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.

36. 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
2023				
Floating rate instruments				
Term loans	(8,083)	8,083	(2,628)	2,628
Bank overdrafts	(487)	487	-	-
Revolving credits and Murabahah facilities	(1,528)	1,528	-	-
Bankers' acceptance	(29)	29	-	-
Cash flow sensitivity (net)	(10,127)	10,127	(2,628)	2,628
2022				
Floating rate instruments				
Term loans	(6,448)	6,448	(1,695)	1,695
Bank overdrafts	(455)	455	-	-
Trust receipts	(197)	197	-	-
Revolving credits and Murabahah facilities	(1,824)	1,824	-	-
Bankers' acceptance	(157)	157	-	-
Cash flow sensitivity (net)	(9,081)	9,081	(1,695)	1,695

36. **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.

36. 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 (2022: 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).

37. 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 cash equivalents and other 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**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Total loans and borrowings	3,048,657	3,019,047	262,802	169,575
Less: Cash and bank balances	(246,675)	(189,500)	(3,197)	(4,611)
Less: Short term investment	(71,488)	(107,455)	-	-
Net debts	2,730,494	2,722,092	259,605	164,964
Total equity	48,257	171,172	120,179	235,763
Net debt-to-equity ratio (times)	56.58	15.70	2.16	0.70

38. 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:

			Number of ordinary shares				
Grant date	**Expiry date**	**Exercise price per share RM**	**Balance as at 1 July**	**Granted**	**Exercised**	**Forfeited**	**Balance as at 30 June**
Share Options							
2023							
31.03.2017	17.08.2024*	0.61	2,685,540	-	-	(830,175)	1,855,365
2022							
31.03.2017	17.08.2024*	0.61	2,935,205	-	-	(249,665)	2,685,540

* 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.

38. **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.

39. **CAPITAL COMMITMENTS**

	Group	
	2023	**2022**
	RM'000	**RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	59,383	54,986
Authorised but not contracted for	-	2,844

40. CONTINGENT LIABILITIES

(a) Corporate guarantees

The Directors are of the opinion that provisions are not required as at the end of the reporting period in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2023	**2022**
	RM'000	**RM'000**
Unsecured		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	116,520	116,556
Secured		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	2,561,348	2,602,758
	2,677,868	2,719,314

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.

40. CONTINGENT LIABILITIES (CONT'D)

(b) Tax review

Ahmad Zaki Saudi Arabia Co. Ltd., a subsidiary of the Company is currently undergoing a tax review with the General Authority of Zakat & Tax of Saudi Arabia ("DZIT") for additional back taxes. Upon consulting its appointed solicitors, the Directors are of the view that there are strong grounds to disagree with the DZIT and have submitted the necessary supporting documents, and are confident of a favourable outcome.

(c) Liquidated and ascertain damages

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

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

On 11 June 2022, AZSB had requested for Extension of Time ("EOT") to revise the project completion date from 11 January 2020 to 28 October 2020. The EOT is subject to the approval by the contract customer. The project was completed on 30 September 2020.

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

41. 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:

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

On 2 March 2022, Betanaz Properties Sdn Bhd ("Betanaz"), a 51%-owned subsidiary of the Company served a Writ and Statement of Claim ("Claim") on AEON pertaining to the breach of Tenancy Agreement by AEON which was entered into between both parties on 24 August 2017, where Betanaz granted to AEON a tenancy and lease of a plot of land held under H.S.(D) 59653, PT No. 145020, Mukim Kuala Kuantan, Daerah Kuantan, Pahang for AEON to construct and thereafter, to operate a commercial shopping complex. The Tenancy Agreement was subsequently supplemented and/or amended by a Supplementary Tenancy Agreement dated 13 September 2019.

Betanaz is claiming against AEON for the following:

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

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

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.

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

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

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

42. **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.

42. 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 9), are as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Trade				
Dividend income received/ receivable from subsidiaries	-	-	(27,730)	(27,916)
Management fees received/ receivable from subsidiaries	-	-	(14,923)	(17,583)
Corporate guarantee fees receivable from subsidiaries	-	-	(1,301)	(1,336)
Purchases from following companies in which a director has substantial financial interests, and is also a director:				
- MIM Waste Services Sdn. Bhd.	-	183	-	-
- Kemaman Quarry Sdn. Bhd.	14	13	-	-
- QMC Sdn. Bhd.	-	566	-	-
Sales to the following companies of which a director has substantial financial interests, and is also a director				
- MIM Waste Services Sdn. Bhd.	(138)	(111)	-	-
- Kemaman Quarry Sdn. Bhd.	(54)	(275)	-	-

42. 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 9), are as follows (cont'd):

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-trade				
Rental expenses charged by a subsidiary	-	-	3,582	3,860
Waiver of amount due to subsidiary	-	-	-	(26,931)
Administrative services payable to ultimate holding company	62	124	-	-
Insurance premium paid or payable to ultimate holding company	457	585	-	-
Rental of land paid to a director of the Company	598	765	-	-
Security services charged by the following company: - Zaki Holdings Sdn. Bhd.	1,408	5,326	-	-
Management fees charged by ultimate holding	1,561	-	1,561	1,431
Advance to a subsidiary	-	-	54,918	-

The outstanding balances arising from the above transactions have been disclosed in Notes 23 and 34, respectively.

43. COMPARATIVE INFORMATION

In preparing the opening statements of financial position at 1 July 2021 and the restated comparative information for the financial year ended 30 June 2022, an explanation on the impact arising from prior year adjustment on the financial position and financial performance of the Group is set out as follows.

43.1 Reconciliation of statements of financial position

	Previously stated RM'000	(A) Prior year adjustment RM'000	(B) Reclassification RM'000	As restated RM'000
1.7.2021				
Non-current assets				
Property, plant and equipment	625,405	-	(2,599)	622,806
Investment properties	-	-	2,599	2,599
Trade and other receivables	573,340	-	53,118	626,458
Deferred tax assets	19,765	(36,750)	25,418	8,433
Current asset				
Trade and other receivables	435,963	-	(53,118)	382,845
Equity				
Reserves	98,785	(36,750)	-	62,035
Non-current liabilities				
Deferred tax liabilities	105,179	-	(25,418)	130,597
30.6.2022				
Non-current assets				
Property, plant and equipment	673,091	-	(4,699)	668,392
Investment properties	-	-	4,699	4,699
Trade and other receivables	542,521	-	51,000	593,521
Deferred tax assets	38,413	(50,254)	23,813	11,972
Current asset				
Trade and other receivables	388,507	-	(51,000)	337,507
Equity				
Reserves	27,176	(50,254)	-	(23,078)
Non-current liabilities				
Deferred tax liabilities	109,044	-	(23,813)	132,857

43. COMPARATIVE INFORMATION (CONT'D)

43.2 Reconciliation of statements of profit or loss and other comprehensive income

	Previously stated RM'000	(A) Prior year adjustment RM'000	(B) Reclassification RM'000	As restated RM'000
30.6.2022				
Tax income/(expense)	1,574	13,504	-	(11,930)

Note A
Prior year adjustment

The Group restated the deferred tax liabilities as the Group has under recognised the deferred tax liabilities.

Note B
Reclassification adjustment

Certain comparative figures in the financial statements have been reclassified on the face of the statements of financial position due to change in accounting policy.

44. SIGNIFICANT EVENT

Subsequent to the financial year, the Company undertook a private placement of up to 10% of the total number of issued shares of the Company as announced on 21 September 2023. The Company has issued 48,800,000 new ordinary shares of RM1 each at RM0.21 per ordinary share via the private placement to eligible investors for a total cash consideration of RM10.2 million to fund the Group's projects.

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, International Financial Reporting 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 2023 and of their financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors
in accordance with a resolution of the Directors,

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA

LEE CHEE KHON

Kuala Lumpur,
30 October 2023

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 30th day of October 2023.

Before me,

COMMISSIONER FOR OATHS