

Registration No. 199701017271 (432768 - X)

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

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**  
(In Ringgit Malaysia)

Registration No. 199701017271 (432768 - X)

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(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**FINANCIAL STATEMENTS**

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

**DIRECTORS' REPORT**

The Directors of **AHMAD ZAKI RESOURCES BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

**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 Note 19 and Note 20 to the financial statements respectively.

**RESULTS OF OPERATIONS**

The results of operations of the Group and of the Company for the financial year are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Loss for the year attributable to:</b>		
Owners of the Company	(63,254)	(21,669)
Non-controlling interests	<u>(2,803)</u>	<u>-</u>
	<u>(66,057)</u>	<u>(21,669)</u>

**DIVIDENDS**

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

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

## **ISSUE OF SHARES AND DEBENTURES**

There were no changes in the issued and paid-up share capital of the Company during the financial year.

There were no debentures issued 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 2022, 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.
- (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 40 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 2022, 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 31 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 allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (i) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which 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 which 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 which has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

## **DIRECTORS**

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

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad  
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda  
Dato' Sri Wan Zakariah bin Haji Wan Muda  
Dato' Ir. W Zulkifli bin Haji W Muda  
Dato' Roslan bin Tan Sri Jaffar  
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng  
Tan Sri Dr Madinah binti Mohamad  
Dato' Ir. Haji Che Noor Azeman bin Yusoff

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:

K.D.Y.M.M. Sultan Abdullah Ibni Sultan Haji Ahmad Shah  
Y.A.M. Tengku Baderul Zaman Ibni Sultan Mahmud  
Y.B.M. Tengku Tan Sri Dato' Haji Mohamad Rizam bin Tengku Abdul Aziz  
Y.B.M. 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 Hj 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 (appointed on 9 March 2022)  
Khaleel Ahmad bin Miandad (resigned on 10 March 2022)  
Wan Shariman bin Wan Mohamed (resigned on 8 July 2022)  
Dato' Khairul Yusni bin Md Yusof (resigned on 31 August 2022)  
Y.A.M. Tengku Norhana binti Sultan Mahmud (resigned on 17 September 2022)

## DIRECTORS' INTERESTS

The direct interests and deemed interests in the ordinary shares, warrants and options of the Company and of its related corporations (other than wholly-owned subsidiaries) 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 recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	<b>Ordinary Shares</b>			<b>At 30.6.2022</b>
	<b>At 1.7.2021</b>	<b>Bought</b>	<b>Sold</b>	
<b>Direct interest in the Company</b>				
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	200,000	-	-	200,000
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	4,757,371	-	-	4,757,371
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	-	-	2,500,000
<b>Deemed interest in the Company</b>				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	321,982,659	-	-	321,982,659
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

	<b>Warrants 2014/2024</b>			
	<b>At 1.7.2021</b>	<b>Bought</b>	<b>Sold</b>	<b>At 30.6.2022</b>
<b>Direct interest in the Company</b>				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	985,676	-	-	985,676
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
<b>Deemed interest in the Company</b>				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	63,622,038	-	-	63,622,038
Dato' Roslan bin Tan Sri Jaffar*	105,468	-	-	105,468
<b>Number of Options over Ordinary Shares</b>				
	<b>At 1.7.2021</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 30.6.2022</b>
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	230,000	-	-	230,000
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	247,500	-	-	247,500
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

	<b>Ordinary Shares</b>			<b>At 30.6.2022</b>
	<b>At 1.7.2021</b>	<b>Bought</b>	<b>Sold</b>	
<b>Direct interest in the ultimate holding company</b>				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	3,000,001	-	-	3,000,001
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
<b>Deemed interest in the ultimate holding company</b>				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda*	2,500,001	-	-	2,500,001

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

By virtue of the Directors' interests in the shares of the ultimate holding company, the above mentioned Directors are also deemed interested in the shares of the Company and of its subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 30 June 2022 had any interest in the ordinary shares, warrants and options of the Company and of its related corporations during the financial year.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors of the Company have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a Companies 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 2022 are set out below:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Directors' remuneration		
Fees	724	460
Salary and other emoluments	3,645	2,369
Benefits-in-kind	317	125
	<hr/>	<hr/>
	4,686	2,954
	<hr/>	<hr/>

Transactions between the Company with a company/firm in which certain Director of the Company has substantial interest:

	<b>RM'000</b>
Sales	(386)
Purchases	762
	<hr/>

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 purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the Directors of the Company. The amount of insurance premium payable during the year amounted to RM79,510.

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 ultimate holding company of the Company.

## **AUDITORS**

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

## AUDITORS' REMUNERATION

The amounts paid or payable as remuneration of the auditors of the Group and of the Company for the financial year ended 30 June 2022 are as follow:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Auditors' remuneration:		
Audit fees:		
- Auditors of the Company	535	165
- Other auditors	<u>54</u>	<u>-</u>

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

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**RAJA TAN SRI DATO' SERI AMAN  
BIN RAJA HAJI AHMAD**

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

Kuala Lumpur,  
28 October 2022

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AHMAD ZAKI RESOURCES BERHAD**  
(Incorporated in Malaysia)

**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 2022, 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 and other explanatory information, as set out on pages 20 to 151.

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 2022, 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.

(Forward)

## 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 2022, the Group recognised revenue on construction contracts of RM357,703,000 which contributed to 49.4% 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.
- Evaluated the reasonableness of the estimates made and assessed whether or not these estimates showed any evidence of management bias, based on historical accuracy of management's estimates in prior years.

(Forward)

Key Audit Matters

Refer to “critical accounting judgements” in Note 3.26(i)(b) to the financial statements and construction contract revenue and construction contract cost recognised in profit or loss in Notes 4 and 5 to the financial statements, respectively.

**(2) Impairment assessment of goodwill and intangible assets**

As at 30 June 2022, the Group has goodwill and intangible assets of RM35,623,000 and RM15,125,000 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.

Determining whether the goodwill and intangible assets are impaired 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 18 to the financial statements.

Our audit performed and responses thereon

- 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.

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.
- 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.

(Forward)

Key Audit Matters

Our audit performed and responses thereon

**(3) Going Concern and liquidity risk assessment**

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

As at 30 June 2022, the Group's and the Company's have net current liabilities of RM447,217,000 and RM487,092,000 respectively as a result of losses incurred in the current and previous financial years.

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.

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.

- Performed sensitivity analysis on management's key assumptions to assess if any reasonably possible downside changes in these assumptions can lead to impairment loss.
- Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Our audit procedures included, among others, the following:

- 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 forecasts for the next 12 months.
- Performed retrospective evaluation by comparing cash flow forecasts for prior periods to actual outcomes to assess management's ability to make reasonably reliable forecasts.
- Challenged management on the key assumptions underpinning the cash flow forecasts 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.
- Assessed the Group's compliance with its debt covenants of bank borrowings.

Key Audit Matters

(Forward)

Refer to “Going concern” in Note 3.2 to the financial statements and “Liquidity risk” in Note 38.4 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 38.4 discloses the Director’s assessment on the ability of the Group and of the Company to meet their obligation as and when fall due.

Our audit performed and responses thereon

- 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 38.4 to the financial statements respectively.

**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 do 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.

(Forward)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the 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.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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.

(Forward)

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

(Forward)

Registration No. 199701017271 (432768 - X)

**Other Matter**

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.

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF 0080)**

**SITI HAJAR BINTI OSMAN**  
**Partner - 03061/04/2023 J**  
**Chartered Accountant**

28 October 2022

**AHMAD ZAKI RESOURCES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	4	723,142	846,982	59,636	79,488
Cost of sales	5	<u>(671,102)</u>	<u>(804,456)</u>	<u>(13,430)</u>	<u>(24,791)</u>
<b>Gross profit</b>		52,040	42,526	46,206	54,697
Other operating income		5,508	6,351	14,557	10,460
Administrative expenses		(69,234)	(65,414)	(27,182)	(19,660)
Other operating expenses		<u>(47,606)</u>	<u>(33,214)</u>	<u>(43,491)</u>	<u>(9,768)</u>
<b>(Loss)/Profit from operating activities</b>		(59,292)	(49,751)	(9,910)	35,729
Finance income	6	56,954	57,361	46	410
Finance costs	7	<u>(65,292)</u>	<u>(62,996)</u>	<u>(11,809)</u>	<u>(13,689)</u>
<b>Net finance costs</b>		(8,338)	(5,635)	(11,763)	(13,279)
Share of (loss)/profit of associates, net of tax	20	<u>(1)</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>(Loss)/Profit before tax</b>	8	(67,631)	(55,385)	(21,673)	22,450
Income tax credit/ (expenses)	10	<u>1,574</u>	<u>(19,677)</u>	<u>4</u>	<u>(841)</u>
<b>(Loss)/Profit for the year</b>		<u>(66,057)</u>	<u>(75,062)</u>	<u>(21,669)</u>	<u>21,609</u>

(Forward)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Other comprehensive (loss)/income, net of tax</b>					
<b><i>Item that may be reclassified subsequently to profit or loss</i></b>					
Foreign currency translation differences for foreign operations		(8,310)	10,202	(50)	71
<b><i>Item that will not be reclassified subsequently to profit or loss</i></b>					
Actuarial (loss)/gain from employee benefits	34	(554)	671	-	-
<b>Total other comprehensive (loss)/income for the year</b>		<u>(8,864)</u>	<u>10,873</u>	<u>(50)</u>	<u>71</u>
<b>Total comprehensive (loss)/income for the year</b>		<u>(74,921)</u>	<u>(64,189)</u>	<u>(21,719)</u>	<u>21,680</u>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(63,254)	(68,637)	(21,669)	21,609
Non-controlling interests	19	(2,803)	(6,425)	-	-
<b>(Loss)/Profit for the year</b>		<u>(66,057)</u>	<u>(75,062)</u>	<u>(21,669)</u>	<u>21,609</u>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(71,619)	(58,767)	(21,719)	21,680
Non-controlling interests		(3,302)	(5,422)	-	-
<b>Total comprehensive (loss)/income for the year</b>		<u>(74,921)</u>	<u>(64,189)</u>	<u>(21,719)</u>	<u>21,680</u>
<b>Loss per ordinary share (sen)</b>	11				
Basic		(10.61)	(11.51)		
Diluted		(10.61)	(11.51)		

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 2022**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	12	673,091	625,405	1,822	1,906
Right-of-use assets	13	9,547	7,587	69,856	70,287
Prepaid lease payments	14	18,146	18,391	-	-
Land held for development	15	79,318	64,177	-	-
Intangible assets	16	15,125	16,864	-	-
Concession service assets	17	2,251,485	1,944,692	-	-
Goodwill	18	38,887	38,887	-	-
Investments in subsidiaries	19	-	-	882,481	933,012
Investments in associates	20	2,802	2,803	2,640	2,640
Interests in joint ventures	21	-	-	-	-
Investments in financial assets	22	116	116	68	68
Deferred tax assets	23	38,413	19,765	235	235
Trade and other receivables	24(a)	542,521	573,340	-	2,128
<b>Total Non-Current Assets</b>		<b>3,669,451</b>	<b>3,312,027</b>	<b>957,102</b>	<b>1,010,276</b>

(Forward)

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current Assets</b>					
Biological assets	25	660	264	-	-
Inventories	26	30,594	22,671	-	-
Property development costs	27	1,254	26,445	-	-
Tax recoverable		7,619	6,389	322	1,692
Construction contract assets	24(b)	122,053	123,709	2,892	1,917
Trade and other receivables	24(a)	388,507	435,963	511,510	501,009
Financial assets at fair value through profit or loss	28	107,455	228,062	-	-
Cash and deposits	29	189,500	207,424	4,611	5,623
<b>Total Current Assets</b>		<u>847,642</u>	<u>1,050,927</u>	<u>519,335</u>	<u>510,241</u>
<b>Total Assets</b>		<u><u>4,517,093</u></u>	<u><u>4,362,954</u></u>	<u><u>1,476,437</u></u>	<u><u>1,520,517</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	30	197,536	197,536	197,536	197,536
Reserves	31	27,176	98,795	38,227	59,946
Equity attributable to owners of the Company		224,712	296,331	235,763	257,482
Non-controlling interests	19	(3,286)	16	-	-
<b>Total Equity</b>		<u>221,426</u>	<u>296,347</u>	<u>235,763</u>	<u>257,482</u>

(Forward)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-Current and Deferred Liabilities</b>					
Loans and borrowings	32	2,667,919	2,504,280	161,541	162,272
Lease liabilities	33	7,353	5,288	72,706	72,101
Employee benefits	34	6,677	4,022	-	-
Deferred tax liabilities	23	109,044	105,179	-	-
Trade and other payables	35	209,815	209,748	-	-
<b>Total Non-Current and Deferred Liabilities</b>		<u>3,000,808</u>	<u>2,828,517</u>	<u>234,247</u>	<u>234,373</u>
<b>Current Liabilities</b>					
Loans and borrowings	32	351,128	459,297	8,034	7,373
Lease liabilities	33	2,414	2,618	681	640
Trade and other payables	35	923,636	771,563	997,712	1,020,649
Tax liabilities		17,681	4,612	-	-
<b>Total Current Liabilities</b>		<u>1,294,859</u>	<u>1,238,090</u>	<u>1,006,427</u>	<u>1,028,662</u>
<b>Total Liabilities</b>		<u>4,295,667</u>	<u>4,066,607</u>	<u>1,240,674</u>	<u>1,263,035</u>
<b>Total Equity and Liabilities</b>		<u>4,517,093</u>	<u>4,362,954</u>	<u>1,476,437</u>	<u>1,520,517</u>

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

**AHMAD ZAKI RESOURCES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

Group	Attributable to owners of the Company						Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Other reserve RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000				
<b>At 1 July 2021</b>	197,536	1,784	27,889	18,976	1,506	(1,026)	49,666	296,331	16	296,347
Foreign currency translation differences for foreign operations	-	(608)	-	(7,231)	-	-	-	(7,839)	(471)	(8,310)
Actuarial loss from employee benefits	-	(526)	-	-	-	-	-	(526)	(28)	(554)
<b>Total other comprehensive loss for the year</b>	-	(1,134)	-	(7,231)	-	-	-	(8,365)	(499)	(8,864)
Loss for the year	-	-	-	-	-	-	(63,254)	(63,254)	(2,803)	(66,057)
<b>Total comprehensive loss for the year</b>	-	(1,134)	-	(7,231)	-	-	(63,254)	(71,619)	(3,302)	(74,921)
<b>At 30 June 2022</b>	<u>197,536</u>	<u>650</u>	<u>27,889</u>	<u>11,745</u>	<u>1,506</u>	<u>(1,026)</u>	<u>(13,588)</u>	<u>224,712</u>	<u>(3,286)</u>	<u>221,426</u>

(Forward)

Group	Attributable to owners of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	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 RM'000			
<b>At 1 July 2020</b>	197,536	1,594	27,889	9,296	1,506	(1,026)	118,303	355,098	5,438	360,536
Foreign currency translation differences for foreign operations	-	(448)	-	9,680	-	-	-	9,232	970	10,202
Actuarial gain from employee benefits	-	638	-	-	-	-	-	638	33	671
<b>Total other comprehensive income for the year</b>	-	190	-	9,680	-	-	-	9,870	1,003	10,873
Loss for the year	-	-	-	-	-	-	(68,637)	(68,637)	(6,425)	(75,062)
<b>Total comprehensive income/(loss) for the year</b>	-	190	-	9,680	-	-	(68,637)	(58,767)	(5,422)	(64,189)
<b>At 30 June 2021</b>	<u>197,536</u>	<u>1,784</u>	<u>27,889</u>	<u>18,976</u>	<u>1,506</u>	<u>(1,026)</u>	<u>49,666</u>	<u>296,331</u>	<u>16</u>	<u>296,347</u>

	← Attributable to owners of the Company →					Distributable	Total RM'000
	← Non-distributable		→				
Company	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 RM'000	
<b>At 1 July 2021</b>	197,536	27,889	3,368	1,506	(1,026)	28,209	257,482
Foreign currency translation differences for foreign operations	-	-	(50)	-	-	-	(50)
Total other comprehensive loss for the year	-	-	(50)	-	-	-	(50)
Loss for the year	-	-	-	-	-	(21,669)	(21,669)
<b>Total comprehensive loss for the year</b>	-	-	(50)	-	-	(21,669)	(21,719)
<b>At 30 June 2022</b>	<u>197,536</u>	<u>27,889</u>	<u>3,318</u>	<u>1,506</u>	<u>(1,206)</u>	<u>6,540</u>	<u>235,763</u>

(Forward)

Company	Attributable to owners of the Company					Distributable	Total RM'000
	Share capital RM'000	Warrant reserve RM'000	Non-distributable Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000		
<b>At 1 July 2020</b>	197,536	27,889	3,297	1,506	(1,026)	6,600	235,802
Foreign currency translation differences for foreign operations	-	-	71	-	-	-	71
Total other comprehensive income for the year	-	-	71	-	-	-	71
Profit for the year	-	-	-	-	-	21,609	21,609
<b>Total comprehensive income for the year</b>	-	-	71	-	-	21,609	21,680
<b>At 30 June 2021</b>	<u>197,536</u>	<u>27,889</u>	<u>3,368</u>	<u>1,506</u>	<u>(1,026)</u>	<u>28,209</u>	<u>257,482</u>

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 2022**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>				
(Loss)/Profit before tax	(67,631)	(55,385)	(21,673)	22,450
Adjustments for:				
Accretion of fair value on non-current receivables	6 (53,119)	(54,521)	-	-
Interest income	6 (3,835)	(2,840)	(46)	(410)
Interest expense	7 63,562	60,987	8,601	10,510
Finance costs on lease liabilities	7 432	335	3,208	3,179
Net (reversal)/allowance for doubtful debt	8 10,932	(22)	12,247	7,685
Loss on foreign exchange - unrealised	8 13,086	16,286	4,275	1,537
Amortisation of transaction costs	7 1,298	1,674	-	-
Depreciation of property, plant and equipment	12 34,869	27,907	84	347
Depreciation of right-of-use assets	13 5,144	3,457	1,728	1,696
Amortisation of prepaid lease payments	14 1,408	2,534	-	-
Amortisation of intangible assets	16 1,748	1,731	-	-
Impairment of investment in subsidiary	19 -	-	26,931	-
Gain on redemption of redeemable convertible preference shares ("RCPS")	8 -	-	(13,102)	(8,900)
Share of loss/(gain) of associates	20 1	(1)	-	-

(Forward)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Employee retirement benefits provision	8	1,646	131	-	-
Gain on disposal of property, plant and equipment - net	8	(480)	(570)	(118)	-
Gain on derecognition of right-of-use assets	13	(4,536)	(9)	-	-
Dividend received from subsidiary companies	4	-	-	(27,916)	(34,314)
Fair value loss on financial assets	8	4,029	2,759		
Fair value gain arising from biological assets	8	(396)	(233)	-	-
<b>Operating profit/(loss) before working capital changes</b>		<b>8,158</b>	<b>4,220</b>	<b>(5,781)</b>	<b>3,780</b>
<b>Changes in working capital:</b>					
Increase in inventories		(7,923)	(5,155)	-	-
Decrease/(Increase) in construction contract assets		4,093	81,497	(975)	558
Decrease/(Increase) in property development costs		26,686	(10,866)	-	-
Increase in concession service assets		(217,635)	(232,948)	-	-
Decrease/(Increase) in trade and other receivables		120,462	161,443	(24,895)	(108,185)
(Decrease)/Increase in trade and other payables		140,879	(60,171)	(22,987)	9,252
<b>Cash Generated From/(Used In) Operations</b>		<b>74,720</b>	<b>(61,980)</b>	<b>(54,638)</b>	<b>(94,595)</b>
Interest received		3,835	2,840	46	410
Retirement benefits paid		(237)	(129)	-	-
Income tax (paid)/refund - net		(1,093)	(9,388)	1,374	160
<b>Net Cash From/(Used In) Operating Activities</b>		<b>77,225</b>	<b>(68,657)</b>	<b>(53,218)</b>	<b>(94,025)</b>

(Forward)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>					
Addition of land held for development	15	(16,636)	(814)	-	-
Proceeds from redemption of RCPS		-	-	36,702	24,930
Withdrawal of financial assets at fair value through profit or loss		116,578	93,000	-	-
Proceeds from disposal of property, plant and equipment		634	858	118	-
Purchase of property, plant and equipment	12	(70,778)	(77,492)	-	-
Dividend received from subsidiary companies	4	-	-	27,916	34,314
Net Cash From Investing Activities		<u>29,798</u>	<u>15,552</u>	<u>64,737</u>	<u>59,244</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>					
Decrease/(Increase) in pledged cash and deposits		7,488	(10,693)	-	-
Interest paid		(143,896)	(151,522)	(8,601)	(10,510)
Repayments of lease liabilities	33	(1,139)	(3,645)	(3,859)	(3,793)
Repayments of finance lease liabilities (net)		(8,023)	(8,708)	(70)	(275)
Net drawdowns/ (repayments) of loans and borrowings		<u>24,015</u>	<u>(3,601)</u>	<u>-</u>	<u>(5,475)</u>
Net Cash Used In Financing Activities		<u>(121,555)</u>	<u>(178,169)</u>	<u>(12,530)</u>	<u>(20,053)</u>

(Forward)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(14,532)	(231,274)	(1,012)	(54,834)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<u>56,212</u>	<u>287,486</u>	<u>5,623</u>	<u>60,457</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	(i)	<u>41,680</u>	<u>56,212</u>	<u>4,611</u>	<u>5,623</u>

(i) *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

*Cash and cash equivalents*

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits placed with licensed banks		69,804	79,034	3,532	3,487
Cash and bank balances		<u>119,696</u>	<u>128,390</u>	<u>1,079</u>	<u>2,136</u>
	29	189,500	207,424	4,611	5,623
Less:					
Bank overdrafts	32	(45,482)	(41,386)	-	-
Pledged deposits	29	<u>(102,338)</u>	<u>(109,826)</u>	<u>-</u>	<u>-</u>
		<u>41,680</u>	<u>56,212</u>	<u>4,611</u>	<u>5,623</u>

(ii) ***Reconciliation of movement of liabilities to cash flows arising from financing activities***

The movement of loan and borrowings in the statements of cash flows is as follows:

	<b>At 1 July RM'000</b>	<b>Net changes from financing cash flows RM'000</b>	<b>Group Effect of movements in foreign exchange RM'000</b>	<b>Other non-cash changes RM'000</b>	<b>At 30 June RM'000</b>
<b>2022</b>					
Finance lease liabilities	17,708	(8,617)	-	594	9,685
Loan and borrowings	<u>2,904,483</u>	<u>(114,880)</u>	<u>20,998</u>	<u>153,279</u>	<u>2,963,880</u>
Total liabilities from financing activities	<u>2,922,191</u>	<u>(123,497)</u>	<u>20,998</u>	<u>153,873</u>	<u>2,973,565</u>
<b>2021</b>					
Finance lease liabilities	26,416	(9,728)	-	1,020	17,708
Loan and borrowings	<u>2,919,411</u>	<u>(135,861)</u>	<u>(27,758)</u>	<u>148,691</u>	<u>2,904,483</u>
Total liabilities from financing activities	<u>2,945,827</u>	<u>(145,589)</u>	<u>(27,758)</u>	<u>149,711</u>	<u>2,922,191</u>

	<b>At 1 July RM'000</b>	<b>Net changes from financing cash flows RM'000</b>	<b>Company Effect of movements in foreign exchange RM'000</b>	<b>Other non-cash changes RM'000</b>	<b>At 30 June RM'000</b>
<b>2022</b>					
Finance lease liabilities	120	(73)	-	3	50
Loan and borrowings	<u>169,525</u>	<u>(8,598)</u>	<u>-</u>	<u>8,598</u>	<u>169,525</u>
Total liabilities from financing activities	<u>169,645</u>	<u>(8,525)</u>	<u>-</u>	<u>8,601</u>	<u>169,575</u>
<b>2021</b>					
Finance lease liabilities	395	(283)	-	8	120
Loan and borrowings	<u>175,000</u>	<u>(15,977)</u>	<u>-</u>	<u>10,502</u>	<u>169,525</u>
Total liabilities from financing activities	<u>175,395</u>	<u>(16,260)</u>	<u>-</u>	<u>10,510</u>	<u>169,645</u>

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

**AHMAD ZAKI RESOURCES BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FINANCIAL YEAR ENDED 30 JUNE 2022**

**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 2022 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 2022 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 Note 19 and Note 20 respectively.

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

These financial statements were authorised for issue by the Board of Directors on 28 October 2022.

**2. BASIS OF PREPARATION**

**2.1 Basis of Preparation of the Financial Statements**

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.

## 2.2 Adoption of Amendments to MFRSs

In the current financial year, the Group and the Company adopted all the Amendments to MFRSs issued by Malaysian Accounting Standards Board (“MASB”) that are relevant to their operations and effective for annual financial periods beginning on or after 1 July 2021 as follows:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

The adoption of these Amendments to MFRSs did not result in significant changes to the accounting policies of the Group and of the Company and have no significant effect on the financial performance or position of the Group and of the Company.

## 2.3 Amendments to MFRSs in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the Amendments to MFRSs relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRSs	Annual Improvement to MFRS Standards 2018 - 2020 <sup>1</sup>
Amendments to MFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current <sup>2</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>2</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>2</sup>
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>2</sup>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use <sup>1</sup>
Amendments to MFRS 137	Onerous Contract - Cost of Fulfilling a Contract <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective date deferred to a date to be announced by MASB.

The initial application of the Amendments to MFRSs above are not expected to have any material financial impacts to the financial results of the Group and of the Company.

### 3. **SIGNIFICANT ACCOUNTING POLICIES**

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 entities.

#### 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

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

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

### 3.2 **Going concern**

As at 30 June 2022, the Group and the Company have net current liabilities of RM447,217,000 and RM487,092,000 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 RM3,019,047,000 and RM169,575,000 as of that date. The Group's unutilised borrowing facilities amounting to RM172,774,000 is as further disclosed in Note 38.4.

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 flows forecasts for the year ending 30 June 2023 and evaluated the adequacy of the cash flows to support the operations of the Group. The forecasts were 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 with the financial institutions on their borrowings as mentioned in Note 38.4;
4. Secured RM180,000,000 and RM165,000,000 of additional financing from certain financial institutions and the Government of Malaysia respectively as mentioned in Note 38.4.

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**

#### (i) **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.

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.

#### (ii) **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.

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 or 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.

(iii) **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.

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.

(iv) **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.

(v) **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.

(vi) **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**

(i) **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.

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.

(ii) **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.

### 3.6 Financial instruments

#### (i) 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.

#### (ii) 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.

##### (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.

***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.

### ***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.

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.

## **3.7 Property, plant and equipment**

### **(i) 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 operating income" and "other operating expenses" respectively in profit or loss.

(ii) **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.

(iii) **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.

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:



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

### 3.8 Leased assets

#### (i) 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.

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, 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.

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 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 13.

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.

(ii) **As Lessee**

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 to allocate the consideration under the contract to each component.

### **3.9 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.

### **3.10 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.

### 3.11 Intangible assets

#### (i) 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.

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.

(ii) **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.

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.

(iii) **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.

### 3.12 Inventories

#### (i) 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.

#### (ii) 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.

### 3.13 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.

### 3.14 **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.

### 3.15 **Statements of cash flows and cash and cash equivalents**

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 and pledged deposits.

### 3.16 **Impairment**

#### (i) **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.

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.

(ii) **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.

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.

(iii) **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.

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.

### 3.17 **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.

#### (i) **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.

#### (ii) **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.

(iii) **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.

3.18 **Employee benefits**

(i) **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.

(ii) **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.

(iii) **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.

(iv) **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.

(v) **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 40.

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.

### 3.19 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.

#### (i) 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.

#### (ii) 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 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.

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.

(i) **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. 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.

(ii) **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).

(iii) **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.

(iv) **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.

(v) **Other income**

Revenue from other sources are recognised as follows:

- (a) interest income is recognised on an accrual basis using the effective interest method;
- (b) dividend income is recognised when the right to receive payment is established;
- (c) management fee income is recognised on an accrual basis, by reference to the agreements entered into; and
- (d) rental income is recognised on a straight-line basis over the tenure of the lease.

### 3.21 **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.

### 3.22 **Income tax**

Income tax expense comprises current 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.

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.

### **3.23 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.

### **3.24 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.

### **3.25 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.

### 3.26 **Critical accounting judgements and key sources of estimation uncertainty**

#### (i) **Critical judgements in applying the Group's and the Company's accounting policies**

The management is of the opinion that there are no instances of application of critical judgement in applying the Group's and the Company's accounting policies which are expected to have a significant effect on the amounts recognised in the financial statements other than as follows:

##### (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.

#### (ii) **Key sources of estimation uncertainty**

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 period, except as discussed below:

(a) **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.

(b) **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.

(c) **Impairment for expected credit losses (“ECLs”) 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.

(d) **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.

4. **REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Attributable contract revenue	357,703	626,020	14,137	26,096
Sale of goods/Rendering of services	112,435	92,797	-	-
Sale of fresh fruit bunches, crude palm oil and kernel	214,401	124,303	-	-
Sale of completed properties	34,824	1,673	-	-
Income from hotel operation, and food and beverages	3,779	2,189	-	-
Management fees	-	-	17,583	19,078
Dividend income	-	-	27,916	34,314
	<u>723,142</u>	<u>846,982</u>	<u>59,636</u>	<u>79,488</u>

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Timing of revenue recognition:				
At a point in time	331,644	209,456	45,499	53,392
Over time	<u>391,498</u>	<u>637,526</u>	<u>14,137</u>	<u>26,096</u>
	<u>723,142</u>	<u>846,982</u>	<u>59,636</u>	<u>79,488</u>

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from:				
Engineering and constructions	<u>947,521</u>	<u>830,497</u>	<u>23,231</u>	<u>36,496</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial years ending 30				
June:				
2022	-	632,750	-	36,496
2023	855,464	197,747	23,331	-
2024	92,057	-	-	-
	<u>947,521</u>	<u>830,497</u>	<u>23,231</u>	<u>36,496</u>

#### 5. COST OF SALES

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Attributable contract costs	336,498	600,018	13,430	24,791
Cost of goods sold/services	103,525	87,243	-	-
Direct operating costs of plantation	201,019	115,781	-	-
Cost of sales of completed property units	29,353	870	-	-
Cost of operating hotel and food and beverages	707	544	-	-
	<u>671,102</u>	<u>804,456</u>	<u>13,430</u>	<u>24,791</u>

#### 6. FINANCE INCOME

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accretion of fair value on non-current receivables	53,119	54,521	-	-
Interest income	3,835	2,840	46	410
	<u>56,954</u>	<u>57,361</u>	<u>46</u>	<u>410</u>

Accretion of fair value on non-current receivables represents fair value impact on concession receivables from Government of Malaysia as explained in Note 24(a)(b).

7. FINANCE COSTS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:					
- Sukuk		73,134	86,135	-	-
- Term loans		72,615	53,525	8,598	10,502
- Bank overdrafts		2,582	2,517	-	-
- Finance lease		594	1,020	3	8
- Lease liabilities	33	432	335	3,208	3,179
- Revolving credits		4,490	5,543	-	-
- Trust receipts		486	626	-	-
- Banker's acceptance		966	843	-	-
- Invoice financing		290	345	-	-
		155,589	150,889	11,809	13,689
Less:					
Capitalisation of interest					
- Term loans	15, 17	(30,178)	(27,007)	-	-
- Revolving credits	24(b)	(695)	(1,394)	-	-
- Trust receipts	24(b)	(486)	(626)	-	-
- Banker's acceptance	24(b)	(966)	(843)	-	-
- Invoice financing	24(b)	(290)	(345)	-	-
- Sukuk	17	(58,980)	(59,352)	-	-
		(91,595)	(89,567)	-	-
		63,994	61,322	11,809	13,689
Amortisation of transaction costs		1,298	1,674	-	-
		<u>65,292</u>	<u>62,996</u>	<u>11,809</u>	<u>13,689</u>

8. **(LOSS)/PROFIT BEFORE TAX**

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:					
Audit fees:					
- Auditors of the Company		535	555	165	165
- Other auditors		54	34	-	-
Non-audit fees:					
- Auditors of the Company		18	18	5	5
Depreciation of property, plant and equipment	12	34,869	27,907	84	347
Gain on disposal of property, plant and equipment – net		(480)	(570)	(118)	-
Gain on derecognition of right-of-use assets	13, 33	(4,536)	(9)	-	-
Depreciation of right-of-use assets	13	5,144	3,457	1,728	1,696
Amortisation of prepaid lease payments	14	1,408	2,534	-	-
Amortisation of intangible assets	16	1,748	1,731	-	-
Expenses relating to short-term and low value asset leases:	13				
Rental of motor vehicles		143	97	-	-
Rental of land and premises		25	139	-	-
Rental of machinery and equipment		101	226	1	2
		<u>269</u>	<u>462</u>	<u>1</u>	<u>2</u>

(Forward)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Impairment in cost on investment in subsidiary	19	-	-	26,931	-
Gain on redemption of redeemable convertible preference shares		-	-	(13,102)	(8,900)
Net allowance/for (reversal) doubtful debt	24(a)	10,932	(22)	12,247	7,685
Fair value gain arising from biological assets	25	(396)	(233)	-	-
Fair value loss on financial assets		4,029	2,759	-	-
Employee benefits expense		33,984	35,267	12,761	14,430
Loss on foreign exchange:					
Realised		18	5	-	-
Unrealised		13,086	16,286	4,275	1,537
		<u>13,086</u>	<u>16,286</u>	<u>4,275</u>	<u>1,537</u>

Included in employee benefits expense is:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Contributions to defined contribution plan		3,218	3,066	1,261	1,397
Retirement benefits	34	1,646	131	-	-
		<u>4,864</u>	<u>3,197</u>	<u>1,261</u>	<u>1,397</u>

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM3,569,000 (2021: RM5,245,000) and RM2,324,000 (2021: RM3,258,000) respectively as further disclosed in Note 9.

9. **KEY MANAGEMENT PERSONNEL COMPENSATION**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive Directors				
- fees	3	50	-	-
- emoluments	3,566	5,195	2,324	3,258
Total remuneration (excluding benefit-in-kind)	3,569	5,245	2,324	3,258
Estimated monetary value of benefit-in-kind	164	168	79	95
	<u>3,733</u>	<u>5,413</u>	<u>2,403</u>	<u>3,353</u>
Non-Executive Directors				
- fees	721	746	460	477
- emoluments	79	85	45	53
Total remuneration (excluding benefit-in-kind)	800	831	505	530
Estimated monetary value of benefit-in-kind	153	147	46	49
	<u>953</u>	<u>978</u>	<u>551</u>	<u>579</u>
Total remuneration (executive and non-executive)	<u>4,686</u>	<u>6,391</u>	<u>2,954</u>	<u>3,932</u>

10. INCOME TAX (CREDIT)/EXPENSES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Estimated tax payable:					
- current year		12,551	3,392	-	487
- under/(over) provision in prior years		381	(376)	(4)	354
		12,932	3,016	(4)	841
Deferred tax:	23				
- origination and reversal of temporary differences		(14,558)	19,367	-	-
- under/(over)provision in prior years		52	(2,706)	-	-
		(14,506)	16,661	-	-
Total income tax (income)/expense		(1,574)	19,677	(4)	841

A reconciliation of income tax (credit)/expense applicable to (loss)/profit 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:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit before tax	<u>(67,631)</u>	<u>(55,385)</u>	<u>(21,673)</u>	<u>22,450</u>
Income tax (credit)/expense calculated using Malaysian tax rate 24% (2021: 24%)	(16,231)	(13,292)	(5,202)	5,388
Tax effects of:				
Non-deductible expenses	68,596	116,991	15,936	5,657
Non-taxable income	(69,516)	(83,917)	(10,734)	(10,782)
Under/(Over) provision of tax payable in prior years	381	(376)	(4)	354
Under/(Over) provision of deferred tax in prior years	52	(2,706)	-	-
Impact of change in tax rate in other tax jurisdiction	(439)	(807)	-	-
Recognition of deferred tax assets previously not recognised	(5,514)	-	-	-
Deferred tax assets not recognised	<u>21,097</u>	<u>3,784</u>	<u>-</u>	<u>224</u>
Total income tax (credit)/expense	<u>(1,574)</u>	<u>19,677</u>	<u>(4)</u>	<u>841</u>

## 11. LOSS PER ORDINARY SHARE

### Basic loss per ordinary share

The calculation of basic loss per ordinary share at 30 June 2022 was based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding during the year.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
<b>Basic loss per ordinary share</b>		
Net loss attributable to owners of the Company (RM'000)	<u>(63,254)</u>	<u>(68,637)</u>
Weighted average number of ordinary shares in issue ('000)	<u>596,435</u>	<u>596,435</u>
Basic loss per ordinary share (sen)	<u>(10.61)</u>	<u>(11.51)</u>
<b>Diluted loss per ordinary share</b>		
Net loss attributable to owners of the Company (RM'000)	<u>(63,254)</u>	<u>(68,637)</u>
Weighted average number of ordinary shares in issue ('000)	596,435	596,435
Effects of warrants ('000)	-*	-*
Effects of dilution of ESS ('000)	<u>-*</u>	<u>-*</u>
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	<u>596,435</u>	<u>596,435</u>
Diluted loss per ordinary share (sen)	<u>(10.61)</u>	<u>(11.51)</u>

- \* 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**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Bearer plants RM'000</b>	<b>Buildings and renovation RM'000</b>	<b>Machinery and equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Furniture, fittings and equipment RM'000</b>	<b>Asset under construction RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>								
At 1 July 2020	24,963	327,252	255,759	131,790	45,324	14,791	2,134	802,013
Additions	-	23,963	33,517	478	445	449	18,640	77,492
Disposals	-	-	(85)	(1,980)	(4,289)	(34)	-	(6,388)
Reclassifications	-	-	17,466	-	13	(54)	(17,425)	-
Effects of movements in exchange rates	-	(15,708)	(1,552)	(2,345)	(204)	(77)	-	(19,886)
At 30 June 2021/ 1 July 2021	24,963	335,507	305,105	127,943	41,289	15,075	3,349	853,231
Additions	-	45,814	16,507	2,083	137	758	5,479	70,778
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
At 30 June 2022	24,963	393,140	326,339	130,555	38,764	16,603	4,409	934,773

(Forward)

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Bearer plants RM'000</b>	<b>Buildings and renovation RM'000</b>	<b>Machinery and equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Furniture, fittings and equipment RM'000</b>	<b>Asset under construction RM'000</b>	<b>Total RM'000</b>
<b>Accumulated depreciation</b>								
At 1 July 2020	-	57,689	32,842	72,143	37,513	9,076	-	209,263
Depreciation for the year	-	6,376	5,898	9,239	4,649	1,745	-	27,907
Disposals	-	-	(61)	(1,980)	(4,026)	(33)	-	(6,100)
Effects of movements in exchange rates	-	(2,237)	(374)	(425)	(148)	(60)	-	(3,244)
At 30 June 2021/ 1 July 2021	-	61,828	38,305	78,977	37,988	10,728	-	227,826
Depreciation for the year	-	15,471	8,459	7,164	1,957	1,818	-	34,869
Disposals	-	-	-	(1,109)	(2,656)	(57)	-	(3,822)
Effects of movements in exchange rates	-	1,974	305	360	123	47	-	2,809
At 30 June 2022	-	79,273	47,069	85,392	37,412	12,536	-	261,682
<b>Carrying amounts</b>								
At 30 June 2021	24,963	273,679	266,800	48,966	3,301	4,347	3,349	625,405
At 30 June 2022	24,963	313,867	279,270	45,163	1,352	4,067	4,409	673,091

<b>Company</b>	<b>Freehold land RM'000</b>	<b>Machinery and equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Furniture, fittings and equipment RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 July 2020	1,750	46	4,808	362	6,966
Disposals	-	-	(623)	-	(623)
Effects of movements in exchange rates	-	(1)	-	(1)	(2)
At 30 June 2021/ 1 July 2021	1,750	45	4,185	361	6,341
Disposals	-	-	(507)	-	(507)
At 30 June 2022	<u>1,750</u>	<u>45</u>	<u>3,678</u>	<u>361</u>	<u>5,834</u>
<b>Accumulated depreciation</b>					
At 1 July 2020	-	44	4,307	362	4,713
Depreciation for the year	-	-	347	-	347
Disposals	-	-	(623)	-	(623)
Effects of movements in exchange rates	-	(1)	-	(1)	(2)
At 30 June 2021/ 1 July 2021	-	43	4,031	361	4,435
Depreciation for the year	-	-	84	-	84
Disposals	-	-	(507)	-	(507)
At 30 June 2022	<u>-</u>	<u>43</u>	<u>3,608</u>	<u>361</u>	<u>4,012</u>
<b>Carrying amounts</b>					
At 30 June 2021	<u>1,750</u>	<u>2</u>	<u>154</u>	<u>-</u>	<u>1,906</u>
At 30 June 2022	<u>1,750</u>	<u>2</u>	<u>70</u>	<u>-</u>	<u>1,822</u>

Included in property, plant and equipment are the following:

- (i) the cost and the net carrying amount of property, plant and equipment under finance lease arrangements as follows:

<b>Group</b>	<b>Machinery and equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>2022</b>			
Cost	<u>39,191</u>	<u>21,553</u>	<u>60,744</u>
Carrying amounts	<u>1,684</u>	<u>714</u>	<u>2,398</u>
<b>2021</b>			
Cost	<u>54,855</u>	<u>22,597</u>	<u>77,452</u>
Carrying amounts	<u>13,918</u>	<u>1,978</u>	<u>15,896</u>
<b>Company</b>			
<b>2022</b>			
Cost	<u>45</u>	<u>3,678</u>	<u>3,723</u>
Carrying amounts	<u>2</u>	<u>70</u>	<u>72</u>
<b>2021</b>			
Cost	<u>45</u>	<u>4,185</u>	<u>4,230</u>
Carrying amounts	<u>2</u>	<u>154</u>	<u>156</u>

- (ii) Freehold land and buildings of the Group with total net carrying amounts of RM48,513,000 (2021: RM49,462,000) are charged to financial institutions as securities for banking facilities granted to its subsidiaries as disclosed in Note 32(a)(iii) and Note 32(d).

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 years to 43 years (2021: 2 years to 33 years). The average lease term of the Group and of the Company is approximately 21 years (2021: 17 years) and 43 years (2021: 33 years) respectively.

<b>Group</b>	<b>Note</b>	<b>Leasehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Machinery and equipment RM'000</b>	<b>Bunkering facilities RM'000</b>	<b>Office equipment RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>							
At 1 July 2020		2,798	3,072	3,093	7,565	139	16,667
Additions	33	2,321	304	265	-	-	2,890
Derecognition	33	(170)	(210)	(123)	-	-	(503)
Reclassification		2,253	-	-	(2,253)	-	-
At 30 June 2021/1 July 2021		7,202	3,166	3,235	5,312	139	19,054
Additions	33	-	371	2,325	5,184	-	7,880
Derecognition	33	-	-	-	(5,312)	-	(5,312)
At 30 June 2022		7,202	3,537	5,560	5,184	139	21,622

(Forward)

<b>Group</b>	<b>Note</b>	<b>Leasehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Machinery and equipment RM'000</b>	<b>Bunkering facilities RM'000</b>	<b>Office equipment RM'000</b>	<b>Total RM'000</b>
<b>Accumulated depreciation</b>							
At 1 January 2020		1,222	1,989	2,543	2,225	40	8,019
Depreciation for the year	8	718	725	582	1,405	27	3,457
Derecognition		(9)	-	-	-	-	(9)
Reclassification		117	-	-	(117)	-	-
At 30 June 2021/1 July 2021		2,048	2,714	3,125	3,513	67	11,467
Depreciation for the year	8	1,055	445	2,124	1,493	27	5,144
Derecognition		-	-	-	(4,536)	-	(4,536)
At 30 June 2022		3,103	3,159	5,249	470	94	12,075
<b>Carrying amounts</b>							
At 30 June 2021		5,154	452	110	1,799	72	7,587
At 30 June 2022		4,099	378	311	4,714	45	9,547

<b>Company</b>	<b>Note</b>	<b>Building* RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2020		72,795	72,795
Remeasurement of right-of-use assets	33	<u>1,674</u>	<u>1,674</u>
At 30 June 2021/1 July 2021		74,469	74,469
Remeasurement of right-of-use assets	33	<u>1,297</u>	<u>1,297</u>
At 30 June 2022		<u>75,766</u>	<u>75,766</u>
<b>Accumulated depreciation</b>			
At 1 July 2020		2,486	2,486
Depreciation for the year	8	<u>1,696</u>	<u>1,696</u>
At 30 June 2021/1 July 2021		4,182	4,182
Depreciation for the year	8	<u>1,728</u>	<u>1,728</u>
At 30 June 2022		<u>5,910</u>	<u>5,910</u>
<b>Carrying amounts</b>			
At 30 June 2021		<u>70,287</u>	<u>70,287</u>
At 30 June 2022		<u>69,856</u>	<u>69,856</u>

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

The additions to right-of-use assets of RM7,880,000 (2021: RM2,890,000) for the Group during the financial year were made to replace expired contracts either by new leases for identical underlying assets or extended through exercising the extension options.

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

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Amounts recognised in profit and loss</b>					
Depreciation of right-of-use assets	8	5,144	3,457	1,728	1,696
Interest expense on lease liabilities	7	432	335	3,208	3,179
Expenses relating to short-term and low-value assets leases	8	<u>269</u>	<u>462</u>	<u>1</u>	<u>2</u>

During the year, the total cash outflow for leases for the Group and the Company amounted to RM1,139,000 (2021: RM3,645,000) and RM3,860,000 (2021: RM3,793,000) respectively (Note 33).

#### 14. PREPAID LEASE PAYMENTS

	Note	Group	
		2022 RM'000	2021 RM'000
<b>Cost</b>			
At 1 July		30,065	31,103
Effect of movements in exchange rates		<u>1,389</u>	<u>(1,038)</u>
At 30 June		<u>31,454</u>	<u>30,065</u>
<b>Accumulated Amortisation</b>			
At 1 July		11,674	9,399
Amortisation during the year	8	1,408	2,534
Effect of movements in exchange rates		<u>226</u>	<u>(259)</u>
At 30 June		<u>13,308</u>	<u>11,674</u>
<b>Carrying Amount</b>			
At 30 June		<u><u>18,146</u></u>	<u><u>18,391</u></u>

The leasehold land of the Group has an unexpired lease period of less than 50 years.

#### 15. LAND HELD FOR DEVELOPMENT

	Note	Group	
		2022 RM'000	2021 RM'000
<b>Cost</b>			
At 1 July		64,177	57,970
Additions		16,636	814
Transfer (to)/from property development costs	27	(1,495)	5,042
Development costs incurred during the year		<u>-</u>	<u>351</u>
At 30 June		<u><u>79,318</u></u>	<u><u>64,177</u></u>
Freehold land		49,150	52,674
Leasehold land		<u>30,168</u>	<u>11,503</u>
		<u><u>79,318</u></u>	<u><u>64,177</u></u>

The land held for development represents land that are earmarked for future commercial development. Freehold land with carrying amount of RM8,958,000 (2021: RM8,958,000) is pledged to a bank for the term loan facility granted to the Group as disclosed in Note 32(a)(ii).

Net interest cost capitalised in land held for development during the financial year is RM377,000 (2021 RM561,000) (Note 7).

16. **INTANGIBLE ASSETS**

<b>Group</b>	<b>Contractual customer relationship RM'000</b>	<b>Lease agreement RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Costs</b>				
At 1 July 2020	8,209	16,022	292	24,523
Effects of movements in exchange rates	-	-	(14)	(14)
At 30 June 2021/ 1 July 2021	8,209	16,022	278	24,509
Effects of movements in exchange rates	-	-	9	9
At 30 June 2022	8,209	16,022	287	24,518

	<b>Note</b>	<b>Contractual customer relationship RM'000</b>	<b>Lease agreement RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Accumulated amortisation</b>					
At 1 July 2020		4,105	1,809	-	5,914
Amortisation for the year	8	<u>1,172</u>	<u>517</u>	<u>42</u>	<u>1,731</u>
At 30 June 2021/ 1 July 2021		5,277	2,326	42	7,645
Amortisation for the year	8	<u>1,173</u>	<u>517</u>	<u>58</u>	<u>1,748</u>
At 30 June 2022		<u>6,450</u>	<u>2,843</u>	<u>100</u>	<u>9,393</u>
<b>Carrying amounts</b>					
30 June 2021		<u>2,932</u>	<u>13,696</u>	<u>236</u>	<u>16,864</u>
30 June 2022		<u>1,759</u>	<u>13,179</u>	<u>187</u>	<u>15,125</u>

#### 17. CONCESSION SERVICE ASSETS

	<b>Group</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Highway concession:		
At 1 July	1,944,692	1,625,946
Additions	<u>306,793</u>	<u>318,746</u>
At 30 June	<u>2,251,485</u>	<u>1,944,692</u>

Concession service assets represent the project costs incurred on the construction of a highway undertaken by the Group pursuant to a concession agreement with the Government of Malaysia signed on 13 February 2013. The concession agreement gives right to the Group for collection of 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 RM88,781,000 (2021: RM85,798,000) (Note 7).

18. **GOODWILL**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Goodwill on consolidation	38,887	38,887

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:

		<b>Group</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
Malaysian supply base operation	(i)	35,623	35,623
Malaysian hotel operator unit	(ii)	2,410	2,410
Multiple business units without significant goodwill		854	854
		38,887	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 year period with terminal value computation with a pre-tax discount rate of 7% (2021: 6%) 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% (2021: 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 year period with terminal value computation with a pre-tax discount rate of 7% (2021: 5%) 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% (2021: 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.

19. **INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cost	<u>1,004,525</u>	<u>1,004,525</u>
Less:		
Redemption of redeemable convertible preference shares	(79,078)	(55,478)
Allowance for impairment loss	<u>(42,966)</u>	<u>(16,035)</u>
	<u>(122,044)</u>	<u>(71,513)</u>
Net	<u>882,481</u>	<u>933,012</u>

The Directors have reviewed the Company's investments in subsidiaries for indications of impairment and concluded that the allowance for impairment loss amounting to RM42,966,000 (2021: RM16,035,000) as at the end of the reporting period is deemed adequate in respect of investments in subsidiaries.

Movements in the accumulated impairment losses of investment in subsidiaries are as follows:

		<b>Company</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
At 1 July		16,035	16,035
Impairment loss	8	<u>26,931</u>	<u>-</u>
At 30 June		<u>42,966</u>	<u>16,035</u>

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	
			2022 %	2021 %
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

(Forward)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group	
			2022 %	2021 %
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
(Forward)				

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group	
			2022 %	2021 %
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
<b>Held through Betanaz Mills Sdn. Bhd.</b>				
Peak Crops Sdn. Bhd.	Dormant	Malaysia	40	40
<b>Held through Ahmad Zaki Sdn. Bhd.</b>				
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
<b>Held through AZRB International Ventures Sdn. Bhd.</b>				
Ahmad Zaki Saudi Arabia Co. Ltd.#@	Contractors of civil and structural works	Kingdom of Saudi Arabia	5	5

(Forward)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group	
			2022 %	2021 %
<b>Held through Matrix Reservoir Sdn. Bhd.</b>				
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*

**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
<b>2022</b>			
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. Ihtiar Gusti Pudi (“PTIGP”)	5	(2,746)	*(14,859)
Other individually immaterial subsidiaries		<u>675</u>	<u>(4,565)</u>
		<u>(2,803)</u>	<u>(3,286)</u>
<b>2021</b>			
Matrix Reservoir Sdn. Bhd. and its subsidiaries (“MRSB Group”)	47	(3,364)	8,546
Kemaman Technology & Industrial Park Sdn. Bhd. (“KTIP”)	40	39	8,324
P.T. Ihtiar Gusti Pudi (“PTIGP”)	5	(2,004)	#(11,642)
Other individually immaterial subsidiaries		<u>(1,096)</u>	<u>(5,212)</u>
		<u>(6,425)</u>	<u>16</u>

\* This includes impact of foreign currency translation reserves of RM466,000.

# This includes impact of foreign currency translation reserves of RM970,000.

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.

	2022		2021	
	MRSB Group RM'000	KTIP RM'000	MRSB Group RM'000	KTIP RM'000
<b>Statements of financial position</b>				
Non-current assets	214,227	10,718	198,268	9,859
Current assets	61,299	11,651	45,780	14,893
Total assets	275,526	22,369	244,048	24,752
Non-current liabilities	84,474	-	78,330	-
Current liabilities	181,877	5,122	164,826	7,285
Total liabilities	266,351	5,122	243,156	7,285
Total equity	9,175	17,247	892	17,467
<b>Statements of profit or loss and other comprehensive income</b>				
Revenue	40,642	1,087	23,748	1,673
Loss before tax	(3,181)	(220)	(6,668)	(17)
Profit/(Loss) after tax	(1,383)	(220)	(7,157)	99

20. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	2,750	2,750	2,640	2,640
Share of post-acquisition reserves				
At 1 July	53	52	-	-
Share of (loss)/profit of associates, net of tax	(1)	1	-	-
At 30 June	52	53	-	-
Total	2,802	2,803	2,640	2,640

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

	Group	
	2022 RM'000	2021 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	
		2022 %	2021 %
Palmacorp Sdn. Bhd.*	Dormant	50	50
<b>Held through Ahmad Zaki Sdn. Bhd.</b>			
Fasatimur Sdn. Bhd.*	Dormant	50	50

\* Audited by other firm of auditors

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

	<b>Effective ownership interest</b>	<b>Revenue (100%) RM'000</b>	<b>Profit/ (Loss) (100%) RM'000</b>	<b>Total assets (100%) RM'000</b>	<b>Total liabilities (100%) RM'000</b>
<b>2022</b>					
Palmacorp Sdn. Bhd.	50%	-	(1)	1,475	(302)
Fasatimur Sdn. Bhd.	50%	-	-	590	(295)
<b>2021</b>					
Palmacorp Sdn. Bhd.	50%	-	1	1,474	(301)
Fasatimur Sdn. Bhd.	50%	-	-	571	(294)

## 21. INTERESTS IN JOINT VENTURES

	<b>Group</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Investment cost	30	30
Share of post-acquisition results in joint ventures	(30)	(30)
Total	-	-

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

<b>Name</b>	<b>Project or Principal activities</b>	<b>Proportion of ownership interest and voting power held by the Group</b>	
		<b>2022 %</b>	<b>2021 %</b>
(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

22. INVESTMENTS IN FINANCIAL ASSETS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>At fair value through profit or loss:</b>				
Unquoted shares in Malaysia	48	48	-	-
Club membership	68	68	68	68
Total	116	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 these financial assets approximate its fair value.

23. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax liabilities	109,044	105,179	-	-
Deferred tax assets	(38,413)	(19,765)	(235)	(235)
	70,631	85,414	(235)	(235)

Movement on the deferred tax is as follows:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 July		85,414	68,388	(235)	(235)
Recognised in profit or loss:	10				
Origination and reversal of temporary differences		(14,558)	19,367	-	-
Under/(Over)provision in prior years		52	(2,706)	-	-
		(14,506)	16,661	-	-
Effect of movements in exchange rates		(277)	365	-	-
At 30 June		70,631	85,414	(235)	(235)

**Recognised deferred tax liabilities/(assets)**

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Group</b>						
Unused tax losses	(26,428)	(18,476)	-	-	(26,428)	(18,476)
Unutilised capital allowances	(18,913)	(7,236)	-	-	(18,913)	(7,236)
Concession service receivables	-	-	106,404	105,564	106,404	105,564
Deferred income	(2,765)	(2,765)	-	-	(2,765)	(2,765)
Property, plant and equipment	(991)	(1,028)	13,592	9,740	12,601	8,712
Employee benefits	(395)	(67)	-	-	(395)	(67)
Other items	(120)	(318)	247	-	127	(318)
Deferred tax (assets)/liabilities	(49,612)	(29,890)	120,243	115,304	70,631	85,414
Set off of deferred tax	11,199	10,125	(11,199)	(10,125)	-	-
Net deferred tax (assets)/liabilities	<u>(38,413)</u>	<u>(19,765)</u>	<u>109,044</u>	<u>105,179</u>	<u>70,631</u>	<u>85,414</u>
<b>Company</b>						
Property, plant and equipment	-	-	19	28	28	28
Unused tax losses	(254)	(263)	-	-	(263)	(263)
Deferred tax (assets)/liabilities	(254)	(263)	19	28	(235)	(235)
Set off of deferred tax	19	28	(19)	(28)	-	-
Net deferred tax (assets)/liabilities	<u>(235)</u>	<u>(235)</u>	<u>-</u>	<u>-</u>	<u>(235)</u>	<u>(235)</u>

### Unrecognised deferred tax assets

Deferred tax assets were not recognised in respect of the following items:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unused tax losses	160,298	98,078	-	-
Unutilised capital allowances	8,135	5,424	-	-
Temporary differences arising from:				
Leases	-	-	2,455	2,455
	<u>168,433</u>	<u>103,502</u>	<u>2,455</u>	<u>2,455</u>

Deferred tax assets were not recognised in respect of those items because it was not probable that sufficient future taxable profit would be available against which certain subsidiaries could utilise the benefits there from. The unused tax losses and unutilised capital allowances are subject to agreement with the tax authorities.

Under the Finance Act 2021 which was gazetted on 31 December 2021, the unused tax losses accumulated up to year of assessment 2018 can now be carried forward for 10 consecutive years of assessment until year of assessment 2028 and it will be disregarded in year of assessment 2029. The time frame to carry forward current year tax losses for the year of assessment 2019 and subsequent years of assessment be extended from 7 to 10 consecutive years of assessment.

### 24(a). TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
Other receivables	f	9,442	13,380	-	2,128
Concession service receivable	b	<u>533,079</u>	<u>559,960</u>	<u>-</u>	<u>-</u>
		<u>542,521</u>	<u>573,340</u>	<u>-</u>	<u>2,128</u>

(Forward)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current Trade</b>					
External parties	a	271,052	310,178	-	-
Concession service receivable	b	80,000	71,667	-	-
Amount due from a joint venture	c	47	47	-	-
		<u>351,099</u>	<u>381,892</u>	-	-
<b>Non-trade</b>					
Amount due from:					
Ultimate holding company	d	577	636	574	633
Subsidiaries	d	-	-	520,918	500,465
Associate	d	20	20	-	-
Affiliates	e	3,991	4,825	204	179
Less: Allowance for doubtful debt		-	-	(11,509)	(9,196)
		4,588	5,481	510,187	492,081
Other receivables		33,764	37,246	11,034	8,387
Less: Allowance for doubtful debt		(11,588)	(656)	(9,942)	(8)
		22,176	36,590	1,092	8,379
Deposits		8,031	8,195	-	239
Prepayments		2,613	3,805	231	310
		<u>37,408</u>	<u>54,071</u>	<u>511,510</u>	<u>501,009</u>
		<u>388,507</u>	<u>435,963</u>	<u>511,510</u>	<u>501,009</u>

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 July		656	678	9,204	1,519
Allowance	8	10,932	28	12,247	7,685
Reversal	8	-	(50)	-	-
At 30 June		<u>11,588</u>	<u>656</u>	<u>21,451</u>	<u>9,204</u>

**Note a**

The Group's and the Company's normal credit term granted to customers' ranges from 60 to 90 days (2021: 60 to 90 days).

Included in trade receivables from external parties at 30 June 2022 are retention sums of the Group amounting to RM124,161,000 (2021: RM148,874,000) relating to construction work-in-progress.

Retention sums are unsecured, interest-free and are expected to be collected within the normal operating cycle of the Group as analysed below:

	Group	
	2022 RM'000	2021 RM'000
Within 1 year	123,981	8,028
1 - 2 years	180	119,370
2 - 3 years	-	21,476
	<u>124,161</u>	<u>148,874</u>

**Note b**

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.

**Note c**

The amount is trade in nature, unsecured, interest-free and repayable on demand.

**Note d**

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

**Note e**

Affiliates are companies, which have common directors and shareholders as that of the Company. The amount is unsecured, interest-free and repayable on demand.

**Note f**

The amount is trade in nature, unsecured, interest-free and repayable on demand.

24(b). **CONSTRUCTION CONTRACT ASSETS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	123,709	201,998	1,917	2,475
Revenue recognised	357,703	626,020	14,137	26,096
Progress billing	<u>(359,359)</u>	<u>(704,309)</u>	<u>(13,162)</u>	<u>(26,654)</u>
At 30 June	<u>122,053</u>	<u>123,709</u>	<u>2,892</u>	<u>1,917</u>

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

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

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

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest/Finance costs capitalised	7	2,437	3,208	-	-
Staff costs		29,605	42,847	4,763	4,763
Rental of premises and land		-	886	-	-
Running cost of machinery		2,060	911	-	-
Rental of motor vehicles		-	5	-	-
		<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>

## 25. BIOLOGICAL ASSETS

		<b>Group</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
At 1 July		264	31
Gain from changes in fair value	8	<u>396</u>	<u>233</u>
At 30 June		<u>660</u>	<u>264</u>

As at 30 June 2022, the unharvested fresh fruit bunches (“FFB”) used in estimating fair value were 1,772 MT (2021: 1,951 MT)

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. **INVENTORIES**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Completed properties	6,113	8,728
Finished goods	42	-
Marine fuels and lubricants	5,559	4,956
Consumable goods	18,880	8,987
	<u>30,594</u>	<u>22,671</u>

In current financial year, inventories recognised as cost of sales in profit or loss amounted to RM14,723,000 (2021: RM9,603,000).

27. **PROPERTY DEVELOPMENT COSTS**

		<b>Group</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
At 1 July		26,445	20,621
Transfer to/(from) land held for development	15	1,495	(5,042)
Additions during the year		91	11,688
Cumulative costs recognised as an expense in profit or loss:			
Previous years		(822)	(822)
Current year		(25,955)	-
		<u>(26,777)</u>	<u>(822)</u>
At 30 June		<u>1,254</u>	<u>26,445</u>

28. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
Financial assets at fair value through profit or loss		
- Unquoted unit trusts in Malaysia	<u>107,455</u>	<u>228,062</u>

Unit trusts are funds invested mainly in money market and fixed income instruments and are managed by investment management companies. During the financial year, the Group has capitalised into the concession service assets the fair value loss and dividend income from these financial assets amounting to RM1,449,000 (2021: fair value loss of RM3,181,000) and RM2,065,000 (2021: RM8,747,000) respectively.

29. **CASH AND DEPOSITS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits placed with licensed banks	69,804	79,034	3,532	3,487
Cash and bank balances	<u>119,696</u>	<u>128,390</u>	<u>1,079</u>	<u>2,136</u>
	<u>189,500</u>	<u>207,424</u>	<u>4,611</u>	<u>5,623</u>

Included in deposits placed with licensed banks of the Group are deposits of RM66,140,000 (2021: RM73,628,000) which have been pledged to financial institutions as security for bank guarantee and credit facilities granted to the Group as disclosed in Note 32(d) and (e) and restricted cash of RM36,198,000 (2021: RM36,198,000) which represent the sinking fund created pursuant to Concession Agreement for purposes of future assets replacement at the teaching hospital.

The deposits placed with licensed banks of the Group and of the Company bear interest at effective interest rates ranging from 1.25% to 3.97% (2021: 1.25% to 4.00%) and 1.30% to 1.75% (2021: 1.30% to 1.75%) per annum, respectively.

30. **SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid up:</b>		
598,097,678 ordinary shares:	197,536	197,536

31. **RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Non-distributable:</i></b>				
Warrant reserve	27,889	27,889	27,889	27,889
Foreign exchange translation reserve	11,745	18,976	3,318	3,368
Employees' share scheme	1,506	1,506	1,506	1,506
Other reserve	650	1,784	-	-
	41,790	50,155	32,713	32,763
Treasury shares	(1,026)	(1,026)	(1,026)	(1,026)
<b><i>Distributable:</i></b>				
Retained earnings/ (Accumulated losses)	(13,588)	49,666	6,540	28,209
	27,176	98,795	38,227	59,946

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 2022, 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 40.

### **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.

### **Treasury shares**

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.

Of the total 598,097,678 (2021: 598,097,678) issued and fully paid-up ordinary shares as at 30 June 2022, 1,662,862 (2021: 1,662,862) shares are held as treasury shares by the Company. As at 30 June 2022, the number of outstanding ordinary shares in issue after the set off is therefore 596,434,816 (2021: 596,434,816) ordinary shares.

### **Retained earnings**

Distributable reserves are those available for distribution as cash dividends.

The retained earnings of the Company are available for appropriation as dividends to the shareholders of the Company under the single tier tax system.

32. LOANS AND BORROWINGS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
Term loans	a	1,131,593	992,617	161,525	162,225
Finance lease liabilities	b	3,892	6,717	16	47
Sukuk	c	1,532,434	1,504,946	-	-
		<u>2,667,919</u>	<u>2,504,280</u>	<u>161,541</u>	<u>162,272</u>
<b>Current</b>					
Term loans	a	64,281	101,950	8,000	7,300
Finance lease liabilities	b	5,793	10,991	34	73
Sukuk	c	17,776	45,657	-	-
Bank overdrafts	d	45,482	41,386	-	-
Trust receipts	e	19,700	5,176	-	-
Revolving credit and Murabahah facilities	f	182,397	207,127	-	-
Bankers' acceptance	g	15,699	38,038	-	-
Invoice financing	h	-	8,972	-	-
		<u>351,128</u>	<u>459,297</u>	<u>8,034</u>	<u>7,373</u>
		<u><u>3,019,047</u></u>	<u><u>2,963,577</u></u>	<u><u>169,575</u></u>	<u><u>169,645</u></u>

**Note a**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Term loan - I	(i)	331,717	279,254	-	-
Term loan - II	(ii)	7,261	7,262	-	-
Term loan - III	(iii)	19,524	13,424	-	-
Term loan - IV	(iv)	551,090	518,073	-	-
Term loan - V	(v)	169,525	169,525	169,525	169,525
Term loan - VI	(vi)	-	1,019	-	-
Term loan - VII	(vii)	5,561	5,561	-	-
Term loan - VIII	(viii)	79,196	78,671	-	-
Term loan - IX	(ix)	-	21,778	-	-
Term loan - X	(x)	32,000	-	-	-
		<u>1,195,874</u>	<u>1,094,567</u>	<u>169,525</u>	<u>169,525</u>

The term loans of the Group comprise the followings:

- (i) **Term loan I** is denominated in USD and bears interest at 4.29% and 4.56% (2021: 4.48% and 6.88%) 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% (2021: 3.46%) per annum. The term loan is repayable on monthly basis by up to 85 instalments commencing from June 2016.

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 15;
- (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.

- (iii) **Term loan III** bears interest at rates ranging from 3.94% to 4.30% % (2021: 3.58% to 4.33%) 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% (2021: 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 4.99% to 5.10% (2021: 5.07% to 5.14%) 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 3.90% (2021: 4.00%) per annum. The term loan was repayable over 7 years commencing January 2020 and was secured and supported by a corporate guarantee by the Company. In August 2021, the bank has approved 6 months moratorium for both interest and principal payment which recommenced in January 2022. The loan was fully paid in April 2022.
- (vii) **Term loan VII** bears interest at 4.21% (2021: 3.98%) 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.
- (viii) **Term loan VIII** bears interest at rates at 5.56% (2021: 5.65% to 5.90%) 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.
- (ix) **Term loan IX** bears interest at rates ranging from 5.36% to 5.52% (2021: 5.64% to 6.60%) per annum. The term loan was repayable in instalments over 2.5 years commencing from March 2018 and was secured by a corporate guarantee by the Company. In April 2020, the bank has approved 6 months moratorium for principal payment which recommenced in October 2020. The loan was fully paid during the year.
- (x) **Term loan X** represents bankers' acceptance and invoice financing being converted into a short-term loan to be repaid over a period of 12 months. It bore an interest rate of 6.45% per annum and was secured by a corporate guarantee from the Company.

**Note b**

Finance lease liabilities are payable as follows:

	<b>Future minimum lease payments 2022 RM'000</b>	<b>Interest-in- suspense 2022 RM'000</b>	<b>Present value of minimum lease payments 2022 RM'000</b>	<b>Future minimum lease payments 2021 RM'000</b>	<b>Interest-in- suspense 2021 RM'000</b>	<b>Present value of minimum lease payments 2021 RM'000</b>
<b>Group</b>						
Less than one year	6,020	(227)	5,793	11,607	(616)	10,991
Between one and five years	4,024	(132)	3,892	7,022	(305)	6,717
	<u>10,044</u>	<u>(359)</u>	<u>9,685</u>	<u>18,629</u>	<u>(921)</u>	<u>17,708</u>
<b>Company</b>						
Less than one year	35	(1)	34	76	(3)	73
Between one and five years	16	-	16	48	(1)	47
	<u>51</u>	<u>(1)</u>	<u>50</u>	<u>124</u>	<u>(4)</u>	<u>120</u>

**Note c**

The effective profit rate for Islamic Medium Term Notes is between 5.25% to 6.25% (2021: 5.06%) 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% (2021: 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.

**Note d**

The bank overdraft facilities are repayable on demand and bear interest at rates ranging from 7.81% to 8.31% (2021: 6.85% to 7.10%) 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 29 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% (2021: 6.35% to 6.60%) per annum. These facilities are secured and supported by deposits placed with licensed banks of a subsidiary as disclosed in Note 29 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 4.19% to 5.15% (2021: 4.69% to 4.73%) 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 2.09% to 2.34% (2021: 2.20% to 2.58%) per annum. These facilities are supported by corporate guarantee from the Company.

**Note h**

Invoice financing facilities were repayable within 120 days and bear interest at 3.78% to 4.06% (2021: 2.42% to 4.00%) per annum. These facilities were supported by corporate guarantee from the Company.

33. LEASE LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Present value of lease liabilities analysed as:				
Current	2,414	2,618	681	640
Non-current	7,353	5,288	72,706	72,101
	<u>9,767</u>	<u>7,906</u>	<u>73,387</u>	<u>72,741</u>

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 July		7,906	8,829	72,741	71,681
Remeasurement	13	-	-	1,297	1,674
Additions	13	7,880	2,890	-	-
Finance cost on lease liabilities	7	432	335	3,208	3,179
Repayment of lease liabilities	13	(1,139)	(3,645)	(3,859)	(3,793)
Derecognition	13	(5,312)	(503)	-	-
At 30 June		<u>9,767</u>	<u>7,906</u>	<u>73,387</u>	<u>72,741</u>

Maturity analysis of the lease liabilities is as follows:

	Future minimum lease payments RM'000	Interest-in-suspense RM'000	Present value of minimum lease payments RM'000
<b>Group</b>			
<b>2022</b>			
Less than one year	2,793	(379)	2,414
Between one and five years	3,134	(937)	2,197
More than five years	7,936	(2,780)	5,156
	<u>13,863</u>	<u>(4,096)</u>	<u>9,767</u>

	<b>Future minimum lease payments RM'000</b>	<b>Interest-in- suspense RM'000</b>	<b>Present value of minimum lease payments RM'000</b>
<b>Group</b>			
<b>2021</b>			
Less than one year	2,951	(333)	2,618
Between one and five years	2,195	(850)	1,345
More than five years	6,891	(2,948)	3,943
	<u>12,037</u>	<u>(4,131)</u>	<u>7,906</u>
<b>Company</b>			
<b>2022</b>			
Less than one year	3,860	(3,179)	681
Between one and five years	15,440	(12,400)	3,040
More than five years	136,700	(67,034)	69,666
	<u>156,000</u>	<u>(82,613)</u>	<u>73,387</u>
<b>2021</b>			
Less than one year	3,792	(3,152)	640
Between one and five years	15,168	(12,309)	2,859
More than five years	138,096	(68,854)	69,242
	<u>157,056</u>	<u>(84,315)</u>	<u>72,741</u>

The Group and the Company applied the incremental borrowing rates to the lease liabilities recognised ranging from 3.00% to 5.05% (2021: 3.00% to 5.05%) per annum.

34. **EMPLOYEE BENEFITS**

**Retirement benefits**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Net defined benefit liability	6,677	4,022

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") (2021: Law No. 13/2003 (the "Labor Law")) of the Republic of Indonesia. The plan entitles an employee to receive payment according to their years of service.

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

**Movement in net defined benefit obligations**

	<b>Note</b>	<b>Group</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
At 1 July		4,022	4,935
<b>Included in profit or loss</b>	<b>8</b>		
Current service cost		1,234	(277)
Interest service cost		412	408
		1,646	131
<b>Included in other comprehensive income</b>			
Remeasurement gain:			
Actuarial loss/(gain) arising from experience adjustments		554	(671)
Effect of movements in exchange rate		692	(244)
<b>Less: Benefit paid</b>		(237)	(129)
At 30 June		6,677	4,022

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

The key assumptions used are as follows:

	<b>2022</b>	<b>2021</b>
Discount rate	7.75% per annum	7.25% 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
		<b>2022</b>
		<b>2021</b>
Proportion of early retirement take-up		N/A
Proportion of normal retirement take-up		100 %
Normal retirement age		55 years

35. **TRADE AND OTHER PAYABLES**

	Note	<b>Group</b>		<b>Company</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>					
Deferred income	e	209,748	209,748	-	-
Advance payments received	b	67	-	-	-
		<u>209,815</u>	<u>209,748</u>	<u>-</u>	<u>-</u>
<b>Current</b>					
<b>Trade</b>					
External parties	a	665,180	600,890	1,219	2,156
Advance payments received	b	40,665	32,375	-	1,761
		<u>705,845</u>	<u>633,265</u>	<u>1,219</u>	<u>3,917</u>

(Forward)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current Non-trade</b>					
Amount due to:					
Director	c	1,504	68	-	-
Ultimate holding company	c	10,023	3,361	-	-
Affiliates	c	6,465	12,000	-	-
Subsidiaries	c	-	-	972,879	1,000,687
		17,992	15,429	972,879	1,000,687
Deferred income	e	51,887	36,199	-	-
Accruals and other payables	d	147,912	86,670	23,614	16,045
		<u>217,791</u>	<u>138,298</u>	<u>996,493</u>	<u>1,016,732</u>
		<u>923,636</u>	<u>771,563</u>	<u>997,712</u>	<u>1,020,649</u>

**Note a**

The normal credit term granted by suppliers of the Group and of the Company ranges from 30 to 90 days (2021: 30 to 90 days).

Included in trade payables of the Group are:

- (i) retention sums of RM215,920,000 (2021: RM190,085,000).
- (ii) liquidated ascertain damages of RM7,000,000 (2021: RM7,000,000) (Note 43(c))

(iii) amount due to/(from) affiliates as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
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.	4,559	9,219
- Chuan Huat Steel Sdn. Bhd.	<u>(296)</u>	<u>904</u>

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 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**

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

**Note d**

Included in accruals and other payables of the Group's is interest on borrowings amounting to RM43,301,000 (2021: RM32,040,000).

**Note e**

The Group received a loan from the Malaysian Government as per Note 32(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.

### 36. **DIVIDENDS**

No final dividend was declared or proposed during the financial year and the Directors do not recommend any final dividend to be paid for the year under review.

### 37. **OPERATING SEGMENTS**

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

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

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

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

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

#### **Segment assets**

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

### **Segment liabilities**

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

### **Segment capital expenditure**

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

### **Geographical segments**

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

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

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	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
<b>2022</b>									
<b>Revenue</b>									
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		<u>357,896</u>	<u>54,280</u>	<u>63,862</u>	<u>214,401</u>	<u>38,603</u>	<u>17,499</u>	<u>(23,400)</u>	<u>723,142</u>
<b>Results</b>									
Operating results		(30,891)	63,521	1,195	(29,753)	4,888	(10,099)	-	(1,139)
Interest income		565	40	4	-	19	3,207	-	3,835
Interest expense		<u>(16,585)</u>	<u>(26,796)</u>	<u>(6,295)</u>	<u>(18,482)</u>	<u>(2,094)</u>	<u>(75)</u>	-	<u>(70,327)</u>
(Loss)/Profit before tax		(46,911)	36,765	(5,096)	(48,235)	2,813	(6,967)	-	(67,631)
Income tax credit									<u>1,574</u>
<b>Loss for the financial year</b>									<u>(66,057)</u>
<b>Other segment information</b>									
Additions to non-current assets	(i)	9	130	21,350	46,889	19,036	-	-	87,414
Other non-cash income/(expense)	(ii)	301	53,119	61	(3,314)	-	118	-	50,285
Depreciation and amortisation of non-current assets		<u>(10,964)</u>	<u>(103)</u>	<u>(11,218)</u>	<u>(20,030)</u>	<u>(763)</u>	<u>(91)</u>	-	<u>(43,169)</u>

(Forward)

	<b>Engineering and Construction RM'000</b>	<b>Concession RM'000</b>	<b>Oil and Gas RM'000</b>	<b>Plantation RM'000</b>	<b>Property RM'000</b>	<b>Other Operations RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>2022</b>								
<b>Assets</b>								
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	29,383	-	7,258	1,539	-	233	-	38,413
Tax recoverable	5,425	90	1,535	1	246	322	-	7,619
Total assets	<u>2,833,893</u>	<u>668,749</u>	<u>255,646</u>	<u>435,734</u>	<u>105,737</u>	<u>217,334</u>	<u>-</u>	<u>4,517,093</u>
<b>Liabilities</b>								
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	-	103,639	1,259	-	-	4,146	-	109,044
Tax liabilities	8,509	9,172	-	-	-	-	-	17,681
Total liabilities	<u>2,870,542</u>	<u>164,528</u>	<u>134,846</u>	<u>545,634</u>	<u>573,498</u>	<u>6,619</u>	<u>-</u>	<u>4,295,667</u>

(Forward)

Registration No. 199701017271 (432768 - X)

	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
<b>2021</b>									
<b>Revenue</b>									
External revenue		627,161	50,987	40,669	124,303	3,862	-	-	846,982
Inter-segment revenue		-	-	6,405	-	-	18,991	(25,396)	-
Total revenue		<u>627,161</u>	<u>50,987</u>	<u>47,074</u>	<u>124,303</u>	<u>3,862</u>	<u>18,991</u>	<u>(25,396)</u>	<u>846,982</u>
<b>Results</b>									
Operating results		3,723	64,995	(4,683)	(35,459)	(2,086)	(21,719)	-	4,771
Interest income		825	53	5	-	24	1,933	-	2,840
Interest expense		(20,185)	(26,794)	(5,806)	(9,628)	(576)	(7)	-	(62,996)
(Loss)/Profit before tax		(15,637)	38,254	(10,484)	(45,087)	(2,638)	(19,793)	-	(55,385)
Income tax expense									<u>(19,677)</u>
<b>Loss for the financial year</b>									<u>(75,062)</u>
<b>Other segment information</b>									
Additions to non-current assets	(i)	314	445	47,767	26,655	3,125	-	-	78,306
Other non-cash income/(expense)	(ii)	660	54,521	(64)	(17,727)	(26)	-	-	37,364
Depreciation and amortisation of non- current assets		<u>(13,380)</u>	<u>(153)</u>	<u>(8,319)</u>	<u>(12,653)</u>	<u>(770)</u>	<u>(354)</u>	<u>-</u>	<u>(35,629)</u>

(Forward)

	<b>Engineering and Construction RM'000</b>	<b>Concession RM'000</b>	<b>Oil and Gas RM'000</b>	<b>Plantation RM'000</b>	<b>Property RM'000</b>	<b>Other Operations RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>2021</b>								
<b>Assets</b>								
Segment assets	2,640,567	709,418	223,266	400,475	116,443	15,650	-	4,105,819
Investments	132,475	-	-	-	-	98,506	-	230,981
Deferred tax assets	13,726	-	4,265	1,539	-	235	-	19,765
Tax recoverable	76	2,568	1,867	1	185	1,692	-	6,389
Total assets	<u>2,786,844</u>	<u>711,986</u>	<u>229,398</u>	<u>402,015</u>	<u>116,628</u>	<u>116,083</u>	<u>-</u>	<u>4,362,954</u>
<b>Liabilities</b>								
Segment liabilities	811,547	45,831	27,102	77,544	17,341	13,874	-	993,239
Loans and borrowings	1,931,821	532,002	94,470	370,564	34,600	120	-	2,963,577
Deferred tax liabilities	-	100,478	70	-	-	4,631	-	105,179
Tax liabilities	4,213	419	-	-	(20)	-	-	4,612
Total liabilities	<u>2,747,581</u>	<u>678,730</u>	<u>121,642</u>	<u>448,108</u>	<u>51,921</u>	<u>18,625</u>	<u>-</u>	<u>4,066,607</u>

**Major segment by geographical area**

	<b>Malaysia RM'000</b>	<b>Republic of Indonesia RM'000</b>	<b>India RM'000</b>	<b>Kingdom of Saudi Arabia RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>2022</b>						
Total revenue from external customers	508,741	214,401	-	-	-	723,142
Total assets	4,063,663	451,447	1,972	11	-	4,517,093
Total liabilities	3,725,828	544,181	7,160	18,498	-	4,295,667
Net additions to non-current assets	<u>40,525</u>	<u>46,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,414</u>
<b>2021</b>						
Total revenue from external customers	722,679	124,303	-	-	-	846,982
Total assets	3,949,026	402,015	11,903	10	-	4,362,954
Total liabilities	3,599,748	448,108	7,734	11,017	-	4,066,607
Net additions to non-current assets	<u>51,651</u>	<u>26,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,306</u>

- (i) Additions to non-current assets consist of the following items:

	<b>Note</b>	<b>Group</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	12	70,778	77,492
Land held for development	15	<u>16,636</u>	<u>814</u>
		<u>87,414</u>	<u>78,306</u>

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

	<b>Note</b>	<b>Group</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
Fair value gain arising from biological assets	8	(396)	(233)
Amortisation of transaction costs	7	1,298	1,674
Loss on foreign exchange - unrealised	8	13,086	16,286
Accretion of fair value on non-current receivables	6	(53,119)	(54,521)
Gain on disposal of property, plant and equipment, net	8	<u>(480)</u>	<u>(570)</u>
		<u>(39,611)</u>	<u>(37,364)</u>

## 38. FINANCIAL INSTRUMENTS

### 38.1 Classes and categories of financial instruments

The table below provides an analysis of financial instruments as at end of the reporting period categorised as follows:

- (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.

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
<u>Financial assets at amortised cost:</u>				
Trade and other receivables, excluding prepayments	956,914	1,005,498	511,279	502,827
Cash and deposits	<u>189,500</u>	<u>207,424</u>	<u>4,611</u>	<u>5,623</u>
<u>Financial assets at FVTPL:</u>				
Club membership and unquoted shares	116	116	68	68
Unquoted unit trusts	<u>107,455</u>	<u>228,062</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>				
<u>Other financial liabilities at amortised cost:</u>				
Loans and borrowings	3,019,047	2,963,577	169,575	169,645
Lease liabilities	9,767	7,906	73,387	72,741
Trade and other payables, excluding deferred income, LAD	<u>864,816</u>	<u>728,364</u>	<u>997,712</u>	<u>1,020,649</u>

### 38.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 38.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, bank balances and deposits placed with licensed banks, concession service receivable, amount due from joint venture and advances to ultimate holding company, associate and affiliates. The Company's exposure to credit risk arises principally from trade and other receivables, bank balances and deposits placed with licensed banks and advances to ultimate holding company, subsidiaries and affiliates.

#### **Receivables**

##### *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 uses ageing analysis to monitor the credit quality of the trade receivables.

##### *Impairment losses*

The Group applies a simplified approach in calculating loss allowances for trade receivables and construction contract assets at an amount equal to lifetime ECL. The Group estimates 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 assessed the ECL on trade receivables and construction contract assets individually. The Group writes 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 has determined that, based on the assessments undertaken to date on the past default experience and reputation of the debtors, the Group regards the trade receivables and construction contract assets to have low credit risk.

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables (current and non-current) as at the end of the reporting period was:

	<b>Gross RM'000</b>	<b>Group Individual impairment RM'000</b>	<b>Net RM'000</b>
<b>2022</b>			
Not past due	241,082	-	241,082
Past due 0 - 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
	<u>271,052</u>	<u>-</u>	<u>271,052</u>
<b>2021</b>			
Not past due	278,937	-	278,937
Past due 0 - 30 days	9,607	-	9,607
Past due 31 - 120 days	8,793	-	8,793
Past due more than 120 days	12,841	-	12,841
	<u>310,178</u>	<u>-</u>	<u>310,178</u>

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.

### **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 RM2,849,522,000 (2021: RM2,793,932,000), 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 due from ultimate 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.

#### *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 as shown in Note 24.

#### *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 receivables

As at the end of each reporting period, the Group and the Company measure ECLs through loss allowance at 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.

### 38.4 Liquidity risk

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

As at 30 June 2022, the Group and the Company have net current liabilities of RM447,217,000 (2021: RM187,163,000) and RM487,092,000 (2021: RM518,421,000) 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured bank overdraft facilities		
- Amount used	45,482	41,386
- Amount unused	321	1,642
	<u>45,803</u>	<u>43,028</u>
Secured term loan facilities		
- Amount used	2,746,085	2,645,170
- Amount unused	31,572	82,406
	<u>2,777,657</u>	<u>2,727,576</u>
Secured trade facilities		
- Amount used	217,796	259,313
- Amount unused	140,881	174,998
	<u>358,677</u>	<u>434,311</u>

During the financial year, the Group restructured its banking facilities taking into consideration the Group 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 secured term loan facilities of up to RM180 million from certain financial institutions and an additional Government Support Loan from the Government of Malaysia amounting to RM165 million which will be utilised to meets its short term obligations and working capital.

*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:

<b>Group</b>	<b>Carrying amount RM'000</b>	<b>Contractual interest rate/ coupon</b>	<b>Contractual cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>More than 5 years RM'000</b>
<b><i>Financial liabilities</i></b>							
<b>2022</b>							
Trade and other payables	864,816		864,816	864,749	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	2,292	842	7,936
Finance lease liabilities	9,685	2.39% - 3.43%	10,043	6,020	3,276	747	-
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	294,377	838,248	3,647,583
	<u>3,893,630</u>		<u>6,247,690</u>	<u>1,452,322</u>	<u>30,012</u>	<u>839,837</u>	<u>3,655,519</u>

<b>Group</b>	<b>Carrying amount RM'000</b>	<b>Contractual interest rate/ coupon</b>	<b>Contractual cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>More than 5 years RM'000</b>
<b><i>Financial liabilities</i></b>							
<b>2021</b>							
Trade and other payables	728,364	-	728,364	728,364	-	-	-
Bank overdrafts	41,386	6.85% - 7.10%	43,189	43,189	-	-	-
Trust receipts, bankers' acceptance and invoice financing	52,186	2.20% - 6.60%	54,482	54,482	-	-	-
Lease liabilities	7,906	3.00% - 5.05%	12,037	2,951	1,263	932	6,891
Finance lease liabilities	17,708	1.52% - 10.32%	18,629	11,607	5,779	1,243	-
Revolving credit and Murabahah facilities	207,127	4.69% - 4.73%	207,127	207,127	-	-	-
Term loans and Sukuk	2,645,170	3.46% - 6.88%	5,090,072	171,856	337,339	789,303	3,791,574
	<u>3,699,847</u>		<u>6,153,900</u>	<u>1,219,576</u>	<u>344,381</u>	<u>791,478</u>	<u>3,798,465</u>

<b>Company</b>	<b>Carrying amount RM'000</b>	<b>Contractual interest rate/ coupon</b>	<b>Contractual cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>More than 5 years RM'000</b>
<b><i>Financial liabilities</i></b>							
<b>2022</b>							
Trade and other payables	997,712	-	997,712	997,712	-	-	-
Lease liabilities	73,387	3.00% - 5.05%	156,000	3,860	3,860	11,580	136,700
Finance lease liabilities	50	1.52% - 2.54%	51	35	16	-	-
Term loan	169,525	5.07% - 5.14%	211,955	17,429	26,665	90,227	77,634
	<u>1,240,674</u>		<u>1,365,718</u>	<u>1,019,036</u>	<u>30,541</u>	<u>101,807</u>	<u>214,334</u>
<b>2021</b>							
Trade and other payables	1,020,649	-	1,020,649	1,020,649	-	-	-
Lease liabilities	72,741	3.00% - 5.05%	157,056	3,792	3,792	11,376	138,096
Finance lease liabilities	120	1.52% - 2.54%	124	76	48	-	-
Term loan	169,525	5.07% - 5.14%	210,057	9,681	46,699	106,740	46,937
	<u>1,263,035</u>		<u>1,387,886</u>	<u>1,034,198</u>	<u>50,539</u>	<u>118,116</u>	<u>185,033</u>

### 38.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

#### 38.5.1 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
US Dollar - loans and borrowings	<u>(331,717)</u>	<u>(279,254)</u>
Exposures in the statements of financial position	<u>(331,717)</u>	<u>(279,254)</u>

##### *Currency risk sensitivity analysis*

A 10% (2021: 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.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>Profit or loss</b>	<b>Profit or loss</b>
	<b>RM'000</b>	<b>RM'000</b>
USD	<u>33,172</u>	<u>27,925</u>

A 10% (2021: 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.

### 38.5.2 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 and uns 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.

*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:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>				
Financial assets	69,804	79,034	3,532	3,487
Financial liabilities	<u>(2,110,985)</u>	<u>(2,095,356)</u>	<u>(50)</u>	<u>(120)</u>
	<u>(2,041,181)</u>	<u>(2,016,322)</u>	<u>3,482</u>	<u>3,367</u>
<b>Floating rate instruments</b>				
Financial liabilities	<u>(908,062)</u>	<u>(868,221)</u>	<u>(169,525)</u>	<u>(169,525)</u>

*Interest rate risk sensitivity analysis*

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

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

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

A change of 1% (2021:1%) 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.

	<b>Group</b>		<b>Company</b>	
	<b>1% increase RM'000</b>	<b>1% decrease RM'000</b>	<b>1% increase RM'000</b>	<b>1% decrease RM'000</b>
<b>2022</b>				
<b>Floating rate instruments</b>				
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)	<u>(9,081)</u>	<u>9,081</u>	<u>(1,695)</u>	<u>1,695</u>
<b>2021</b>				
<b>Floating rate instruments</b>				
Term loans	(5,765)	5,765	(1,695)	1,695
Bank overdrafts	(414)	414	-	-
Trust receipts	(52)	52	-	-
Revolving credits and Murabahah facilities	(2,071)	2,071	-	-
Bankers' acceptance	(380)	380	-	-
Cash flow sensitivity (net)	<u>(8,682)</u>	<u>8,682</u>	<u>(1,695)</u>	<u>1,695</u>

### 38.6 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.

The fair value of finance lease liabilities and Sukuk are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

	<b>Group</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>
Finance lease liabilities	9,685	10,190	17,708	20,057
Term loan	1,195,874	1,114,843	1,094,567	473,273
Sukuk	<u>1,550,210</u>	<u>1,048,563</u>	<u>1,550,603</u>	<u>1,585,386</u>

### 38.7 Fair value hierarchy

#### **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 (2021: 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).

**39. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total loans and borrowings	3,019,047	2,963,577	169,575	169,645
Less: Cash and bank balances	(189,500)	(207,424)	(4,611)	(5,623)
Less: Financial assets at fair value through profit or loss	(107,455)	(228,062)	-	-
Net debts	2,722,092	2,528,091	164,964	164,022
Total equity	<u>224,712</u>	<u>296,331</u>	<u>235,763</u>	<u>257,482</u>
Net debt-to-equity ratio (times)	<u>12.11</u>	<u>8.53</u>	<u>0.70</u>	<u>0.64</u>

#### 40. SHARE-BASED PAYMENTS

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

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

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

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

Grant date	Expiry date	Exercise price per share RM	Number of ordinary shares			Balance as at 30 June	
			Balance as at 1 July	Granted	Exercised		Forfeited
<u>Share Options</u>							
<b>2022</b>							
31.03.2017	17.08.2024*	0.61	2,935,205	-	-	(249,665)	2,685,540
<b>2021</b>							
31.03.2017	17.08.2024*	0.61	3,185,475	-	-	(250,270)	2,935,205

\* 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.

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

		<b>Share Options</b>
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.

#### 41. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than one year	117	214
Between one and five years	185	265
	<u>302</u>	<u>479</u>

This is in respect of lease rental payable for leasing of office equipment with lease tenure of 5 years. These are considered as low value assets leases in accordance with MFRS 16.

42. **CAPITAL COMMITMENTS**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
Contracted but not provided for	54,986	33,273
Authorised but not contracted for	<u>2,844</u>	<u>5,165</u>

43. **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.

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured</b>		
Corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries	116,556	118,430
<b>Secured</b>		
Corporate guarantee given to financial institutions in respect of credit facilities granted to subsidiaries	<u>2,602,758</u>	<u>3,119,682</u>
	<u>2,719,314</u>	<u>3,238,112</u>

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.

**(b) Tax Review**

- (i) Ahmad Zaki Saudi Arabia Co. Ltd., a subsidiary of the Company is currently undergoing a tax review with the General Authority of Zakat & Tax of Saudi Arabia (“DZIT”) for additional back taxes. Upon consulting its appointed solicitors, the Directors are of the view that there are strong grounds to disagree with the DZIT and have submitted the necessary supporting documents, and are confident of a favourable outcome.
- (ii) P.T. Ihtiar Gusti Pudi (“PTIGP”), a subsidiary of the Company is currently undergoing a tax review with the Directorate General of Taxes in Indonesia relating to claims of unpaid back taxes relating to year of assessment 2016. PTIGP has filed a tax appeal and has passed 9 stages (2021: 5 stages) of trials up to the date of this report. Based on the evidence presented at the on-going trial and upon consulting PTIGP’s tax attorney, the Directors are of the view that there are strong grounds to disagree with the claims, 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 2021, AZSB had requested for Extension of Time (“EOT”) to revise the project completion date from 11 January 2020 to 28 October 2020. The EOT is subject to the approval by the contract customer. 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.

#### 44. MATERIAL LITIGATIONS

At the date of this report, the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group and the Company except as disclosed as follows:

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

On 2 March 2021, Betanaz Properties Sdn Bhd (“Betanaz”), a 51%-owned subsidiary of the Company served a Writ and Statement of Claim (“Claim”) on AEON pertaining to the breach of Tenancy Agreement by AEON which was entered into between both parties on 24 August 2017, where Betanaz granted to AEON a tenancy and lease of a plot of land held under H.S.(D) 59653, PT No. 145020, Mukim Kuala Kuantan, Daerah Kuantan, Pahang for AEON to construct and thereafter, to operate a commercial shopping complex. The Tenancy Agreement was subsequently supplemented and/or amended by a Supplementary Tenancy Agreement dated 13 September 2019.

Betanaz is claiming against AEON for the following:

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

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

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

The hearing for the Application to Strike Out the Counter Claim filed by Betanaz was held on 22 October 2021 and the High Court Judge allowed the Application to Strike Out the Counter Claim with costs to be paid by AEON to AZRB. Effectively, AEON’s claims against AZRB has been struck out and AZRB is no longer a party in AEON’s Counter Claim.

On 26 October 2021, AEON had filed their Notice to Appeal at the Court of Appeal against the entirety of the decision of the High Court Judge. On 9 May 2022, the Court of Appeal allowed AEON's appeal with costs. Consequently, the High Court Order for the Striking Out application is set aside. A case management has been fixed at High Court on 18 May 2022.

The Main Action that had been fixed for Trial from 27 to 30 June 2022 is vacated. The new Trial Dates are 6 to 7 July 2023 and 3 to 4 August 2023.

#### 45. **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.

##### ***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:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade</b>				
Dividend income received/receivable from subsidiaries	-	-	(27,916)	(34,314)
Management fees received/receivable from subsidiaries	-	-	(17,583)	(19,078)

(Forward)

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantee fees receivable from subsidiaries	-	-	(1,336)	(1,560)
Purchases from following companies in which a director has substantial financial interests, and is also a director:				
- MIM Waste Services Sdn. Bhd.	183	1,293	-	-
- Kemaman Quarry Sdn. Bhd.	13	41	-	-
- QMC Sdn. Bhd.	566	1,622	-	-
Sales to the following companies of which a director has substantial financial interests, and is also a director				
- MIM Waste Services Sdn. Bhd.	(111)	(320)	-	-
- Kemaman Quarry Sdn. Bhd.	(275)	(157)	-	-
<b>Non-trade</b>				
Waiver of amount due to subsidiary	-	-	(26,931)	-
Administrative services payable to ultimate holding company	124	128	-	-
Insurance premium paid or payable to ultimate holding company	585	769	-	-
Rental of land paid to a director of the Company	765	422	-	-
Security services charged by the following companies:				
- Zaki Holdings Sdn. Bhd.	5,326	5,671	-	-
- MIM Protection Sdn. Bhd.	-	2,260	-	-

The outstanding balances arising from the above transactions have been disclosed in Notes 24 and 35, respectively.

Registration No. 199701017271 (432768 - X)

(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 2022 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,

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**RAJA TAN SRI DATO' SERI AMAN  
BIN RAJA HAJI AHMAD**

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

Kuala Lumpur,  
28 October 2022

Registration No. 199701017271 (432768 - X)

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

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

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

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**SHAHRULANUAR BIN ISHAK**  
(MIA No. 28067)

Subscribed and solemnly declared by the abovenamed **SHAHRULANUAR BIN ISHAK** at **KUALA LUMPUR** this 28th day of October 2022.

Before me,

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**COMMISSIONER FOR OATHS**