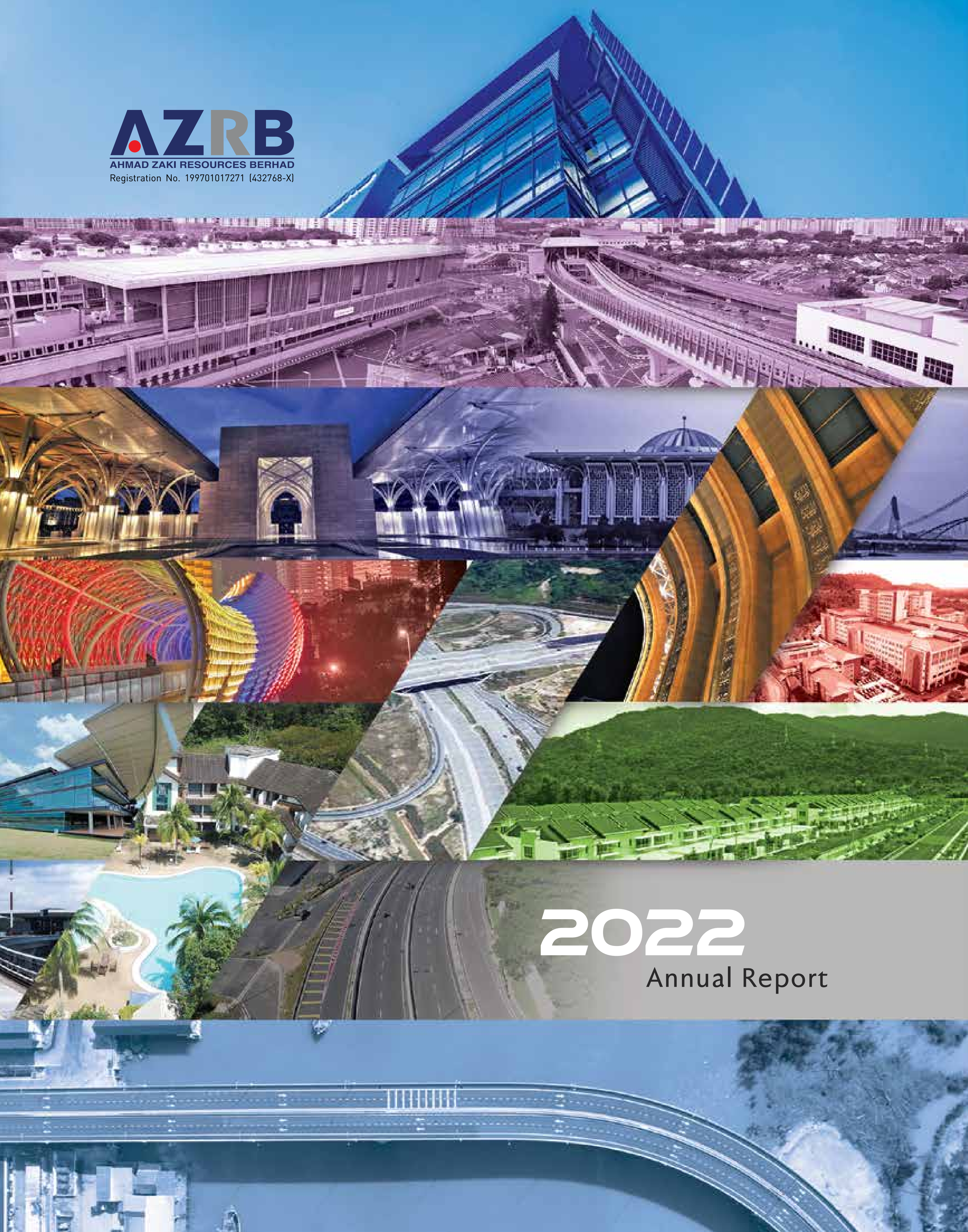
AHMAD ZAKI RESOURCES BERHAD
Registration No. 199701017271 (432768-X)



2022 Annual Report

Our Vision

To Be A Trusted **INDUSTRY LEADER** in delivering **COMMITMENT** with **EXCELLENCE** and **VALUE**

Our Mission

- Smart partnership with customers, employees and stakeholders
- Institutionalise the virtues of honesty and trust
- Setting and maintaining high standards; striving for superior performance in all undertakings
- Pro-active through continuous research and development in meeting challenges

Corporate Profile

Ahmad Zaki Resources Berhad ("AZRB"), headquartered in Kuala Lumpur, is a leading Engineering & Construction group listed on the Main Market of Bursa Malaysia. The Group has grown tremendously since its formation in 1982, into a trusted and reputable leader in the industry.

AZRB through its wholly-owned subsidiary Ahmad Zaki Sdn Bhd ("AZSB") was awarded the Golden Class 2 by 39th MSOSH OSH 2021 for Petronas Office Complex project and Silver Award 2019 by 38th MSOSH OSH for KVMRT Package V202 project. In 2020, AZSB was awarded the 5-Star SHASSIC Achievement Award by the Construction Industry Development Board ("CIDB") for Bukit Bintang City Centre and Universiti Teknologi Petronas projects. AZRB won the 4-Star CIDB Score Award, whilst AZSB won the same award with a 5-Star achievement from CIDB in 2019. The same year, AZRB received the MSWG Merit Award for Most Improved Corporate Governance Disclosure, as well as the Best Company for Investor Relations and Best Investor Relations Website under the micro-cap category from Malaysian Investor Relations Association.

In 2018, AZRB won the Best Under Billion Awards for Best Sustainability Reporting from Focus Malaysia. In 2017, the Group's Engineering & Construction Division was named Builder of the Year at the 2017 Malaysian Construction Industry Excellence Awards. It also scooped 2 additional awards of the MCIEA, namely the Best Project Award and Green Construction Award for its work on the Menara Kerja Raya, Kuala Lumpur. It was awarded the coveted "Builder of the Year" three times (in 2000, 2006, and 2017), and a winner of various construction project categories.

Other notable projects completed by the E&C division include Jambatan Putra in Kuantan, Pahang, Pintasan Saloma in Kuala Lumpur city centre, Universiti Teknologi Petronas in Seri Iskandar, Perak, and Sultan Ahmad Shah Medical Centre @IIUM in Kuantan, Pahang. Current ongoing projects include the MRT Putrajaya Line Stations S202 & S206 and East Klang Valley Expressway (EKVE).

Apart from Engineering & Construction, AZRB Group is also involved in Oil & Gas, Property, Concession and Plantation.

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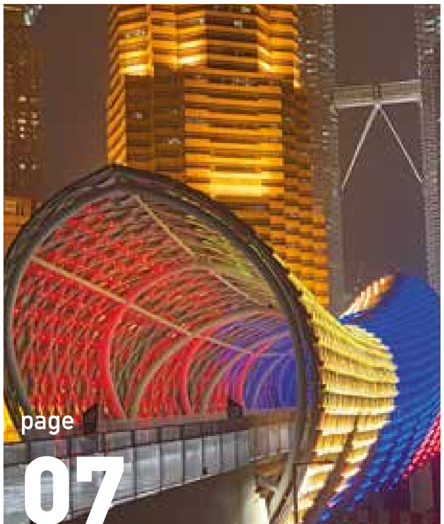
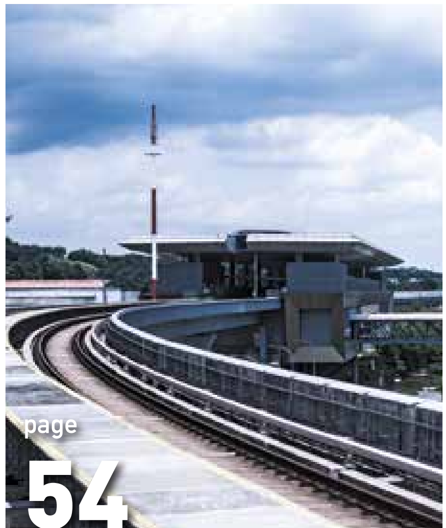


Calendar of Events

Directors' Profile



Chairman's Statement

OVERVIEW

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FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

For more information, visit our website.

www.azrb.com

CHAPTER 01

OVERVIEW

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad**
(Independent Non-Executive Chairman)

2. **Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda**
(Group Adviser, Non-Independent Non-Executive Director)

3. **Dato' Sri Wan Zakariah bin Haji Wan Muda**
(Group Managing Director)

4. **Dato' Ir. W Zulkifli bin Haji W Muda**
(Deputy Group Managing Director (1))

5. **Dato' Roslan bin Tan Sri Jaffar**
(Deputy Group Managing Director (2))

6. **Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng**
(Independent Non-Executive Director)

7. **Tan Sri Dr Madinah binti Mohamad**
(Independent Non-Executive Director)

8. **Dato' Ir. Haji Che Noor Azeman bin Yusoff**
(Independent Non-Executive Director)

AUDIT AND RISK COMMITTEE

1. **Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad**
(Chairman)

2. **Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng**
(Member)

3. **Tan Sri Dr Madinah binti Mohamad**
(Member)

COMPANY SECRETARIES

1. **Dato' Haji Bahari bin Johari**
(LS 0008773/
SSM PC No. 201908002206)

2. **Suzana binti Sanudin**
(LS0008028/
SSM PC No. 201908002589)

3. **Wong Maw Chua**n
(MIA 7413/
SSM PC No. 202008003554)

REGISTERED/HEAD OFFICE

Menara AZRB
No. 71 Persiaran Gurney
54000 Kuala Lumpur
Tel : 603-2698 7171
Fax : 603-2694 8181

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 603-2692 4271
Fax : 603-2732 5388

AUDITORS

Deloitte PLT
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad
Alliance Bank Malaysia Berhad
Affin Bank Berhad
AmBank Islamic Berhad
Bangkok Bank Berhad
Bank Kerjasama Rakyat Malaysia Berhad
Bank Pembangunan Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad
UOB Bank Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Stock Name : AZRB
Stock Code : 7078

WEBSITE

www.azrb.com

CORPORATE STRUCTURE

AZRB
AHMAD ZAKI RESOURCES BERHAD
(432768-X)

ENGINEERING & CONSTRUCTION

1.	AHMAD ZAKI SDN BHD	100%
2.	PENINSULAR PRECAST SDN BHD	100%
3.	AZSB MACHINERIES SDN BHD	100%
4.	TADOK GRANITE MANUFACTURING SDN BHD	100%
5.	UNGGUL ENERGY & CONSTRUCTION SDN BHD	100%
6.	AZRB INTERNATIONAL VENTURES SDN BHD	100%
7.	AHMAD ZAKI SAUDI ARABIA CO LTD	100%
8.	FASATIMUR SDN BHD	50%
9.	SALCON MMCB AZSB JV SDN BHD	30%

OIL & GAS

1.	INTER-CENTURY SDN BHD	100%
2.	MATRIX RESERVOIR SDN BHD	53%
3.	TB SUPPLY BASE SDN BHD	53%
4.	ASTRAL FAR EAST SDN BHD	53%
5.	TB TERMINALS SDN BHD	53%

PLANTATION

1.	PT ICHTIAR GUSTI PUDI	95%
2.	BETANAZ MILLS SDN BHD	67%
3.	PEAK CROPS SDN BHD	40%

PROPERTY

1.	AZ LAND & PROPERTIES SDN BHD	100%
2.	PENISULAR PROKONSULT SDN BHD	100%
3.	RESIDENCE INN & MOTELS SDN BHD	100%
4.	TREND VISTA DEVELOPMENT SDN BHD	100%
5.	TEMALA DEVELOPMENT SDN BHD	70%
6.	KEMAMAN TECHNOLOGY & INDUSTRIAL PARK SDN BHD	60%
7.	TB REALTY SDN BHD	53%
8.	BETANAZ PROPERTIES SDN BHD	51%
9.	PALMACORP SDN BHD	50%

CONCESSION

1.	EKVE SDN BHD	100%
2.	PENINSULAR MEDICAL SDN BHD	100%
3.	SAMBUNGAN LEBUHRAYA TIMUR SDN BHD	100%

INVESTMENT HOLDING

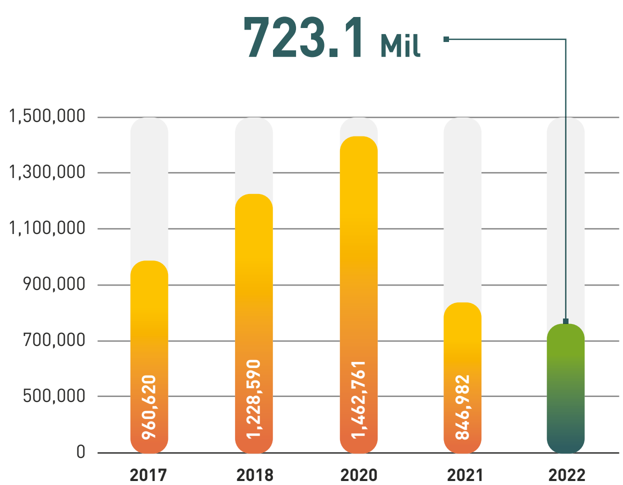
1.	AZRB CAPITAL SDN BHD	100%

5-YEAR FINANCIAL HIGHLIGHTS

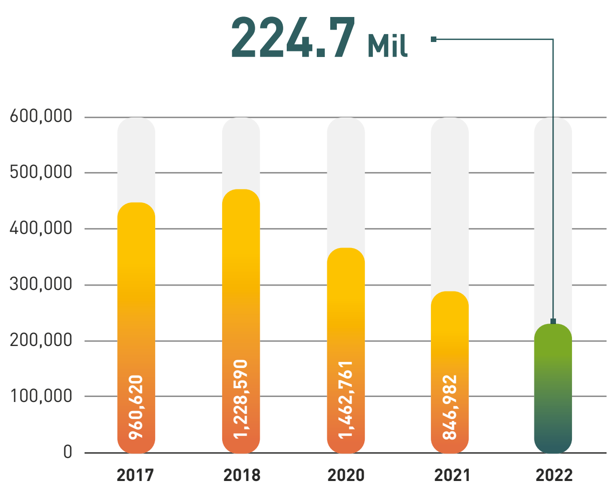
Group Five-Year Summary	2017 (Restated)	2018	2020	2021	2022
Revenue (RM '000)	960,620	1,228,590	1,462,761	846,982	**723,142**
Profit/(Loss) before taxation (RM '000)	61,916	24,817	(75,790)	(55,385)	**(67,631)**
Profit/(Loss) attributable to owners of the Company (RM '000)	29,423	14,232	(98,321)	(68,637)	**(63,254)**
Paid-up Capital (RM '000)	197,478	197,536	197,536	197,536	**197,536**
Shareholders' Funds (RM '000)	445,698	461,481	355,098	296,331	**224,712**
Net tangible assets per share (Sen)	75	69	51	40	**28**

Source:
Extracted from audited financial statements as of 31 December 2017-2018 and 30 June 2020-2022.

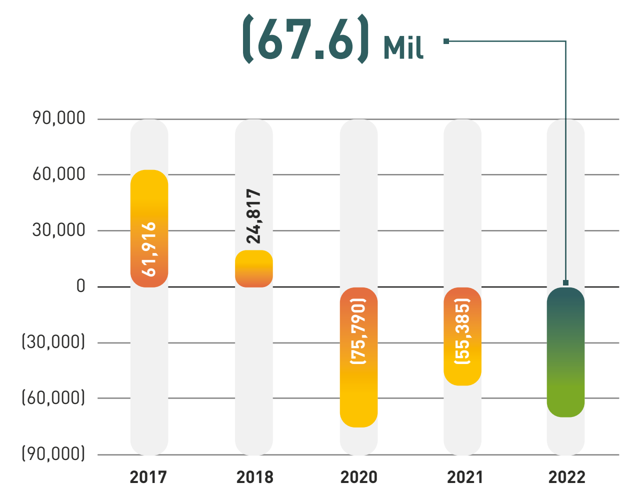
REVENUE



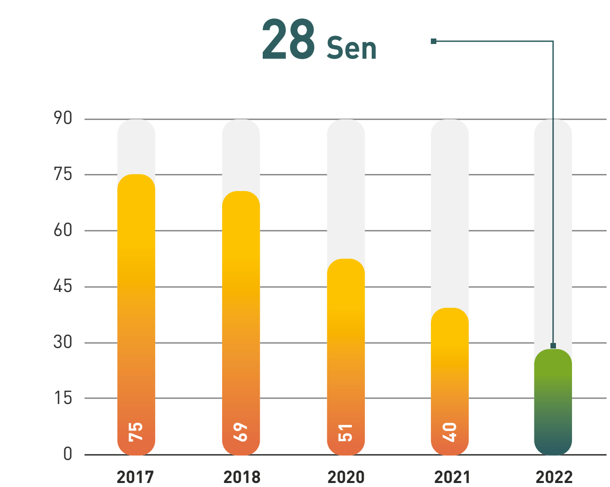
SHAREHOLDERS' FUNDS



PROFIT/(LOSS) BEFORE TAX



NET TANGIBLE ASSETS PER SHARE



CALENDAR OF EVENTS

AZRB - 24TH ANNUAL GENERAL MEETING ("AGM")

15 DECEMBER 2021

Virtual live streaming from Menara AZRB

GOTONG-ROYONG AT CENTRAL STORE BENTONG THAT WAS BADLY AFFECTED FOLLOWING THE HEAVY FLOODS

24 DECEMBER 2021

Central Store Bentong, Pahang

CALENDAR OF EVENTS

MISI SUKARELAWAN PASCA BANJIR BERSAMA KKR, LLM & SYARIKAT KONSESI LEBUHRAYA DI TAMAN SRI NANDING, HULU LANGAT

30 DISEMBER 2021 – 2 JANUARI 2022

Taman Sri Nanding, Hulu Langat

VALUE ASSESSMENT (VA) WORKSHOP BAGI CADANGAN PENSWASTAAN PROJEK KUALA LUMPUR NORTHERN DISPERSAL EXPRESSWAY (KL NODE)

8 – 10 FEBRUARY 2022

Double Tree by Hilton, Putrajaya

TOWN HALL 2022

4 JULY 2022

Menara AZRB

CALENDAR OF EVENTS

VALUE ENGINEERING (VE) WORKSHOP BAGI CADANGAN PENSWASTAAN PROJEK KUALA LUMPUR NORTHERN DISPERSAL EXPRESSWAY (KL NODE)

26 – 28 JULY 2022

Le Meridien Putrajaya

KSR AZRB MERDEKA CHALLENGE (RUNNING @ JUMP ROPE CATEGORY)

24 – 31 AUGUST 2022

Virtual

AWARDS AND RECOGNITIONS

1. **2021 - 39th MSOSH OSH - Gold Class 2 (POC)**
2. **2020 - 5 Star SHASSICS Achiever Award for UTP**
3. **2020 - 5 Star SHASSICS Achiever Award for BBCC**
4. **2019 - Best IR Website**
5. **2019 - Best Company for IR**
6. **2019 - 38th MSOSH OSH - Silver Award (KVMRT Package V202 Project)**

1

2

No.	Name of Award	Name of Awarding Body	Year	Recipient of the Award
1	39th MSOSH Occupational Safety and Health Awards: Gold Class 2 for Petronas Office Complex project	Malaysian Society for Occupational Safety and Health (MSOSH)	2021	Ahmad Zaki Sdn Bhd
2	5-Star SHASSIC Achiever Award for BBCC project	CIDB Malaysia	2020	Ahmad Zaki Sdn Bhd
3	5-Star SHASSIC Achiever Award for UTP project	CIDB Malaysia	2020	Ahmad Zaki Sdn Bhd
4	38th MSOSH Occupational Safety and Health Awards: Silver Award for KVMRT Package V202 project	Malaysian Society for Occupational Safety and Health (MSOSH)	2019	Ahmad Zaki Sdn Bhd
5	Best Company for IR (micro-cap company category)	Malaysian Investor Relations Association (MIRA)	2019	Ahmad Zaki Resources Berhad
6	Best IR Website (micro-cap company category)	Malaysian Investor Relations Association (MIRA)	2019	Ahmad Zaki Resources Berhad
7	Merit Award – Most Improved CG Disclosure 2018	Minority Shareholders Watch Group (MSWG)	2019	Ahmad Zaki Resources Berhad
8	5-Star Award – SCORE Certificate of Achievement	CIDB Malaysia & SME Corp Malaysia	2018	Ahmad Zaki Sdn Bhd
9	4-Star Award – SCORE Certificate of Achievement	CIDB Malaysia & SME Corp Malaysia	2018	Ahmad Zaki Resources Berhad
10	GOLD Safety Award 2018 – East Klang Valley Expressway 5.5 Million Man-Hours Without Lost Time Injury (LTI)	Kementerian Kerja Raya & Lembaga Lebuh Raya	2018	EKVE Sdn Bhd
11	5-Star Award – Sistem Penilaian Keselamatan dan Kesihatan Dalam Pembinaan (SHASSIC)	CIDB Malaysia	2018	EKVE Sdn Bhd
12	Best Under Billion Awards 2018 – Best Sustainability Reporting (RM150 Million to RM499 Million Market Cap Category)	Focus Malaysia	2018	Ahmad Zaki Resources Berhad

3

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No.	Name of Award	Name of Awarding Body	Year	Recipient of the Award
13	The Malaysian Construction Industry Excellence Awards 2017: Builder of the Year Award	CIDB Malaysia	2017	Ahmad Zaki Sdn Bhd
14	The Malaysian Construction Industry Excellence Awards 2017: Green Construction Award	CIDB Malaysia	2017	Ahmad Zaki Sdn Bhd
15	The Malaysian Construction Industry Excellence Awards 2017: The Best Project Award (Building Project – Major Category)	CIDB Malaysia	2017	Ahmad Zaki Sdn Bhd
16	Green Building Index Platinum Rating Certification: Main Contractor	Green Building Index Sdn Bhd	2016	Ahmad Zaki Sdn Bhd
17	PAM Award Commendation: Commercial High – Rise (for Menara Kerja Raya)	Pertubuhan Arkitek Malaysia	2015	Ahmad Zaki Sdn Bhd
18	PAM Award Gold: Commercial High-Rise Office (for Menara AZRB)	Pertubuhan Arkitek Malaysia	2013	Ahmad Zaki Sdn Bhd
19	The Malaysian Construction Industry Excellence Awards 2013: The Best Project Award (Building Project – Medium Category for Menara AZRB)	CIDB Malaysia	2013	Ahmad Zaki Resources Berhad
20	The Malaysian Construction Industry Excellence Awards 2011: Special Mention Award (Environment) – Environmental Best Practices Award	CIDB Malaysia	2011	Ahmad Zaki Sdn Bhd
21	The Malaysian Construction Industry Excellence Awards 2011: CEO of The Year	CIDB Malaysia	2011	Dato' Sri Wan Zakariah bin Haji Wan Muda / Ahmad Zaki Resources Berhad
22	Bumiputera Entrepreneur Award 2010: Construction Cluster Award (Infrastructure)	Gagasan Badan Ekonomi Melayu (GABEM)	2010	Tan Sri Dato' Sri Haji Wan Zaki Haji Wan Muda/ Ahmad Zaki Resources Berhad
23	The Malaysian Construction Industry Excellence Awards 2006: Builder of the Year Award	CIDB Malaysia	2006	Ahmad Zaki Sdn Bhd
24	The Malaysian Construction Industry Excellence Awards 2000: Builder of the Year Award	CIDB Malaysia	2000	Ahmad Zaki Sdn Bhd

CHAPTER 02

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Seated (Left to Right):

Dato' Sri Wan Zakariah bin Haji Wan Muda
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda

Standing (Left to Right):

Dato' Ir. Haji Che Noor Azeman bin Yusoff
Tan Sri Dr Madinah binti Mohamad
Dato' W Zulkifli bin Haji W Muda
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Dato' Haji Roslan bin Tan Sri Jaffar

DIRECTORS' PROFILE

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

Chairman,
Independent Non-Executive Director

Age : **76**

Gender : **Male**

Nationality : **Malaysian**

Raja Tan Sri Dato' Seri Aman was appointed as Chairman and Independent Non-Executive Director and member of Audit and Risk Committee on 26 February 2004. Subsequently, he assumed the Chairmanship of the Audit and Risk Committee on 8 April 2004. He is also sits on the Remuneration and Nomination Committees as an ordinary member.

Raja Tan Sri Dato' Seri Aman is a graduate of University Malaya. He is a Fellow of the Institute of Chartered Accountants in England and Wales and also a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He held various positions in Maybank Group from 1974 to 1985 prior to joining Affin Bank Berhad (formerly known as Perwira Habib Bank Malaysia Berhad) in 1985 as Executive Director/CEO. He left Affin Bank Berhad in 1992 to join Perbadanan Usahawan Nasional Berhad as Chief Executive Officer. He was re-appointed as Chief Executive Officer of Affin Bank Berhad in 1995 and retired in 2003. Raja Tan Sri Dato' Seri Aman also served as an Independent Non-Executive Director of Affin Hwang Investment Bank Berhad and Non-Independent Non-Executive Director of Affin Hwang Asset Management Berhad where he retired in 2021 and 2022 respectively.

Currently, Raja Tan Sri Dato' Seri Aman is Chairman of the Investment Panel of Lembaga Tabung Angkatan Tentera and Tomei Consolidated Berhad.

During the financial year ended 30 June 2022, he attended 5 out of 5 Board meetings held.

DIRECTORS' PROFILE

TAN SRI DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA

Group Adviser,
Non-Independent Non-Executive Director

Age : **73**

Gender : **Male**

Nationality : **Malaysian**

Tan Sri Dato' Sri Haji Wan Zaki was appointed as the Executive Vice Chairman of the Company on 24 March 1999. Subsequently, he held the post of Executive Chairman from 1 March 2000 and was redesignated as Executive Vice Chairman of the Company on 26 February 2004. On 1 July 2021, he retired from his position as the Executive Vice Chairman and stayed on as a Non-Independent Non-Executive Director as well as assuming the role of Group Adviser. He is presently the Chairman of the Remuneration Committee.

Tan Sri Dato' Sri Haji Wan Zaki is the founder of Ahmad Zaki Sdn Bhd ("AZSB"). Prior to venturing into business, he served in various positions in state-owned companies in Pahang and Terengganu of which his last position was the Managing Director of Pesama Timber Corporation Sdn Bhd ("Pesama"), a Terengganu state-owned company. He left Pesama in 1984 to focus on expanding the engineering and construction business of AZSB.

Tan Sri Dato' Sri Haji Wan Zaki had served as the Chairman of Chuan Huat Resources Berhad from 2002 until 2013. He sits on the board of directors of several private limited companies and has no directorship in other public companies and listed issuers.

During the financial year ended 30 June 2022, he attended 4 out of 5 Board meetings held.

DIRECTORS' PROFILE

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA

Group Managing Director,
Non-Independent Executive Director

Age : **62**

Gender : **Male**

Nationality : **Malaysian**

Dato' Sri Wan Zakariah joined the Board of the Company as an Executive Director on 24 March 1999 and subsequently was appointed to the post of Group Managing Director on 1 January 2003. He is presently the Chairman of the Employees' Share Scheme Committee and a member of the Remuneration Committee.

Dato' Sri Wan Zakariah obtained a Bachelor of Science degree in Quantity Surveying from the Thames Polytechnic, United Kingdom (now known as University of Greenwich) in 1986. He started his career in the same year as Quantity Surveyor with the construction subsidiary, AZSB moving through various posts in the Company until he was promoted to be the Managing Director of AZSB in 1996.

Dato' Sri Wan Zakariah also sits on the board of directors of several private limited companies and has no directorship in other public companies and listed issuers.

During the financial year ended 30 June 2022, he attended 5 out of 5 Board meetings held.

DIRECTORS' PROFILE

DATO' IR. W ZULKIFLI BIN HAJI W MUDA

Deputy Group Managing Director (1), Non-Independent Executive Director

Age : **60**

Gender : **Male**

Nationality : **Malaysian**

Dato' Ir. W Zulkifli was appointed as a Non-Executive Director on 2 January 1999. He was redesignated as an Executive Director with effect from 1 March 2003 and subsequently appointed as Deputy Group Managing Director (1) with effect from 1 December 2017. He sits on the Employees' Share Scheme Committee as an ordinary member.

Dato' Ir. W Zulkifli holds a Bachelor of Science (Civil Engineering) degree, which he obtained in 1985 from the University of Southern Illinois, United States of America. He began his career with AZSB as a Project Engineer in 1985. He was promoted to the position of Project Manager and later as the Executive Director (Operations) of AZSB in 1996 and subsequently became the Managing Director of AZSB effective from 7 February 2003.

Dato' Ir. W Zulkifli does not hold directorship in any other public companies and listed issuers but sits on the board of directors of several private limited companies.

During the financial year ended 30 June 2022, he attended 4 out of 5 Board meetings held.

DIRECTORS' PROFILE

DATO' ROSLAN BIN TAN SRI JAFFAR

Deputy Group Managing Director (2), Non-Independent Executive Director

Age : **46**

Gender : **Male**

Nationality : **Malaysian**

Dato' Roslan was appointed as an Executive Director of the Company on 8 January 2015 and subsequently as Deputy Group Managing Director (2) with effect from 1 December 2017. He sits on the Employees' Share Scheme Committee as an ordinary member.

Dato' Roslan holds a Bachelor in Mechanical Engineering degree from Imperial College London, United Kingdom and is a Fellow of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom.

Dato' Roslan joined the Company in 2010 as Chief Operating Officer and was appointed as an Executive Director of AZSB in the same year. Prior to joining the Company, he was with PricewaterhouseCoopers where he worked in both the Assurance and Advisory divisions in the Kuala Lumpur and Washington DC offices.

Currently, he is the Vice Chair of a Board of Governors at an established international school in Kuala Lumpur and a member of the Board of Trustees of a Royal foundation.

Dato' Roslan does not hold directorship in any other public companies and listed issuers but sits on the board of directors of several private limited companies.

During the financial year ended 30 June 2022, he attended 5 out of 5 Board meetings held.

DIRECTORS' PROFILE

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

Independent Non-Executive Director

Age : **73**

Gender : **Male**

Nationality : **Malaysian**

Tan Sri Dato' Lau was appointed as an Independent Non-Executive Director of the Company on 15 November 2010. He was appointed as a member of the Audit and Risk Committee and Nomination Committee on 1 March 2011 and 24 March 2016 respectively. On 28 May 2021, he was redesignated as the Chairman of Nomination Committee.

Tan Sri Dato' Lau obtained his Diploma in Commerce with distinction from Tunku Abdul Rahman College, Malaysia in 1974. He has been a member of the Malaysian Institute of Accountants since 1979. He was made a Fellow of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom in 1981 and became a graduate member of the Institute of Chartered Secretaries and Administrators ("ICSA"), United Kingdom in 1987. He was formerly a Senator of Dewan Negara, appointed by Seri Paduka Baginda Yang di-Pertuan Agong, Malaysia.

Tan Sri Dato' Lau had served as a Non-Independent Non-Executive Director and Chairman of the Board of Directors of Nanyang Press Holdings Berhad and Star Publications (Malaysia) Berhad, and as an Independent Non-Executive Director of Media Chinese International Limited, a company listed in Malaysia and Hong Kong. He also served on the Board of Directors of Tenaga Nasional Berhad in various capacities, as Chairman of Audit Committee, Member of Board Disciplinary Committee, Board Tender Committee and Board Member of several subsidiary companies.

Tan Sri Dato' Lau does not hold directorship in other public companies and listed issuers but sits on the board of directors of several private limited companies.

During the financial year ended 30 June 2022, he attended 5 out of 5 Board meetings held.

DIRECTORS' PROFILE

TAN SRI DR MADINAH BINTI MOHAMAD

Independent Non-Executive Director

Age : **66**

Gender : **Female**

Nationality : **Malaysian**

Tan Sri Dr Madinah was appointed as an Independent Non-Executive Director of the Company on 16 August 2021. She was appointed as a member of the Audit and Risk Committee on 14 October 2021.

She holds a Doctorate in Human Resource Development, Masters in Human Resource Development from Universiti Putra Malaysia and Bachelors in Social Sciences (Political Science) from Universiti Sains Malaysia.

Tan Sri Dr Madinah began her career as an Administrative and Diplomatic Officer in 1981 with the Ministry of Foreign Affairs and has over 35 years of experience in the public service, holding various positions in several ministries and departments as Secretary General of the Ministry of Science, Technology & Innovation ("MOSTI") and Secretary General of the Ministry of Education. Her final leg in the public service was as Auditor General of Malaysia.

She was appointed the Auditor General of Malaysia on 22 February 2017 until her contract ended in 2019. She is the first woman to hold the position since the establishment of the National Audit Department.

DIRECTORS' PROFILE

Tan Sri Dr Madinah had served as the Secretary General of the Ministry of Education before her retirement in September 2016. She held the position since June 2013. She was very much involved in policy guidance and administration of the Ministry, and was directly involved in driving the education transformation agenda. These included creating a clear vision and direction for the execution of the Malaysia Education Blueprint 2013-2025 to meet the new demands and expectations of stakeholders and the citizens.

Prior to that, she was appointed the Secretary General, MOSTI in April 2009, where she was instrumental in policy formulation and implementation, and held direct responsibility for the development of science, technology and innovation in Malaysia. The drafting and final National Space Policy and National Innovation Policy were her more significant contributions. The implementation and development of related policies which were already endorsed by the Government, such as Biotechnology Policy, ICT Policy and National Science, Technology and Innovation Policy as a whole also came under her purview.

Tan Sri Dr Madinah is a member of Pengajian Program (JKPP) Program Bachelor Sains Pembangunan Sumber Manusia Dengan Kepujian, Fakulti Pengajian Pendidikan, Universiti Putra Malaysia.

She does not hold directorship in any other public companies and listed issuers.

During the financial year ended 30 June 2022, she attended 5 out of 5 Board meetings held.

DIRECTORS' PROFILE

DATO' IR. HAJI CHE NOOR AZEMAN BIN YUSOFF

Independent Non-Executive Director

Age : **62**

Gender : **Male**

Nationality : **Malaysian**

Dato' Ir. Haji Che Noor Azeman was appointed as an Independent Non-Executive Director of the Company on 14 October 2021.

He graduated with a MSc Highway Engineering and BSc. (Hons.) Civil Engineering from the University of Strathclyde, United Kingdom. He also holds a Professional Engineer with Practicing Certificate from the Board of Engineers Malaysia, Institution of Engineers Malaysia and ASEAN Chartered Professional Engineer.

He began his career in Jabatan Kerja Raya ("JKR"), Malaysia and has served in JKR for almost 37 years, rising through the ranks until his last post as Director of Road & Bridge Engineering Specialist, Road Branch in JKR. He had also served as the President of Chartered Institution of Highways & Transportation, Malaysia for the session 2019/2021.

Dato' Ir. Haji Che Noor Azeman does not hold directorship in other public companies and listed issuers but sits on the board of directors of several private limited companies.

During the financial year ended 30 June 2022, he attended 4 out of 4 Board meetings held since his appointment.

DIRECTORS' PROFILE

NOTES:

FAMILY RELATIONSHIP

Except for Tan Sri Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, Dato' Sri Wan Zakariah Bin Haji Wan Muda and Dato' Ir. W Zulkifli Bin Haji W Muda who are siblings, and Dato' Roslan Bin Tan Sri Jaffar who is the son-in-law of Tan Sri Dato' Sri Haji Wan Zaki, none of the other Directors are related to one another, nor with any major shareholder.

CONFLICT OF INTEREST

Save as disclosed in the related party transactions on Note No. 45 in the financial Statements of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial period.

CONVICTIONS OF OFFENCES

None of the Directors have been convicted of any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

PROFILES OF SENIOR MANAGEMENT

MOHAMMAD FAUZI BIN HAJI AHMAD

Director, Concession Age : **56** Gender : **Male** Nationality : **Malaysian**

Date Joined	3 October 2011
Date of Appointment to Current Position	6 November 2017
Academic/Professional Qualification(s)	➤ Bachelor of Science in Civil Engineering, University of Pittsburgh, USA
Working Experience(s)	➤ Radicare (M) Sdn Bhd (2001 to 2005) ➤ Abrar-Manfield Consortium (1996 to 2001) ➤ Kuala Lumpur City Centre (KLCC) (1993 to 1996) ➤ Projek Penyelenggaraan Lebuhraya (PROPEL) (1990 to 1993) ➤ Pengurusan Lebuhraya Berhad (PLB) (1989 to 1990)

HAYATI TAMZIR

Executive Director – Contracts & Commercial, AZSB Age : **56** Gender : **Female** Nationality : **Malaysian**

Date Joined	2 January 2018
Date of Appointment to Current Position	1 June 2019
Academic/Professional Qualification(s)	➤ Bachelor of Building, New South Wales University, Sydney, Australia
Working Experience(s)	➤ UEM Builders Sdn Bhd, posted in India (2010 to 2017) ➤ Pembinaan Bintang Baru Sdn Bhd (2010) ➤ Syarikat Siah Brothers Trading Sdn Bhd (1990 to 2010)

PROFILES OF SENIOR MANAGEMENT

SHAHRULANUAR ISHAK

Chief Financial Officer Age : **47** Gender : **Male** Nationality : **Malaysian**

Date Joined	1 December 2021
Date of Appointment to Current Position	1 December 2021
Academic/Professional Qualification(s)	➤ Member of Malaysian Institute of Accountants (MIA) ➤ Fellow of Association of Chartered Certified Accountants (ACCA), UK ➤ BA (Hons) Accounting and Finance, De Montfort University, Leicester, UK ➤ Diploma in Islamic Banking and Insurance, Institute of Islamic Banking and Insurance, London
Working Experience(s)	➤ Rohas Tecnic Berhad (2016 to 2021) ➤ Syarikat Takaful Malaysia Berhad (2015 to 2016) ➤ Deloitte Malaysia (2015 to 2015) ➤ Maxis Berhad (2011 to 2015) ➤ KPMG Malaysia (1999 to 2011)

BHASKARAN SUBRAMANIAM

President Director, PT Ichtiar Gusti Pudi Age : **54** Gender : **Male** Nationality : **Malaysian**

Date Joined	15 August 2020
Date of Appointment to Current Position	15 August 2020
Academic/Professional Qualification(s)	➤ Executive Master in Plantation & Estate Management, Asia e University ➤ Diploma from The Incorporated Society of Planters (ISP)
Working Experience(s)	➤ Advisory Role in Rubber Plantation in Malaysia (2018 to 2020) ➤ Barito Plantation Indonesia (2014 to 2018) ➤ Genting Plantation Indonesia (2011 to 2014) ➤ Cargill Group Plantation Indonesia (2008 to 2011) ➤ PPB Oil Palms - Malaysia and Indonesia (1994 to 2008)

PROFILES OF SENIOR MANAGEMENT

MOHD HARON BIN MOHD IDRIS

Director, Security | Age : **56** | Gender : **Male** | Nationality : **Malaysian**

Date Joined	2 July 2007
Date of Appointment to Current Position	1 May 2020
Academic/Professional Qualification(s)	➤ Executive Diploma in Management , Universiti Teknologi Malaysia ➤ Diploma in Hotel & Management, National Restaurant Association USA
Working Experience(s)	➤ DISD Coordinator Foreign Affair (2006 to 2007) ➤ Staff Assistant to Defence Advisor Malaysian High Commission in Islamabad, Pakistan (2002 to 2006) ➤ Counter Intelligence Instructor – PULARIS (2000 to 2002) ➤ DISD Surveillance & Interrogation Coordinator (1998 to 2000) ➤ Chief of Security Detachment Ipoh, Perak (1995 to 1998) ➤ Chief of Security Detachment Butterworth, Penang (1993 to 1995) ➤ DISD Counter Intelligence Group (1987 to 1993)

GAY SAW GHIN LYE

Director, Legal | Age : **65** | Gender : **Female** | Nationality : **Malaysian**

Date Joined	1 October 2020
Date of Appointment to Current Position	1 February 2022
Academic/Professional Qualification(s)	➤ Council of Higher Legal Education, London, UK (Lincoln's Inn) ➤ LL.B (Hons.) University of London, UK
Working Experience(s)	➤ UEM Builders Berhad (2008 to 2019) ➤ Ninebio Sdn Bhd (2007 to 2008) ➤ M/s Abu Talib Shahrom & Zahari (1993 to 2007) ➤ M/s Cheang & Ariff (1991 to 1993) ➤ M/s Abdul Ghani & Co. (1988 to 1991) ➤ M/s Mokhtar & Co. (1986 to 1988)

PROFILES OF SENIOR MANAGEMENT

NUR HASMIN KAMAROLLZAMAN

General Manager, TB Supply Base Sdn Bhd | Age : **42** | Gender : **Male** | Nationality : **Malaysian**

Date Joined	25 April 2022
Date of Appointment to Current Position	25 April 2022
Academic/Professional Qualification(s)	➤ Bachelor of Science in Applied Geology, University Malaya ➤ Member of Geological Society of Malaysia (GSM) ➤ Member of Society of Petroleum Engineers
Working Experience(s)	➤ Viddacom (B) Sdn Bhd (2014 - 2022) ➤ Halliburton Energy Services (M) Sdn Bhd (2012 - 2014) ➤ Varel International (2010 - 2012) ➤ Smith International (2008 - 2010) ➤ Geoservices (2005 - 2008)

SUZANA SANUDIN

Company Secretary | Age : **54** | Gender : **Female** | Nationality : **Malaysian**

Date Joined	15 April 2022
Date of Appointment to Current Position	13 May 2022
Academic/Professional Qualification(s)	➤ Licensed Secretary ➤ Bachelor of Science (Accounting/Law), De Monfort University, UK
Working Experience(s)	➤ Boustead Heavy Industries Corporation Berhad (2008 to 2022) ➤ MK Land Holdings Berhad (1995 to 2008)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to the Main Market Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the requirements of the Malaysian Code on Corporate Governance, the Board of Directors ("the Board") is committed to maintaining a sound system of risk management and internal control within Ahmad Zaki Resources Berhad ("AZRB") and its subsidiaries ("the Group") to manage risk and to report on internal controls and regulatory compliance so as to safeguard shareholders' investment and the Group's assets.

Set out below is the Board's Statement on Risk Management and Internal Control ("Statement" or "SORMIC") for the financial year ended 30 June 2022 which was prepared in accordance with the Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Securities and pursuant to Paragraph 15.26(b) of the Listing Requirements. This Statement outlines the nature and scope of risk management and internal control covering all of the Group's operations except for associate companies and smaller investments.

BOARD'S RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of risk management and internal control within the Group and as such has reaffirmed its commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also operational, strategic and compliance controls, and for reviewing the adequacy of integrity in these systems.

The system of risk management and internal control is designed to identify and manage the Group's risk within the acceptable risk tolerance, rather than to eliminate the risk of failure in achieving the Group's business objectives in accordance with the Group's strategy. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement, financial loss or fraud. The Group's concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

KEY INTERNAL CONTROL FEATURES

The Group has a structure which outlines accountability, authority and responsibility to the Board, its committees and Management. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control that include the following:

1. AUTHORITY AND RESPONSIBILITY

a. Board of Directors

The Board is the pillar of the Group's risk management and internal control practices. The Board is committed to maintaining a sound system of internal control and the overall responsibility for risk oversight, mirroring its overall responsibility for strategy.

The Board meetings are held on a quarterly basis during the year to review and evaluate the Group's operations and performance and to address key issues. However, additional meetings may be convened as Special Board Meetings when required.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

b. Audit and Risk Committee

The Audit and Risk Committee ("ARC") is responsible for ensuring effectiveness of the integrated risk management function within the organisation, reviews the internal audit plan and results of internal audit activity as well as ensuring appropriate action is taken on the recommendation of the internal audit function.

The ARC composition comprises three Independent Non-Executive Directors. The ARC has full access to both Internal Auditors and External Auditors and has the right to convene meetings with auditors without the presence of Executive Directors and Management.

2. PLANNING, MONITORING, AND REPORTING

For the current year's business plan and budget, the Group has prepared an annual business plan and budget for all business divisions and subsidiaries. The annual business plan and budget were deliberated and approved by their respective Boards. The performance of each business division and subsidiary is assessed against budget by the Chief Financial Officer, with explanations on significant variances presented to the Board on a quarterly basis.

3. POLICIES AND PROCEDURES

Clearly documented policies and procedures of business processes have been set out in a series of Standard Operating Procedures ("SOPs") under the Integrated Management System ("IMS") and implemented throughout the Group. These policies and procedures are periodically reviewed and updated to reflect the changes in business structure, processes as well as changes in the external environment.

4. INTERNAL AUDIT

The internal audit function of the Group, through the Internal Audit Department ("IAD"), serves to offer an independent assurance provided by business operations and oversight functions. Through internal audit reviews, IAD's principal roles are to evaluate and improve the effectiveness of internal control within the Group.

Regular reviews by IAD are carried out based on the annual internal audit plan which encompasses the management of risk and governance, and the effectiveness and adequacy of the internal control procedures across the various business divisions within the Group. The corrective actions taken by Management with regard to the significant weakness in the internal control on audit recommendations are reported on a regular basis to the ARC for their update, consideration and approval.

Further information on the activities of IAD can be found in the ARC Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

5. RISK MANAGEMENT

a. Risk Management Governance

Risk management governance consists of a risk oversight structure that portrays the systematic approach that is being used by the Group to escalate risk reporting from the respective business units all the way to the Board level as depicted below:

Source: Risk Management Department - AZRB

As depicted in the Group's risk management procedure, risks are broadly categorised into strategic, operational, financial, compliance and HSE risk. The identified individual risk events under the broad risk categories have undergone comprehensive reviews in line with the Group's risk management methodology.

During the year under review, the significant risks across divisions were presented and deliberated in the meetings of the Risk Management Committee ("RMC") – Subsidiary, Board of Directors of subsidiaries and ARC. The RMC – Subsidiary is assisted by the Risk Management Department ("RMD") in discharging risk management responsibilities. RMD facilitates the risk assessment process on risk identification and risk rating determination by the respective process owners (head of the department). RMD also provides guidance and support in the development of risk action plans and monitors the risk mitigation action effectiveness and status.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Head of Business Divisions are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring risk action plans and reporting all risks to the RMC – Subsidiary, Board of Directors of subsidiaries and ARC. The RMC – Subsidiary, Board of Directors of subsidiaries and ARC have noted the key risks, the potential impact and likelihood of risks occurring, the effectiveness of existing controls and the risk action plans that have been or are being taken to manage the risks to the desired levels.

The significant risks for the Group during the financial year are cash flows and project progress. In order to mitigate the risks, the Group continues its close monitoring of the cash flows via cost optimisation initiatives and balancing the progress claim and receipts for all ongoing construction projects. Additionally, the Group keeps close contact and open communication line with its key business partners to address any situation that arises.

b. Risk Management Policy and Framework

The Board recognises the existence of risks across the Group, presenting both threats and opportunities to its businesses. In order to achieve the Group's business objectives and strategies, the Board and Management would have to make decisions that will involve some degree of risk. The following risk management policy provides guidance as to the management of risks and its application across the Group:

01 Integrate risk management into AZRB culture, business activities and business decision making processes

02 Inculcate risk management in every business process at every level

03 Anticipate and respond to the changing operational, economic, social, environmental and regulatory requirements proactively

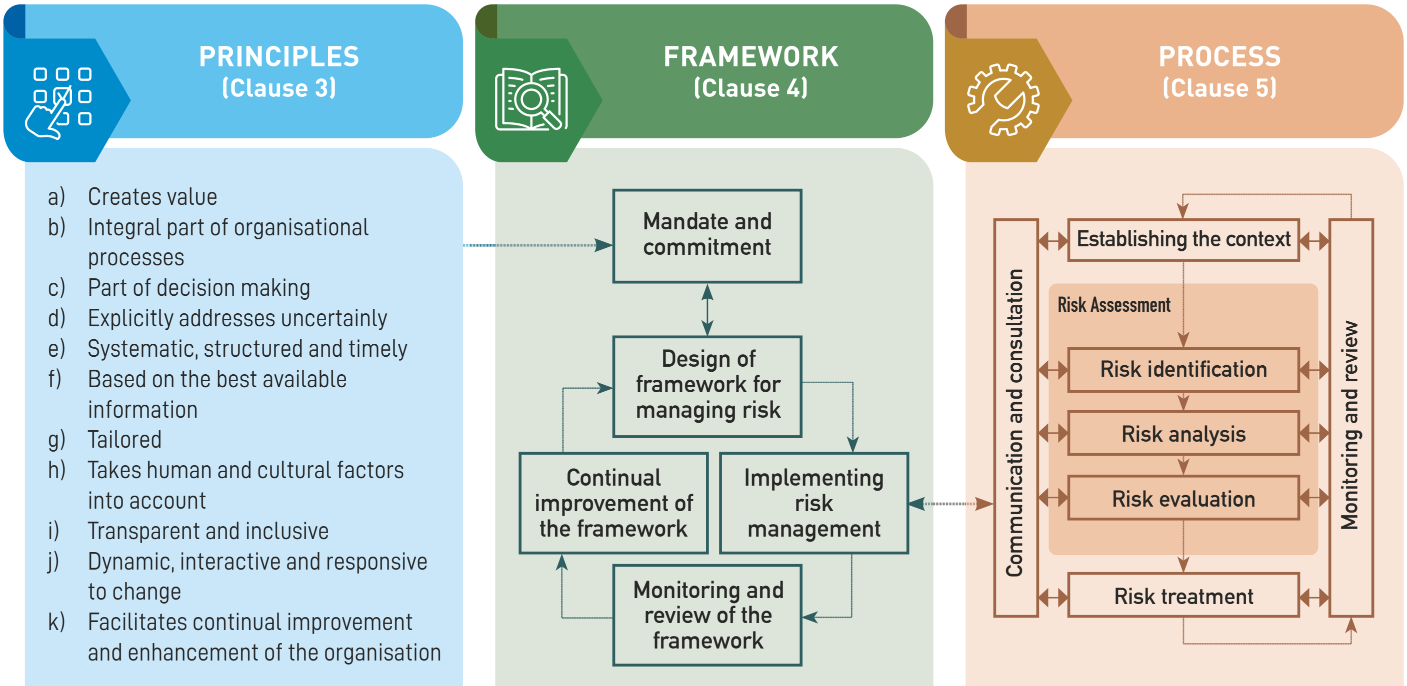
04 Manage risks pragmatically, to an acceptable level given specific circumstances of each situation

05 Ensure all approvals to strategy, key projects, major assets, significant initiative or investment should include a detailed risk assessment report as and when required

06 Implement a robust and sustainable risk management framework that is aligned with AZRB vision, mission and in accordance to best practices

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

AZRB has also adopted the risk management principles, framework, and process embedded in the MS ISO 31000:2010 in identifying, evaluating, and managing the significant risks faced by the Group as depicted below:



Sources: MS ISO 31000:2010

c. **Corruption Risk Management**

In addition to managing enterprise risks, the Group also recognises the importance of adopting Corruption Risk Management ("CRM") into the existing business processes. CRM is a risk-based management tool that guides the development of corruption risk profiles and risk action plans that effectively minimise the exposure of bribery and corruption. Similar to the process adopted for Enterprise Risk Management ("ERM"), respective risk owners, facilitated by RMD, will identify any structural weaknesses in the existing business processes that may give room for bribery and corruption and register the risks in the corruption risk register.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

6. ANTI-BRIBERY MANAGEMENT SYSTEMS

The Group is committed towards fighting bribery and corruption through the adoption of relevant internal controls as set out in ISO37001 – Anti-Bribery Management Systems ("ABMS"). The Integrity Department ("ID") monitors the process of incorporating integrity's internal control measures into the existing SOPs. The internal control systems that have been established with regard to ABMS include the following:

a. Anti-Bribery and Corruption Policy

The Group has established an Anti-Bribery and Corruption Policy ("ABC Policy") as a commitment to prevent all forms of bribery and corruption in its daily business activities which are in line with the Group's core values to promote good governance. The ABC Policy applies to all directors and employees of AZRB Group and business associates who are performing works or services for or on behalf of the Group.

b. Whistleblowing Policy

The Group has established a whistleblowing policy to provide a clear direction for whistle-blowers to raise concerns with regard to any suspected wrongdoing and bribery or corruption. The whistleblowing policy provides assurance to the whistle-blowers who are employees of the Group that they will be protected against reprisal and/or retaliation from their immediate superiors or head of departments/divisions, in line with the Whistleblower Protection Act 2010. The whistleblowing channel provided can be used by both the employees of the Group as well as the general public who is also protected by the abovementioned act.

c. Code of Ethics and Conduct

The Group has established a Code of Ethics and Conduct ("the Code") in order to maintain a high standard of integrity and professionalism amongst its employees in all business dealings. The Code aims to ensure that the Group's business interactions are being conducted fairly, impartially and should not in any circumstances, be tainted by malpractices. All employees are required to declare that they have read and understood the content of the Code entirely and agree to abide by it.

d. Gifts and Entertainment Procedure

Gifts and entertainment procedure ("gifts procedure") was established to provide procedures and general guidelines on giving, receiving, returning, recording and monitoring of gifts. The establishment of the gifts procedure demonstrates the Group's commitment towards preventing conflict of interest in the Group's business dealings and decision-making. The procedure applies to all directors and employees of AZRB Group.

e. Donation and Corporate Social Responsibility Procedure

Donation and Corporate Social Responsibility ("CSR") procedures were established to govern the administration of donations and CSR by the Group and its subsidiaries. The procedure outlines the step-by-step process of giving a donation or performing CSR. Supporting documents are needed for all proposals in order to close the door on bribery and corruption.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7. PERFORMANCE MANAGEMENT

Performance appraisals are carried out annually in a Performance Management System ("PMS") to assess the overall performance of each employee. The PMS aims to develop individual employees with the required commitment, skills and competencies for working towards shared meaningful objectives within the organisational framework. In order to nurture talent, training and development plans for employees are established by the Training Department.

8. ASSURANCE TO THE BOARD

The monitoring, review and reporting arrangements in place are to provide reasonable assurance that the internal control system is appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances.

In line with the Guidelines, the Board has received assurance from the Group Managing Director and the Chief Financial Officer that the risk management and internal control systems of the Group are operating adequately and effectively. The Board is of the view that the risk management and internal control systems in place during the year under review are sound and sufficient to safeguard shareholders' investment, stakeholders' interest and Group's assets.

9. REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Securities' Listing Requirements, this Statement has been reviewed by the external auditors, Deloitte, for inclusion in the Annual Report for the financial year ended 30 June 2022 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required to be set out by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* to be set out, nor is the SORMIC factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of issuance of the Statement, the Board is pleased to state that the Group's risk management and internal control were rated overall satisfactory, adequate and effective for the Group's purpose and safeguard the shareholders' investment and the interest of customers, employees and other stakeholders. There have been no material breaches, contingencies or uncertainties identified from the reviews.
This Statement was approved by the Board on 26 October 2022.

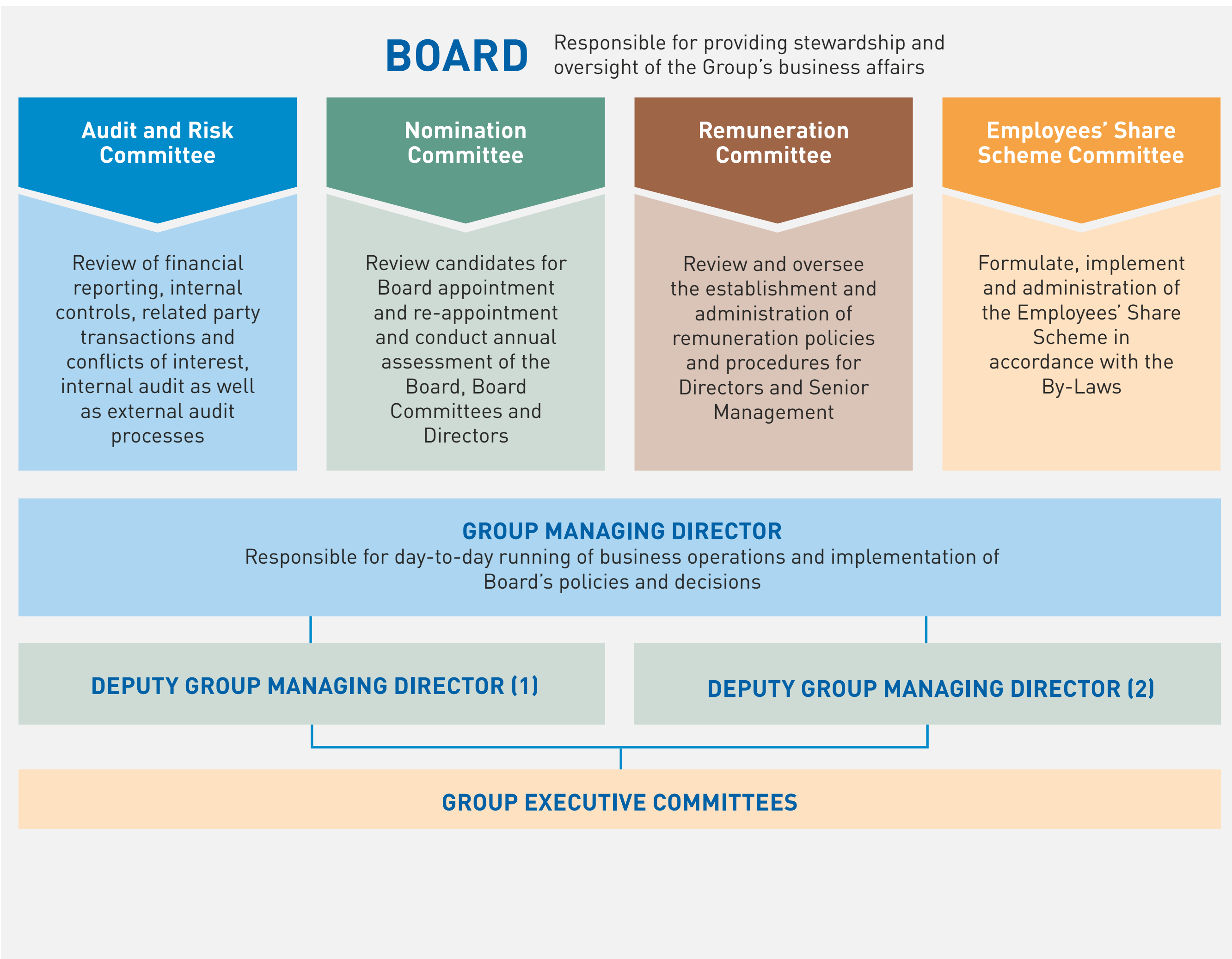
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Ahmad Zaki Resources Berhad ("AZRB" or "Company") is pleased to present this Corporate Governance Overview Statement ("Statement") which outlines the corporate governance practices of the Company that are in place during the financial year ended 30 June 2022. The Board adopts and applies the principles and best practices as governed by the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Malaysian Code on Corporate Governance ("MCCG") and is to be read together with the Corporate Governance Report ("CG Report"), which is available on the Company's website at www.azrb.com or on Bursa Securities' website at www.bursamalaysia.com.

The Statement takes guidance from the 3 principles which are set out in the MCCG throughout the financial year under review:

(a) Principle A: Board leadership and effectiveness;
(b) Principle B: Effective audit and risk management; and
(c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS



CORPORATE GOVERNANCE OVERVIEW STATEMENT

A.1 BOARD'S ROLES AND RESPONSIBILITIES

The Board recognises its roles and responsibilities in discharging its fiduciary duties and leadership functions. The Board is ultimately responsible in determining the direction of the Group including setting the strategic direction, establishing short, medium and long-term business goals and monitoring the achievement of these goals for the Group. The roles and responsibilities of the Board are clearly defined in the Board Charter which is available on the website of the Company.

The principal responsibilities of the Board shall include but not limited to the following:

- Reviewing and adopting a strategic plan for the Company and for the Group;
- Together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- Oversee the conduct of the Company and the Group's businesses and to evaluate whether the businesses are being properly managed;
- Identifying principal risks affecting the Company and the Group and ensuring the implementation of appropriate internal controls and mitigation measures;
- To approve succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management;
- Oversee the development and implementation of a shareholder and stakeholder communications policy for the Company and the Group; and
- Reviewing the adequacy and the integrity of the management information and internal control systems of the Company including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board delegates the authority to implement the Group's strategies and managing the operations of the Group to the Group Managing Director and Deputy Group Managing Directors who are supported by a capable Management team. The Board has oversight on matters delegated to the Management whereby updates are reported at least on a quarterly basis or as and when required. Non-Executive Directors play key supporting roles, contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

In order to assist in the oversight function with respect to specific responsibility areas, the Board has established 4 Board Committees, namely, Audit and Risk Committee, Nomination Committee, Remuneration Committee and Employees' Share Scheme Committee. Details of the terms of reference of each Board Committees are stipulated in the Board Charter. The Board is regularly updated on the proceedings and deliberations of the Board Committees and recommendations will be highlighted and reported to the Board.

During the financial year under review, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, investment proposals, financial results as well as key performance indicators.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Chairman of the Board

The Board is led by Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad, an Independent Non-Executive Chairman. The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and sufficient time is allowed for discussion. When chairing Board meetings, the Chairman, amongst others, ensures the following:

(a) All relevant issues are on the agenda of Board meetings;
(b) The Board debates strategic and critical issues;
(c) The Board receives the necessary management reports relating to the Company's business on a timely basis;
(d) All Directors are able to participate openly in discussions at Board meetings; and
(e) Providing leadership to the Board and is responsible for the developmental needs of the Board.

Separation of position of Chairman and Group Managing Director

There is a clear division of responsibilities between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority. The Non-Executive Chairman is responsible for looking after the best interest of all shareholders by instilling good corporate governance practices, leadership and effectiveness of the Board, whilst the Group Managing Director, with the assistance of the Deputy Group Managing Directors, has the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the business operations and drives the Group's businesses and performance towards achieving the Group's vision and goals.

Company Secretaries

The Board has direct access to the advice and services of the Company Secretaries, whom are qualified to act in accordance with the requirements of the Companies Act, 2016.

In discharging its responsibilities, the Board is supported by Company Secretaries who are qualified, experienced, competent, and knowledgeable on laws and regulations issued by the relevant authorities. The Company Secretary is present for all Board and Board Committee meetings and act as counsel on corporate governance matters to the Board whilst also co-coordinating information flow as well as meeting proceedings. The roles and responsibilities of the Company Secretaries can be found in the Board Charter.

Access to information and advice

All Directors, including Independent Non-Executive Directors, have full and timely access to information concerning the Company or other external information as they may feel necessary in discharging their duties. Board papers and reports which include the Group's performance and major operational, financial and corporate information are distributed to the Directors at least 3 days prior to Board meetings to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting. The Board collectively, and each Director individually, has the right to seek independent professional advice in furtherance of their duties, at the Company's expense subject to the approval by the Board. Such request may be done via email or during the Board meeting.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Board Charter

The objectives of the Board Charter are to ensure that all Directors are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of, the Company.

The Board Charter is periodically reviewed to ensure that the content is kept contemporaneous with the latest regulations imposed by regulators and best practices whilst at the same time maintaining its relevance to the evolving circumstances of the Group. The Board Charter was last reviewed and updated on 27 May 2022 and is made available at the Company's website at www.azrb.com.

Code of Ethics & Conduct, Whistle Blowing Policy and Anti-Bribery & Corruption Policy

The Group has established a Code of Ethics & Conduct for Directors and employees which lays out the ethical, business and lawful conduct of the Company, including managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering and encapsulated in the Group's Human Resource Policies.

The Group has also adopted the Anti-Bribery and Corruption Policy ("ABC Policy") in line with the implementation of the new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). The ABC Policy is applicable to all Directors, employees and any person who performs services for and on behalf of the Group, which includes contractors, sub-contractors, consultants, suppliers, agents, intermediaries and representatives of the Group.

The Board allows employees and associates to report concerns they may have on any suspected and/or known improper conducts, wrongdoings, corruption, fraud and/or abuse in accordance with the procedures as provided under the Whistleblowing Policy.

The Code of Ethics & Conduct, ABC Policy and Whistleblowing Policy can be found on the Company's website for reference and to ease of access for reporting by Directors, employees and associates of the Group and are subject to regular review and updates.

A.2 BOARD SIZE AND COMPOSITION

As at 30 June 2022, the Board comprised of 3 Non-Independent Executive Directors, 1 Non-Independent Non-Executive Director and 4 Independent Non-Executive Directors. The present composition of the Board is in line with the requirements of Paragraph 15.02 of the Listing Requirements of having at least 2 or 1/3 of the Board comprising independent directors and the Company has met the criteria of having at least half of the Board comprises independent directors as recommended by MCCG.

The Board is satisfied that the size and composition of the present Board are optimum to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent directors. The Independent Directors have the appropriate combination of experience and expertise in accounting, finance and audit. The 8 members of the Board are persons of high calibre and integrity, and they have a sound understanding of the Group's business as well as deep industry expertise. They possess the skills, knowledge, experience and competencies to address key risks and major issues relating to the business and its policies and strategies. The profile of the individual Directors is set out on pages 14 to 23 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Appointment to the Board

As documented in the Board Charter, the Board may exercise the power pursuant to the Constitution to appoint a person who is willing to act as a Director either to fill a casual vacancy or as an additional Director upon appropriate recommendation by the Nomination Committee. The appointment of new directorship would be through a formal and transparent selection process and would take into consideration the evaluation of the candidates' abilities in terms of their skills, knowledge, experience, expertise and integrity to discharge their responsibilities. The Board recognises the importance of diversity and would take into consideration diversity in the selection process.

Re-election of Directors

In accordance to the Company's Constitution, Directors appointed during the year are required to retire and seek election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Constitution also requires 1/3 of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election every 3 years.

Time commitments

The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities. Their attendance at the board meetings during the financial year ended 30 June 2022 are set out in the table below:

Name	Attendance
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	4/5
Dato' Sri Wan Zakariah bin Haji Wan Muda	5/5
Dato' Ir. W Zulkifli bin Haji W Muda	4/5
Dato' Roslan bin Tan Sri Jaffar	5/5
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	5/5
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5/5
Tan Sri Dr Madinah binti Mohamad	5/5
Dato' Ir. Haji Che Noor Azeman bin Yusoff	4/4*

* *No. of Board meetings held since his appointment as Director on 14 October 2021*

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Listing Requirements.

Directors are provided with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions on pertinent matters. The circulation of meeting materials to Board members is carried out using a secured technological platform which facilitates seamless information flow and allows for timely enhancements to be made to the materials, if necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Boardroom and gender diversity

The Board is supportive of the diversity in gender, ethnicity and age. The Board will endeavour to improve diversity in the Board by widening the scope of director sourcing and actively looking for directors to add relevant expertise to the Board.

There are 5 female Directors in the subsidiaries of AZRB. The Board will continue to source for qualified female candidates without compromising on the business imperative.

Directors' Training

The Directors keep themselves abreast with the latest industry developments as well as new statutory and regulatory requirements by attending various training programmes, seminars and/or conferences to enable them to discharge their duties effectively.

The Board emphasises the importance of continuing education and training for its Directors to broaden their knowledge and keep abreast with recent developments of the business environment, relevant changes in laws and regulations and also in the areas related to their duties. During the financial year under review, the Directors have attended the various of training programmes, seminars and/or conferences as follows:

- Audit Oversight Board Conversation with Audit Committees
- CEC 2021 – Reducing CO2 Emissions in Support of Future Sustainability
- Circular Economy Conference 2021
- Economic Impact on Malaysia from rising geopolitical risks
- ESG Health Check
- Fintech & Blockchain 101
- Navigating the Turbulence for SMEs
- Rebuilding the Nation's Economy
- Smart Government & Public Services: Powering a Digital Nation
- Special Voluntary Disclosure & Amnesty Programme for Indirect Taxes
- Save our SME – Bolstering the Digitalisation of SMEs
- Value Creation Strategies

Nomination Committee ("NC")

The NC was established by the Board. All members of the NC are Independent Non-Executive Directors. Among others, the NC is to assist the Board to evaluate candidates for nomination to the Board and to assess the effectiveness of the Board and each individual Director on an on-going basis in terms of contribution, skills, experience and other qualities.

Details of the members of the NC with their respective attendance during the financial year ended 30 June 2022 are as follows:

Name	Attendance
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng - *Chairman*	3/3
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad – *Member*	3/3

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Terms of Reference of the NC is available for reference at www.azrb.com.

Key matters were discussed by NC, which amongst others:

- Assessing and recommending to the Board, the continuation of service of the Directors who are seeking re-election at the annual general meeting;
- Assessing and recommending to the Board on the appointment of chairman of subsidiaries of AZRB;
- To consider and recommend Independent Non-Executive Directors who have served for a cumulative term of more than 9 years to continue in office as Independent Non-Executive Director;
- To assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director according to the assessment process;
- To review annually the required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;
- Reviewing and assessing the annual performance and effectiveness of the Board and the Board Committees; and
- To review the term of office and performance of the Audit and Risk Committee and each of its members annually to determine whether the Audit and Risk Committee and members have carried out their duties in accordance with their terms of reference.

Independent Non-Executive Directors

The Board noted on the recent changes made to the Listing Requirements of Bursa Securities in limiting to no more than a cumulative term of 12 years from the date of first appointment as Independent Director, effective 1 June 2023. If the affected long-serving Independent Director is retained, the company must disclose in its annual report the justification for the retention and explanation thereof. The ability of a director to serve effectively as an independent director is very much dependent on his skills, knowledge, expertise and experience, professionalism, integrity and the ability to discharge his duties and responsibilities. The length of his service does not in any way diminish his exercise of independent judgement.

Whilst Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years each, the Nomination Committee has carried out the annual assessment and recommended to the Board for them to continue to act as Independent Non-Executive Directors of the Company, subject to shareholders' approval at the forthcoming AGM of the Company. The annual assessment was based on the following criteria:

- They fulfil the criteria under definition of Independent Non-Executive Directors as stated in the Listing Requirements and therefore, is able to bring independent and objective judgement to the Board;
- Their experience in industries relevant to the Group's business enables them to provide the Board and the Audit and Risk Committee, as the case may be, with pertinent expertise, skills and competence to enable the Board to discharge its responsibilities;
- Their commitment to the Company in terms of time spent on the Group, as evidenced by their meeting attendance;
- They were each assessed to be "independent in mind" with the will and ability to stand for an objective point of view; and
- They have been with the Company for an optimal period of time to understand the Company's business operations and has accumulated tacit knowledge which in turn enables them to contribute actively during deliberations or discussions at the Board and Audit and Risk Committee Meetings, as the case may be.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A.3 REMUNERATION

The Board believes that the level of remuneration offered by the Company is sufficient to attract and retain Senior Management, Executive and Non-Executive Directors needed to run the Company and to maximise shareholders' value. The component parts of remuneration packages have been structured to link rewards to corporate and individual performance for Senior Management and Executive Directors, whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities. In addition, all Senior Management and Directors are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in discharging their duties.

The details of the Directors' remuneration for the financial year ended 30 June 2022 are shown in the table below:

Name of Director	Received from the Company (RM'000)			Received from the Group (RM'000)		
	Fees and Meeting Allowance	Salary[1] and other emoluments	Benefits-in-kind	Fees and Meeting Allowance	Salary[1] and other emoluments	Benefits-in-kind
Executive Directors						
Dato' Sri Wan Zakariah bin Haji Wan Muda	5.0	1,205.1	37.5	106.2	1,216.1	80.2
Dato' Ir. W Zulkifli bin Haji Wan Muda	4.0	-	-	29.5	1,100	114.0
Dato' Roslan bin Tan Sri Jaffar	5.0	845.6	41.5	73.2	845.6	58.6
Non-Executive Directors						
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	234.2	-	32.7	234.2	-	32.7
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda *[Re-designated to Non-Executive Director on 1 July 2021]*	4.0	-	13.4	34.6	-	31.0
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150.5	-	-	212.5	-	-
Tan Sri Dr Madinah binti Mohamad *[Appointed on 16 August 2021]*	108.1	-	-	108.1	-	-
Dato' Ir. Haji Che Noor Azeman bin Yusoff *[Appointed on 14 October 2021]*	4.0	-	-	172.2	-	22.8
Datuk Wira Azhar bin Abdul Hamid *[Resigned on 15 July 2021]*	3.8	-	-	3.8	-	-

Note:
[1] *Excludes Employees Provident Fund ("EPF") and other statutory contributions.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

B.1 AUDIT AND RISK COMMITTEE ("ARC")

The ARC assists the Board in overseeing the financial reporting of the Group by reviewing the quarterly financial results and annual audited financial statements to ensure that they are drawn up in accordance with the applicable financial reporting standards and the requirements of the Companies Act, 2016 prior to recommending them for approval by the Board and subsequent issuance to the shareholders.

During the financial year under review, ARC consists of 3 members, all of whom are Independent Non-Executive Directors and a majority of them are members of Malaysian Institute of Accountants. They have undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

The terms of reference of the ARC is available on the Company's website. The membership of the ARC, meeting & attendance, training, summary of work and summary work of the internal audit function are set out on pages 46 to 48 under the Audit and Risk Committee Report of this Annual Report.

B.2 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibilities for the Group's system of risk management and internal control, which includes the establishment of an appropriate control environment and framework, reviewing the integrity, effectiveness and adequacy of these systems to ensure that the Group's assets and the shareholders' interests are safeguarded.

The Company has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. This function is embedded and carried out as part of the Group's operating and business management processes. The Group has also continued to implement its risk management procedures in areas of Enterprise Risk Management and Project Risk Management in its major subsidiaries. The ARC is delegated with the oversight responsibility of risk management. The Board, through its ARC, reviews the key risks identified to ensure proper management and mitigation of risks within its control.

The Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control which can be found on pages 28 to 34 of this Annual Report.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

C.1 COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the importance of timely and equal dissemination of all material business, corporate and financial developments affecting the Group to shareholders and other stakeholders. Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Board ensures that continuous disclosures made are effective and transparent whilst regular communication with its stakeholders are connected through a variety of communication channels such as annual report, circular to shareholders, press releases, announcements made through Bursa Malaysia including quarterly result and annual financial results, which provide shareholders with an overview of the Group's business and financial performances.

The Company maintains a corporate website at www.azrb.com which provides corporate and financial information of the Group. Shareholders and the public can also direct their queries through the email contacts provided in the corporate website.

C.2 CONDUCT OF GENERAL MEETINGS

The Directors regard the Company's AGM as an important opportunity for all shareholders to engage directly with the Board.

Notice of the AGM together with the Form of Proxy are given to shareholders at least 21 days prior to the AGM, which gives shareholders sufficient time to prepare themselves to attend the meeting or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

The 24th AGM held on 15 December 2021 was conducted on virtual basis via live streaming and through the Remote Participation and Voting facilities virtually in line with the Company's health and safety measures as per the Securities Commission Guidance and FAQs on the Conduct of General Meetings for Listed Issuers.

Besides all Directors including the Chairman of each of the Board Committees, Senior Management and the external auditors also attended the 24th AGM to respond to the questions raised by the shareholders or proxies. All resolutions as set out in the Notice of AGM held on 15 December 2021 were voted by poll and validated by an Independent Scrutineer. The proceedings at the 24th AGM were recorded in the minutes of meeting which is made available in the Company's corporate website.

This Corporate Governance Overview Statement was approved by the Board of Directors of the Company on 26 October 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities to prepare the financial statements so as to give a true and fair view of the financial position of the Group and the Company as at end of the financial period, and financial performance of the Group and the Company for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Companies Act 2016 ("Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In the preparation of the financial statements, the Directors have:

- ensured that applicable approved accounting standards have been complied with;
- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent where needed;
- prepared the financial statement on the going concern basis and disclose, as applicable, matters related to going concern and using the going concern basis of accounting unless either intends to liquidate or to cease operations, or have no realistic alternative but to do so; and
- ensured that necessary internal controls are in placed to enable the preparation of financial statements free from material misstatement, whether due to fraud and/or error.

The Directors are responsible for ensuring that the accounting and other records have been properly kept in accordance with the provision of the Act.

The Directors have overall responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This Statement of Directors' Responsibilities is made in accordance with a resolution of the Board of Directors dated 26 October 2022.

AUDIT AND RISK COMMITTEE REPORT

The Board of Ahmad Zaki Resources Berhad is pleased to present the Audit and Risk Committee ("ARC") Report for the financial year ended 30 June 2022.

COMPOSITION

The present members of the ARC are as follows:

Chairman
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
(A member of the Malaysian Institute of Accountants (MIA))
Independent Non-Executive Director

Members
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(A member of the Malaysian Institute of Accountants (MIA))
Independent Non-Executive Director

Tan Sri Dr Madinah binti Mohamad
Independent Non-Executive Director

TERMS OF REFERENCE

The written terms of reference of the ARC is accessible to the public for reference on the Company's website at www.azrb.com.

MEETINGS AND ATTENDANCE

Details of attendance of each member at the ARC meetings during the financial year under review are as follows:

	Date of meeting								
Members	7 July	29 Sept	22 Oct	30 Nov	27 Jan	23 Feb	27 May	30 June	Total attendance
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	√	√	√	√	X	√	√	X	6/8 (75%)
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	√	√	√	√	√	√	√	√	8/8 (100%)
Tan Sri Dr Madinah binti Mohamad *[Appointed on 14 October 2021]*	NA	NA	√	√	√	√	√	√	6/6 (100%)

AUDIT AND RISK COMMITTEE REPORT

The Group Managing Director, both Deputy Group Managing Directors, Group Chief Financial Officer and Financial Controller are invited to attend all ARC meetings to facilitate direct communications as well as to provide clarification on audit issues and the Group's operations, if any. The relevant person in charge of the respective division/project is also invited to brief the ARC on specific issues arising from the audit reports or any matters of interest, if required. The Chief Compliance Officer ("CCO") also attends the ARC meetings by invitation to present the reports on internal audit, risk management, sustainability, integrity and any other compliance or governance related matters.

The external auditors are also invited to attend the ARC meetings to present their reports on the audited financial statements. For each financial year period, a private meeting between the ARC and the external auditors without the presence of the Executive Directors and the Senior Management is organised to discuss on any audit feedback.

Beyond the formally scheduled or organised meetings, the ARC has unrestricted access to both the internal and external auditors, who report functionally and directly to the ARC. The ARC has established transparent framework to maintain an appropriate relationship with the Company's external auditors. During the financial year under review, the external auditors has provided assurance that its personnel are and have been independent throughout the conduct of the audit in accordance to the terms of relevant professional and regulatory requirements.

SUMMARY OF ACTIVITIES UNDERTAKEN BY ARC

The following activities were carried out by the ARC during the financial year ended 30 June 2022 in discharging its functions and duties:

Financial Reporting

(i) Reviewed the unaudited quarterly financial results of the Group including the announcements pertaining thereto presented by the Management before recommending to the Board for approval.
(ii) Reviewed the consolidated audited financial statements of the Company and the Group which were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards and the requirements of the Companies Act 2016 for recommendation to the Board for approval.

External Audit

(i) Reviewed and approved the audit planning memorandum covering the engagement team, materiality, audit scope, audit methodology and timing of audit, audit focus areas, significant accounting policies/disclosures, risk of false and misleading financial statements, directors' responsibilities, auditors' responsibilities and auditors' independence.
(ii) Reviewed the External Auditors' status of the audit.
(iii) Reviewed the audit fees of the External Auditors for the ensuing year prior to recommending to the Board for approval.
(iv) Reviewed the non-audit services rendered by the External Auditors to the Group for the financial year under review prior to engagement. The External Auditors also reported to the ARC their policies and measures taken to ensure independence and objectivity are maintained.
(v) Met with the External Auditors without the presence of Executive Directors and management team of the Company to discuss any issues of concern to the External Auditors arising from the annual audit. There was no major issue raised during the meetings.

Internal Audit ("IA")

(i) Deliberated and approved the annual IA plan and budget for the IA function for 2022.
(ii) Reviewed and discussed the IA reports which consist of the findings, recommendations and the management responses to ensure that all key risks were addressed and adequate controls were put in place on a timely basis.
(iii) Reviewed the IA's follow up reports on outstanding audit issues to monitor the effectiveness of corrective actions taken by Management.
(iv) Reviewed the effectiveness of the internal control and governance processes within the Group.
(v) Assessed the IA's proficiency, resources and independence to ensure adequate discharge of the duties and responsibilities of the IA function.

AUDIT AND RISK COMMITTEE REPORT

Risk Management

(i) Reviewed and discussed on the Risk Management Plan of the Company and its subsidiaries for the financial year ended 30 June 2022.
(ii) Reviewed and approved the Quarterly Risk Management reports of the Company and its subsidiaries.

Governance

(i) Reviewed the recurrent related party transactions ("RRPT") entered into by the Group on a quarterly basis. Reviewed any related party transactions and conflict of interest situations that may arise within the Company and the Group.
(ii) Reviewed the draft Circular to Shareholders with regard to the proposed renewal of shareholders' mandate for existing RRPT of a revenue or trading nature of the Group including the adequacy and appropriateness of the procedures for RRPT and the Audit Committee Statement stated therein.
(iii) Reviewed and discussed the Sustainability Plan of the Company and its subsidiaries for the financial year ended 30 June 2022.
(iv) Reviewed and recommended the following Corporate Statements for inclusion in the Company's Annual Report for Board's approval:
    - Sustainability Statement;
    - Statement of Risk Management and Internal Controls which was supported by an independent review by our External Auditors;
    - Audit and Risk Committee Report; and
    - Directors' Responsibility Statement for the financial year ended 30 June 2022.

Internal Audit Function

The Group's IA function is performed in-house and is independent from the main activities and operations of the Group. The IA reports functionally to the ARC and administratively to the GMD. The main role of the IA function is to undertake regular reviews of the Group's systems of internal controls, procedures and operations so as to provide risk-based and objective assurance to the ARC regarding the adequacy and effectiveness of governance, risk management and control process.

The IA activities during the financial year are summarised below:

- Prepared the annual IA plan for deliberation and approval by the ARC;
- Performed 19 audit reviews on business divisions and projects to ascertain the adequacy and compliance of their system of governance, risk management and internal control; and
- Conducted 4 follow-up audits to determine the adequacy, effectiveness and timeliness of action taken by Management on audit recommendations and provided updates on their status to the ARC.

The results of the audit reviews were discussed with Management and subsequently, the audit findings including the recommendations for improvement were presented to the ARC at scheduled meetings. In addition, the IA function carried out follow-up reviews to ensure that corrective actions have been implemented in a timely manner by Management and the results of such reviews are also periodically reported to the ARC. Although a number of internal control weaknesses were identified, none of the weaknesses have resulted in any material breaches that would require separate disclosure in this Annual Report.

The IA function is headed by the CCO, Khairudin bin Haji Mohd Ali who has diverse professional experience in internal audit, risk management and corporate governance fields. He is an associate member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. There are 7 internal auditors in the Group. The IA personnel are free from any relationships or conflict of interest, which could impair their objectivity and independence. The IA activities were conducted using a risk-based approach and were guided by the International Professional Practice Framework. The total cost incurred for the IA function for the financial year ended 30 June 2022 amounted to RM654,297.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not raise funds through any corporate proposal during the financial year ended 30 June 2022.

AUDIT FEES*

A breakdown of fees for audit and non-audit services incurred by the Company and on group basis for the financial year ended 30 June 2022 is set out under Note 8 of the Financial Statements of this Annual Report.

MATERIALS CONTRACTS OR LOANS WITH RELATED PARTIES

Save as those disclosed in the following recurrent related parties transaction of a revenue in nature, there were no other material contracts or loans entered into by the Company and its subsidiaries involving the interest of directors and major shareholders, either still subsisting at the end of financial year ended 30 June 2022 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

The value of related party transactions entered into by the Company and its subsidiaries during the financial year which have obtained shareholder's mandate in the previous AGM are qualified as follows:

Nature of the transactions with related party	Entered by AZRB and its subsidiaries	Period covered from 1 July 2021 to 30 June 2022 (RM'000)
(a) Purchases with subsidiaries of ZHSB:		
(i) MIM Waste Services Sdn Bhd	AZSB	183
(ii) Kemaman Quarry Sdn Bhd	AZSB	13
(iii) QMC Sdn Bhd	AZSB	566
(b) Sales with subsidiaries of ZHSB:		
(i) MIM Waste Services Sdn Bhd	AZSB	(111)
(ii) Kemaman Quarry Sdn Bhd	ICSB	(275)
(c) Insurance premium charged by ZHSB	AZRB	39
	AZSB	412
	ICSB	26
	AMSB	101
	PPSB	7
(d) Administrative services charged by ZHSB	AZSB	120
	ICSB	1
	KTIP	2
	TDSB	1
(e) Security services charged by the following companies:		
(i) ZHSB	AZSB	5,326
(ii) MIM Protection Sdn Bhd	AZSB	-
(f) Rental of land charged by Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	AZSB	36
	PPSB	729

ADDITIONAL COMPLIANCE INFORMATION

Relationship of the related parties:

(i)	Zaki Holdings (M) Sdn Bhd	-	ZHSB, the holding company of Ahmad Zaki Resources Berhad ("AZRB")
(ii)	Ahmad Zaki Sdn Bhd	-	AZSB, a wholly-owned subsidiary of AZRB
(iii)	Inter-Century Sdn Bhd	-	ICSB, a wholly-owned subsidiary of AZRB
(iv)	Temala Development Sdn Bhd	-	TDSB, 70% owned subsidiary of AZRB
(v)	AZSB Machineries Sdn Bhd	-	AMSB, a wholly-owned subsidiary of AZSB
(vi)	Peninsular Precast Sdn Bhd	-	PPSB, a wholly-owned subsidiary of AZSB
(vii)	Kemaman Technology & Industrial Park Sdn Bhd	-	KTIP, 60% owned subsidiary of AZSB
(viii)	MIM Protection Sdn Bhd	-	A company in which Dato' Sri Wan Zakariah bin Haji Wan Muda and Dato' W Zulkifli bin Haji W Muda have substantial equity interests and are also Directors

EMPLOYEES' SHARE SCHEME ("ESS")

The ESS was approved by the Company's shareholders at the Extraordinary General Meeting held on 17 March 2014 and ESS was implemented on 18 August 2014 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 ESS comprises ESS Options and ESS Share Award.

(a) ESS Options and ESS Share Award granted up to the end of the financial year:

	ESS Options		ESS Share Award	
	Total	Directors	Total	Directors
Granted	-	-	-	-
Forfeited	249,665	180,000	-	-
Exercised	-	-	-	-
Outstanding as at 30.06.2022	2,685,540	1,990,000	-	-
Vested during the financial period	-	-	-	-

ADDITIONAL COMPLIANCE INFORMATION

(b) ESS Options and ESS Share Award granted to Directors and Senior Management during the financial year and since commencement of ESS:

	During the financial year		Since commencement of ESS	
	ESS Options	ESS Share Award	ESS Options	ESS Share Award
Maximum allocation (%)	-	-	48.02	-
Actual allocation (%)	-	-	48.02	-

(c) Non-Executive Directors were granted ESS Options during the financial year:

Name of Director	Amount of ESS Options granted	Amount of ESS Options exercised
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	-	-
Tan Sri Lau Yin Pin @ Lau Yen Beng	-	-
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	-	-
Tan Sri Dr Madinah binti Mohamad	-	-
Dato' Ir. Haji Che Noor Azeman bin Yusoff	-	-

Notes:

* The following particulars in relation to the audit and non-audit services rendered to the listed issuer or its subsidiaries for the financial year:

  (a) amount of audit fees paid or payable to the listed issuer's auditors, stating the amount incurred by the listed issuer and the amount incurred on a group basis respectively; and
  (b) amount of non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm, stating the amount incurred by the listed issuer and the amount incurred on a group basis respectively. If the non-audit fees incurred were significant, details on the nature of the services rendered. If no non-audit fees were incurred, a statement to that effect.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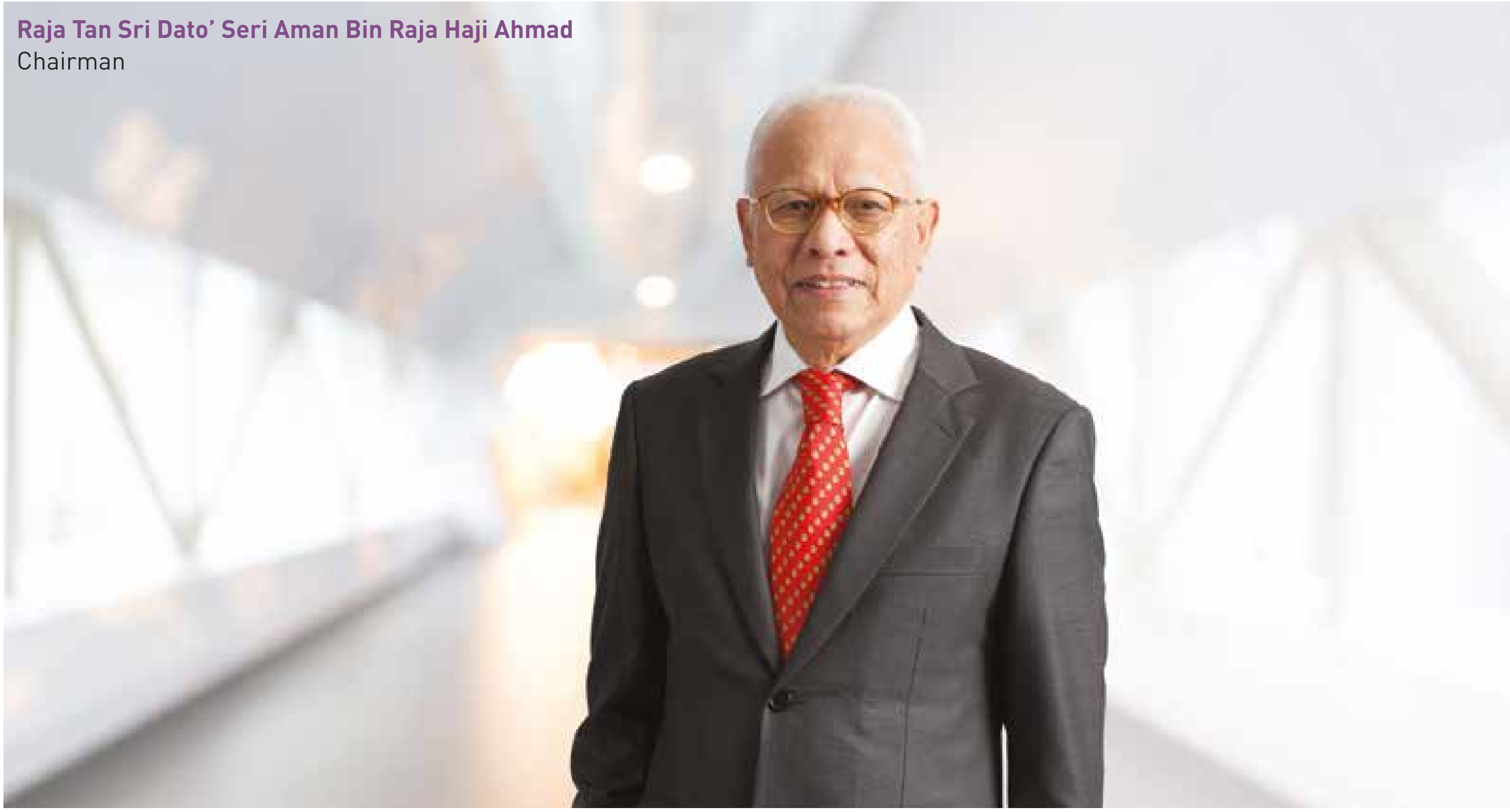
CHAPTER 03

PERFORMANCE DRIVEN

CHAIRMAN'S STATEMENT



Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad
Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), it is my pleasure and privilege to present the Annual Report and Financial Statements of Ahmad Zaki Resources Berhad ("AZRB" or "the Group") for the financial year ended 30 June 2022.

OVERVIEW

The year ended 30 June 2022 began as how the previous year ended, with the Covid-19 pandemic ("the Pandemic") still very much at the forefront of things. The key development in 2022 as compared to 2021 was the roll out of the national covid immunisation programme (PICK) where the Government through the Ministry of Health made available the Covid-19 vaccination to the whole population, including children. This had the great effect of reducing the number of Covid-19 cases and better still reduce the need for hospitalisation. This in effect made what was a supremely hazardous pandemic with high death rates into one that was a lot more survivable and treatable.

CHAIRMAN'S STATEMENT

"We, at AZRB, have not been spared from this delayed impact. The Pandemic period has left us needing to manage our remaining reserves very prudently after having used the bulk of our cash reserves riding out the major disruptions faced during the period."

The ultimate result of the PICK vaccination programme was it allowed the Government to remove all the drastic restrictions that we witnessed in 2020 and 2021 as well as allowing free flow travel as border and travelling restrictions were lifted. Certainly, from a wellbeing perspective, 2022 has been a great year as compared to 2021.

Whilst the transition from pandemic to endemic classification has allowed the government to remove the vast bulk of pandemic related restrictions, the economic and financial impact of the Pandemic has lingered and continued to affect the entire Malaysian economy as a whole. We, at AZRB, have not been spared from this delayed impact. The Pandemic period has left us needing to manage our remaining reserves very prudently after having used the bulk of our cash reserves riding out the major disruptions faced during the period. At the same time, the roll out of new projects has not been at the pace the industry originally anticipated.

Whilst this is understandable as the Government has had to prioritise its battle against the Pandemic, the dearth of projects has left many industry players struggling. Indeed, we have seen the volume of work that we do decrease drastically over the last few years.

The middle of the financial year also saw a major global event unfold with the start of the Russo-Ukrainian war. The war saw energy prices climb rapidly, adding to the inflationary woes in the post Pandemic world. The inflationary pressure was felt across the board from foodstuff, household items and more pertinent to our core business, i.e. Engineering and Construction ("E&C"), cost of building materials. The rise in borrowing rates over the past year has also had an effect over the overall business environment in addition to the direct impact of more expensive borrowings from the Group's perspective.

CHAIRMAN'S STATEMENT

Overall, for the financial year ended 30 June 2022, the Group posted total revenue of RM723.1 million and a net loss of RM66.1 million. In comparison, the Group reported revenues of RM847.0 million and net loss of RM75.1 million for the previous financial year ended 30 June 2021. The deterioration in terms of revenue is reflective of the lesser number of active projects the E&C Division has been working on this year offset by an increase in revenue from the Plantation Division. The slight improvement in terms of net loss for the year has been due to improvements seen in the Oil & Gas ("O&G") and Property divisions whilst the E&C division showed poorer results compared to the previous financial year.

THE CONTINUING STORM

The continuing economic condition amid the very volatile geo-political situation has resulted in things not panning out as planned for the whole Group. For the E&C division, it has struggled to replenish its construction order book over the last few years with the only joy being on 28 February 2022 when the division received a letter of award from the Majlis Ugama Islam dan Adat Resam Melayu Pahang ("MUIP") for the construction of a mosque and Islamic centre complex at Kota Sultan Ahmad Shah in Kuantan, Pahang. This contract is worth RM205.4 million and will take 24 months for completion. Whilst we most definitely welcome this new contract, the total value of new orders won Is still well short of the RM500 million minimum annual target we have always set for ourselves.

On the ongoing projects, we faced a slowdown in terms of work on our East Klang Valley Expressway ("EKVE") project due to funding issues. However, with the help of the project financiers as well as the government of Malaysia, we have now secured additional funding to see the EKVE project to completion.

The continuing headwinds were not only felt by the E&C division, the plantation division also had more than its share of challenges. As mentioned, 2022 saw significant inflation on basic living essentials, resulting in a drastic rise of cost of living.

In Indonesia, a cooking oil crisis due to an acute shortage of supply and sharp increase in prices of cooking oil triggered a spate of policies from the Indonesian government that culminated in an outright ban on crude palm oil ("CPO") exports between April to May 2022. Even with the ban lifted in May 2022, there were still policies in place that discouraged exports in a bid to make more CPO available for the domestic market. Unfortunately, Indonesia also struggled with capacity constraints for the refining of CPO. As a result, sales in CPO drastically dropped in the last quarter of the year due to refineries being overwhelmed with supply as a result of the export ban. The management took this period as an opportunity to schedule heavy maintenance on the division's palm oil mill. Whilst the repairs and refurbishment has been completed, inventory levels of CPO nationwide remain high but is decreasing. This will allow refineries and exporters to resume purchases of CPO from oil palm estates.

A glimmer of light for 2022 were the performances of both the O&G and Property divisions. We have seen an uptick in activity at both Kemaman Supply Base ("KSB") and especially at our Tok Bali Supply Base ("TBSB"). A significant event for the O&G division was the signing of an up to 20 year extension for bunkering operations at KSB by our wholly owned subsidiary, Inter-Century Sdn Bhd. This bodes well for the Group as it will provide a steady stream of income for the Group as it always has since its inception in 1993. Meanwhile, TBSB saw an increase in activity as our major customers continue to familiarise themselves with the base and in turn increasing the number of port calls at TBSB.

CHAIRMAN'S STATEMENT

For the property division, the division successfully handed over the first phase of double storey link houses at Laman Temala, near Ajil, Terengganu. The division also saw a tremendous response to its second phase of single storey link houses at Tiara Paka, in Paka Terengganu where all 23 units on offer were fully booked within a couple hours of launching. The division is now working hard to get the necessary approvals to convert those bookings to actual sales whilst releasing the remaining 26 units of single storey link houses that forms part of Phase 2 of link houses at Tiara Paka. We are confident to see these sales through based on the actual waiting list that has been compiled so far.

LOOKING FORWARD

First and foremost, both the Board of Directors and Management of AZRB are very much looking forward to the completion of EKVE in the coming financial year especially now that additional funding is in place. We are also excited for TBSB to continue build up its volume and earnings. The end of 2022 saw an encouraging upward trend for TBSB and we are confident that this uptrend will continue in 2023.

For the Plantation division, the start of the new financial year will see the division's performance continue to be hampered by the lingering volatility in the Indonesian market as a result of the Indonesian government policy decisions of 2022. Although the global price of CPO has come down from the highs seen in 2022, we are confident of the continued strong demand for palm oil, primarily driven by increasing global demand for edible oils and most notably, biofuels.

As the world governments gather together to tackle the issue of global warming, the need for more sustainable fuel options have increased. One sector that has seen demand rising fast is the area of sustainable aviation fuel ("SAF"). This increasing demand bodes well for the oil palm plantation industry and thus our plantation division.

Whilst we are encouraged by the improvements at our O&G division and the general outlook for the plantation sector, our close attention continues to be on our core business, i.e. the E&C division. The Board is very cognisant of the challenging environment the whole industry is facing as a result of the Pandemic. As such, the Board, including the independent directors, is more than prepared to assist the management in managing the current difficult situation that the E&C division is in. The Board is encouraged that there are a number of projects in the pipeline that would greatly help the division rebuild its order book. Here, the Board is ever willing to help promote the division's expertise and competency in order to secure those projects in the near future.

APPRECIATION

On behalf of the Board, I wish to express my sincerest gratitude and appreciation to the shareholders, various government agencies, clients, consultants, suppliers and business partners who have contributed significantly to our success and for the continuous support and confidence in the AZRB Group.

I would also like to register my deepest gratitude to all the people at AZRB and its Group of Companies for all their sacrifice, dedication and commitment to the Group's cause. The Board and I acknowledge that we continue to go through difficult times and that together, we will overcome all these challenges.

Lastly, I wish to place on record my deepest appreciation to my fellow members of the Board, both at Group level as well as the various subsidiaries for their wise counsel, guidance and invaluable contributions.
Thank you.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Dato' Sri Wan Zakariah Bin Haji Wan Muda
Group Managing Director

Dear Valued Shareholders,

On behalf of the Senior Management of Ahmad Zaki Resources Berhad ("AZRB" or "the Group"), I hereby present our report for the financial year ended 30 June 2022 ("2022"). It goes without saying that this financial year is in effect a continuation of the previous financial year in terms of the challenges that the Group continues to face.

The Covid-19 Pandemic ("the Pandemic") left a palpable strain on the Group. As a start, the many lock-down periods and pandemic induced restrictions over the last 2 years or so, resulted in the Group utilising the bulk of our cash reserves, with little in the way of replenishment as the availability of new construction work was near zero. As such, we have had little in the way of any new contracts over the last 2 years which would help us shore up our balance order book. As a result, for our Engineering and Construction ("E&C") Division in particular, 2022 was a year where we saw the perfect storm of completion of projects but with little to no revenue from new projects to take up the slack in revenue recognition due to projects completing.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the challenging situation that the Group faced during the year, there was one bright highlight especially for the E&C Division, which was the award from the Majlis Ugama Islam dan Adat Resam Melayu Pahang ("MUIP") for the construction of mosque and Islamic centre complex at Kota Sultan Ahmad Shah in Kuantan, Pahang ("the Kota SAS Mosque Project").

To add to the woes of the longer term effects of the Pandemic, were the various global geo-political events. Of biggest impact was the Russian invasion of Ukraine in February 2022. Prior to this invasion, the post Pandemic world had already seen severe inflationary pressure due to acute global supply constraints. These constraints affected everything from foodstuff like potatoes to high tech microchips and also, more pertinent to us, building materials like steel. The Russian invasion of Ukraine exacerbated matters by causing a shock to global oil & gas prices as western nations imposed sanctions against Russia, a major exporter of oil & gas.

Despite the challenging situation that the Group faced during the year, there was one bright highlight especially for the E&C Division, which was the award from the Majlis Ugama Islam dan Adat Resam Melayu Pahang ("MUIP") for the construction of mosque and Islamic centre complex at Kota Sultan Ahmad Shah in Kuantan, Pahang ("the Kota SAS Mosque Project"). This contract is worth RM205.4 million and will take 24 months for completion. This was the Group's first major construction contract in over 3 years.

Whilst the division was able to celebrate this new award, the division also faced significant headwinds particularly with respect to the East Klang Valley Expressway ("EKVE") project. Due to the rising cost of construction, including additional construction work that was not originally stipulated in the concession agreement as well as having the bear higher than anticipated land acquisition costs, the EKVE project suffered a slowdown of works due to a shortfall of funding to complete the last few stages of construction for the project. After discussions with the project's financiers and the government, both the commercial financiers and the government have graciously stepped in to provide additional funding that will help see the project to completion. With this funding now in place, we anticipate the full opening and operation of EKVE by end of the financial year ending 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

As mentioned above, the ramifications of the Pandemic continue to affect the Group and its operations. In particular, results at the Group's E&C Division showed a drastic change from the prior financial year. The Oil & Gas Division ("O&G") still saw delays in commencement of some of the planned exploration and development works. As a result, the expected pick up in activities at our Tok Bali Supply Base ("TBSB") was subdued as compared to our expectations during the year. Nevertheless, for the second half of 2022, the O&G division saw a discernible uptick in activities especially at TBSB. Towards the end of 2022, we were encouraged to see TBSB turn positive and this trend should continue into the next financial year.

For the full financial year ended 30 June 2022, the Group recorded a revenue of RM723.1 million as compared to RM847.0 million for the financial year ended 30 June 2021. This represents a 14.63% decrease between 2022 and 2021. Of the RM723.1 million revenue reported for 2022, the E&C Division continued to lead the way with RM357.9 million (2021: 627.2 million), followed by Plantation Division ("Plantation") with RM214.4 million (2021: 124.3 million), O&G Division with RM58 million (2021: RM40.7 million), Concession Division with RM54.3 million (2021: RM51 million) and finally Property Division with RM38.6 million (2021: RM3.9 million).

In terms of profit or loss for the period, in 2022, the Group reported a loss for the year of RM66.1 million (2021: RM75.1 million). This was an improvement over 2021 results of about 11%. The lower loss was due to significant measures the Group undertook to reduce its cost base so as to mitigate the situation. General improvements at the O&G divisions also helped to mitigate the losses as the improving revenue in those divisions helped to cover more costs, the bulk of which are fixed costs in nature. As with 2021, I am pleased to report that as we navigated the challenges of the post-Covid world, the Group received and continues to receive immense support from its many business partners, in particular, the Group's lenders, many of whom went the extra mile to lend support to the Group during these trying times. These included granting indulgences to the Group through moratoriums as well as helping to restructure some of the Group's borrowings in tandem with the changed landscape. The support the Group received was key to the Group's ability to see out 2022.

Engineering and Construction Division

The E&C Division remains the Group's primary top line contributor with a recorded revenue for 2022 of RM357.9 million (2021: RM627.2 million). However, as presented, the division experienced a sharp decrease in revenue due to the significant fall in construction volume during the year as highlighted earlier. With many of our existing pre-Pandemic projects reaching successful completion but with no new construction wins in the last 3 years prior to the Kota SAS Mosque project, our revenue recognition took a significant hit during the year. As a whole, the E&C Division reported a loss before tax in 2022 of RM38.3 million (2021: RM3.7 million). The widening of losses is primarily due to the reduction in revenue to fully cover the cost base as well as recognition of cost overruns from completed projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Plantation Division

Whilst the Plantation division was already the second largest revenue contributor to the Group in 2021, 2022 saw the division's revenue almost double that what it had reported in 2021. In 2022, revenue recorded was RM214.4 million (2021: 124.3 million), which in turn was 72.5% increase from 2021. The rise in revenue was both due to higher crude palm oil ("CPO") prices realised in 2022, with an average price of RM3,864 per tonne (2021: RM2,616 per tonne), and higher volume of sales where in 2022, a total of 49,537MT of CPO was sold (2021: 40,413MT). However, as much as we were able to increase our revenue, the division still reported losses for the year. In 2022, the division recorded a loss before tax of RM48.2 million (2021: RM45.1 million).

The losses are still primarily due to the fact that the bulk of our CPO sales are realised from the purchase and processing of external fruits. Our internal production remains lower than anticipated primarily due to the unavailability of skilled harvesters.

Due to the restrictions in movement that was enforced throughout Indonesia for the most part of 2022, our division was not able to bring in the necessary number of harvesters from other areas in Indonesia into our estate to help address the issue. Our loss for the year was also due to the drastic Indonesian government intervention in the palm oil market in the 3rd and 4th financial quarters of 2022. The sharp rise in cooking / edible oil prices on the Indonesian market in the middle of 3rd quarter resulted in the Indonesian government banning all exports of CPO so as to reserve all CPO production volume for the domestic market, in particular for use in cooking oil production. Whilst the hike in cooking oil prices in Indonesia was caused by a shortage of supply, the shortage of supply in turn was not caused by excessive export of CPO overseas but rather due to limitation of domestic refining capacity in Indonesia. The ban on exports had a profound impact on all plantation companies as it had to contend with stocks of CPO it couldn't export and as a result domestic CPO inventory levels increased significantly. For the division, this meant very minimal sales in the final quarter in the year and as a result the division made the decision then to perform heavy maintenance on its palm oil mill ("POM") so as to improve productivity and efficiency in the future. In the meantime, the export ban has been fully lifted and CPO inventory levels have been decreasing and thus enabling the division to resume production and sales of CPO.

Oil and Gas Division

In 2022, we saw global oil prices generally increase to trade around the USD60 per barrel mark. However, geo-political events in 2022, namely the Russian invasion of Ukraine resulted in a sharp rise of oil & gas prices with oil in particular, going above USD100 per barrel for a number of months in the second half of the FY2022. The general uptick and stability of oil & gas market has spurred the major oil & gas players to initiate new exploration and development campaigns and our division will be a direct beneficiary of this. For 2022, the division recorded a revenue of RM58.0 million (2021: RM40.7 million) an increase of 42.5%. In terms of profitability the division recorded a loss before tax of RM5.1 million in 2022 as compared to a loss before tax of RM10.5 million. We are heartened to see the significant pick-up in activity at TBSB as our major customers continue to increase their presence and activities at TBSB.

MANAGEMENT DISCUSSION AND ANALYSIS

Concession Division

The Concession Division remains the Group's main pillar of strength with continued strong numbers both in terms of revenue and profitability. For 2022, the division recorded a steady revenue of RM54.3 million (2021: RM51.0 million) and profit before tax in 2022 of RM63.5 million (2021: RM65.0 million). As per expectations, the division continues to contribute steady and stable results to the Group.

Property Division

2022 was a good year for the Property division as it was finally able to handover its first phase of double storey link houses at its Laman Temala housing township in Marang, Terengganu. The first phase consisted of 102 units and we are more than pleased to say that all 102 units were sold. For this first phase, full revenue was only recognised on completion and handover of units. As a result, the division recorded a revenue in 2022 of RM38.6 million (2021: RM3.9 million) and a profit before tax of RM2.8 million as compared to a loss before tax of RM2.6 million in 2021.

PROSPECTS

The general global economic outlook is subdued at best with a high risk of recession in many major economies in 2023. This view is spurred on by the controversial decisions by many central banks, in particular the United States Federal Reserve of raising interest rates seemingly in a bid to bring inflation under control. In turn, many other central banks, including Bank Negara Malaysia are forced to raise local interest rates in tandem so as to maintain some level of parity in the exchange rates. Despite this, the US Dollar exchange rate to the Malaysian Ringgit has gone up to USD1 to RM4.64 as at 30 September 2022 as compared to USD1 to RM4.15 as at 1 July 2021. This has had a profound effect on the Group including, higher finance costs that the Group has had to bear and higher building material costs, which was already increasing due to supply constraints.

Even so, many economists, including those at the World Bank warned against central banks raising interest rates. In their statement issued on 15 September 2022, the World Bank warned that the current rate rises, if "accompanied by financial market stress, global gross domestic product ("GDP") growth will slow down to 0.5% in 2023 - a 0.4% contraction in per-capita terms that would meet the technical definition of recession". Furthermore, the World Bank believes that increasing interest rates may not be sufficient to bring global inflation back down to pre-Pandemic levels. Instead, the World Bank believes that global policy makers should shift their focus from reducing consumption to boosting production as well as generate greater investment and productivity gains. This is based on the fact that the current inflationary pressures are driven by severe supply constraints and labour market pressures. Unless these two factors subside, the global core inflation rate, excluding energy could stay about 5% in 2023.

For our E&C Division, whilst we generally expect the market to continue being soft in 2023, we are currently working hard to finalise and obtain letters of awards for a couple of projects that we are currently in discussion for. Additionally, we look forward to the roll out of some large scale projects such as the Klang Valley Mass Rapid Transit Project Line 3 ("MRT3") and the possible revival of the High Speed Rail project connecting Singapore and Malaysia. In the immediate term, our E&C Division will be focussing on the completion of the EKVE project now that the financing issues on the project has been resolved.

MANAGEMENT DISCUSSION
AND ANALYSIS

In terms of the Plantation Division, whilst CPO prices have come down over the year, it is still at a level where the price is still considered sustainable. Additionally, with the Indonesian market returning back to level of normality and stability, we expect the division to show improvement in 2023 especially since our POM had undergone heavy maintenance in 2022 and will be in a position for optimum output.

The recent decision by the Organisation of Petroleum Exporting Countries ("OPEC") to reduce oil production by 2 million barrels per day should have a positive impact on our O&G Division. The decision has had the effect of raising oil & gas prices and this will help spur the industry to invest more in exploration and development activities especially in the North Malay Basin and Malaysia – Thailand Joint Development Area, both of which are ideally served by our TBSB.
Last but not least, we are excited for our Property Division. It has a number of property launches lined up during the year. In a recent soft launch event at out Tiara Paka development where 23 units of single storey houses were offered for booking, we were pleasantly surprised to have all 23 units fully booked. Given the encouraging response, the division is accelerating plans for more launches at Tiara Paka as well as Laman Temala in late 2023.

APPRECIATION

A special thanks too for all our financiers who have worked hand in hand with the Group during these most challenging of times. Their understanding of the difficult situation and climate the Group is operating in has been comforting. We will continue to engage with our financiers to ensure the Group continues to remain on stable footing as the Group looks forward to the future.

Last but not least, our sincerest appreciation to our shareholders, various Government agencies, clients, consultants, suppliers and business partners who have stuck with us through thick and thin and who continue to be pivotal tour success. We look forward to their continued support and confidence in the AZRB Group.
Thank you.

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA
GROUP MANAGING DIRECTOR

CHAPTER 04

SUSTAINABILITY REPORT

- Sustainability Statement

SUSTAINABILITY STATEMENT

ABOUT THE SUSTAINABILITY STATEMENT

We are pleased to present our fifth-year publication of AZRB's Sustainability Statement ("Statement"). The content provides the information, initiatives and performance overview of our Economic, Environmental and Social ("EES") values within the AZRB Group during the financial year ended 30 June 2022.

REFERENCES AND GUIDELINES

This Statement is produced in accordance with the following guidelines, references and framework to aid in addressing our sustainability matters in the organisation and its disclosures.

Principal Guideline

Bursa Malaysia's Sustainability Reporting Guide

Supplementary Guideline

FTSE4 Good Bursa Malaysia Index Rating Guide

Commitment

Sustainability Development Goals

SCOPE AND LIMITATION OF THE STATEMENT

For this year's edition, this Statement discloses all five divisions in the AZRB Group, comprising Engineering & Construction ("E&C"), Plantation, Oil & Gas ("O&G"), Concession and Property. The details of the projects or subsidiaries covered in this Statement are as follows:

DIVISION	PROJECT/SUBSIDIARIES	DESCRIPTION	LOCATION
E&C	PJHZ	Two blocks of office buildings, retail spaces, external works, basement parking and access road	Precinct 1, Putrajaya
	UDA	Mixed development project of residential and office tower with basement carpark	Kampung Baru, Kuala Lumpur
	PNB 1194	35-storey office block and 50-storey hotel tower	Jalan Sultan Ismail, Kuala Lumpur

SUSTAINABILITY STATEMENT

DIVISION	PROJECT/ SUBSIDIARIES	DESCRIPTION	LOCATION
E&C	UTP2	Academic building for Faculty of Geoscience & Petroleum Engineering and TNB 33kV substation	Universiti Teknologi Petronas, Tronoh, Perak
	POC	Petronas office complex and Petronas 1 operations complex, new annex building, infrastructure and landscaping works	Kerteh, Terengganu
	KLORR	Dual two-lane East Klang Valley Expressway ("EKVE") with a total length of 39.66 kilometres ("km")	Sungai Long, Kajang to Ukay Perdana, Ulu Klang, Selangor
	PNB118	Construction of Jalan Hang Jebat, Jalan Kenanga and Chin Woo Tunnels and associated works of PNB 118	Jalan Hang Jebat, Kuala Lumpur
	MRTV202	Viaduct guideway and other associated works from Persiaran Dagang to Jinjang	Kepong, Kuala Lumpur
	MRTS202	Elevated stations and other associated works at Kepong Sentral, Metro Prima, Kepong Baru and Jinjang	Kepong, Kuala Lumpur
	MRTS206	Elevated stations and other associated works at Serdang Raya (South), Seri Kembangan and University Putra Malaysia	Seri Kembangan, Selangor
	TGLK	Dual two-lane bridge across Sungai Kuantan to connect Kuantan City and Tanjung Lumpur and fly-over known as Kuantan Putra Bridge	Tanjung Lumpur, Kuantan, Pahang
	MBK	Development of city mosque institution and Islamic Centre Complex	Kota Sultan Ahmad Shah, Kuantan, Pahang
O&G	TB Supply Base Sdn. Bhd. ("TBSB")	Integrated support services and facilities for oil and gas industry in the offshore Peninsular Malaysia and Gulf of Thailand	Tok Bali, Kelantan
	Inter-Century Sdn. Bhd. ("ICSB")	Supply of marine fuel products and lubricants at Kemaman Supply Base on the O&G platforms operating in offshore East Coast of Peninsular Malaysia	Kemaman, Terengganu
Plantation	PT Ichtiar Gusti Pudi ("PTIGP")	Operation of palm oil plantation – estates and mill	Landak, West Kalimantan, Indonesia

SUSTAINABILITY STATEMENT

DIVISION	PROJECT/SUBSIDIARIES	DESCRIPTION	LOCATION
Concession	Peninsular Medical Sdn. Bhd. ("PenMedic")	25-year concession contract with International Islamic University of Malaysia ("IIUM") and Ministry of Higher Education to design, build, finance and maintain a 300-bed teaching hospital, namely Sultan Ahmad Shah Medical Centre ("SASMEC")	Kuantan, Pahang
	East Klang Valley Expressway ("EKVE")	50-year concession contract with Ministry of Works for the design, construction, operation and maintenance of the expressway. EKVE is currently under construction.	Sungai Long, Kajang to Ukay Perdana, Ulu Klang, Selangor
Property	Temala Development Sdn. Bhd. ("TDSB")	Property development consists of 102 units double storey terrace house known as Perumahan Penjawat Awam Malaysia ("PPAM") Puncak Temala (Phase 1), completed in September 2021. Puncak Temala is an integrated township comprising 5 main phases of residential and commercial components sitting on 67 acres land.	Bukit Payung, Marang, Terengganu
	Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP")	An approximately 303 acres of integrated development which consists of 5 main phases of 80 acres residential component known as Tiara Paka and 223 acres of commercial and industrial components known as Taman Industri Paka.	Paka, Dungun, Terengganu
	Residence Inn and Motel Sdn Bhd	Residence Inn Cherating ("RIC") offers 138 rooms rated with 3-star and provides several facilities to its guests such as fitness center, training rooms, swimming pool, poolside bar and car power charging station.	Mukim Sungai Karang, Kuantan, Pahang

CONTACT US

We welcome your feedback to improve our initiatives in addressing our stakeholders' concerns. Comments and suggestions can be raised to sustainability@azrb.com.

SUSTAINABILITY STATEMENT

COMMITMENT TO SUSTAINABILITY

SUSTAINABILITY AT AZRB

At AZRB, we are committed to ensuring sustainable growth and development and achieving sustainable returns. Therefore, the role of having responsible corporate practices matters greatly to us. Guided by our Sustainability Framework and Sustainability Policy, we continue to incorporate sustainability in our operations.

SUSTAINABILITY GOVERNANCE

AZRB's sustainability governance is key to ensuring that we continuously follow through with our commitment to create value for our stakeholders.

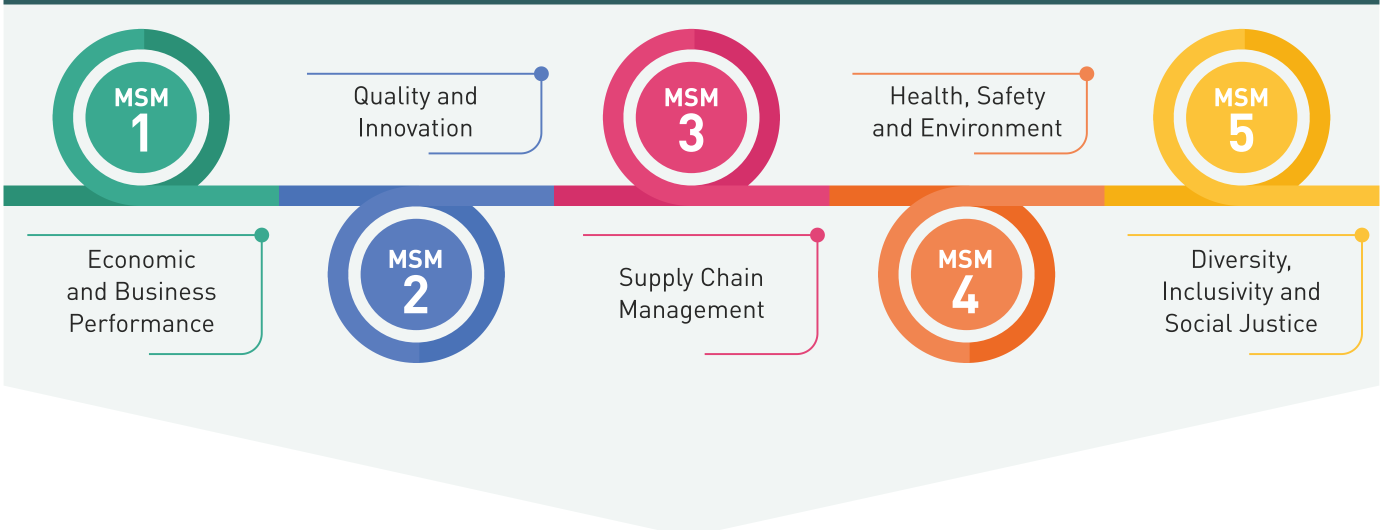
AZRB's Board of Directors ("Board") maintains oversight of the Group's sustainability strategy and performance. The Audit and Risk Committee ("ARC") provides focused oversight on the effective implementation of the sustainability strategy. The Board is supported by the Group Managing Director ("GMD"), Sustainability Working Committee ("SWC") and Sustainability Department ("SD") which acts as secretariat to track the implementation of group-wide sustainability strategy.

SUSTAINABILITY STATEMENT

MANAGING OUR MATERIAL SUSTAINABILITY MATTERS

We aim to improve lives by promoting economic growth, conserving the environment and people within our operations. Hence, we have developed a Sustainability Strategy which balances the needs of Economy, Wellbeing, Nature, and Social, with the considerations of addressing our focused Material Sustainability Matters ("MSM").

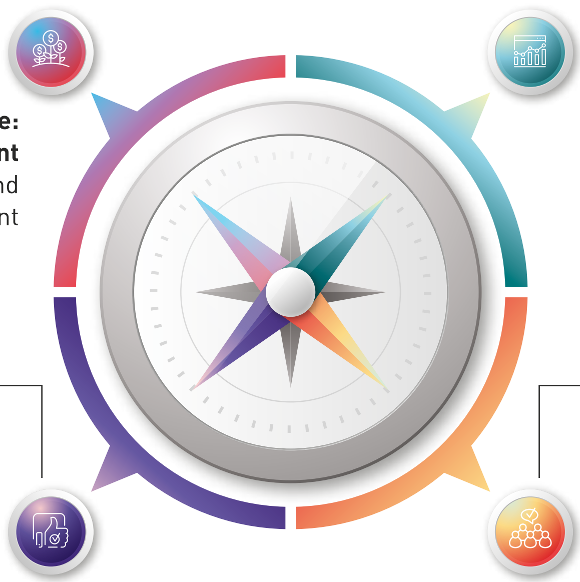
MATERIAL SUSTAINABILITY MATTERS



SUSTAINABILITY STRATEGY

Nature:
Reducing Environmental Footprint
MSM 4: Health, Safety and Environment

Economy:
Enhancing Economic Value
MSM 1: Economic & Business Performance
MSM 2: Quality & Innovation
MSM 3: Supply Chain Management



Wellbeing:
Cultivating a Healthy & Safe Workplace
MSM 4: Health, Safety and Environment
MSM 2: Quality and Innovation

Social:
Enhancing Local Community
MSM 5: Diversity, Inclusivity and Social Justice

SUSTAINABILITY STATEMENT

Our Sustainability Strategy is aligned with the United Nation's Sustainable Development Goals ("SDGs").

SUSTAINABILITY STRATEGY	SDGS
Economy: Enhancing Economic Value	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Wellbeing: Cultivating a Healthy & Safe Workplace	3 GOOD HEALTH AND WELL-BEING; 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Nature: Reducing Environmental Footprint	6 CLEAN WATER AND SANITATION; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND
Social: Enhancing Local Community	1 NO POVERTY; 2 ZERO HUNGER; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS

SUSTAINABILITY STATEMENT

SUSTAINABILITY STRATEGY

In delivering our commitment to sustainability, we have identified risks, opportunities and appropriate actions taken to address our Sustainability Strategy within the ambit of the EES that are crucial to the Group's operations and towards meeting the stakeholders' expectations.

SUSTAINABILITY STRATEGY	MATERIAL SUSTAINABILITY MATTERS' INDICATORS	RISKS	OPPORTUNITIES	RESPONSES
Economy: Enhancing Economic Value	• Covid-19 Pandemic: Protecting Our Business Continuity • Indirect Economic Impact • Risk and Regulatory Compliance • Supply Chain Management • Quality	1. Sustaining business operation and enduring challenges amidst Covid-19 pandemic. 2. Strategic initiative affected by travel limitation. 3. Foreign exchange fluctuation. 4. Satisfactory level of quality of works. 5. Shortage and escalating cost of raw materials throughout the supply chain.	1. Value creation. 2. Enhancement to business operation. 3. Ensuring cost-competitiveness. 4. Exceeding customers' satisfactory level or expectations. 5. Improved speed, quality and services.	1. Explore growth opportunities through innovation to add value to the business and future-proof the business. 2. Business process reengineering to improve the effectiveness and efficiency of operation. 3. Undertake cost optimisation initiative to stay competitive. 4. Setting and maintaining high-standards and striving for superior performance in all undertakings. 5. Digitalisation, which involve modelling the entire supply chain in order to analyse the network and total cost

SUSTAINABILITY STATEMENT

SUSTAINABILITY STRATEGY	MATERIAL SUSTAINABILITY MATTERS' INDICATORS	RISKS	OPPORTUNITIES	RESPONSES
Wellbeing: Cultivating a Healthy & Safe Workplace	• Health and Safety • Security and Assets • Innovation Features and Technology	1. Major safety hazards. 2. Non-compliance to Standard Operating Procedures ("SOPs") at workplace amidst Covid-19 Pandemic. 3. Non-conducive workers' accommodation	1. Enhancement of HSE management system. 2. Working under new normal condition. 3. Setting up of Centralised Labour Quarters ("CLQ").	1. Increase health, safety and environment ("HSE") trainings and awareness. 2. Fully inoculated employees against Covid-19. 3. Strict adherence to the Covid-19 SOPs. 4. Enhancement of the Emergency Preparedness and Response.
Nature: Reducing Environmental Footprint	• Environment • Green Building Projects • Sustainable Office Programme	1. Carbon emissions 2. Deforestation	1. Enhancement of HSE management system. 2. Management of change	1. Compliance to HSE regulations.
Social: Enhancing Local Community	• Diversity, Inclusivity and Social Justice • Human Rights • Training and Career Development • Community Outreach Programme	1. Susceptible to staff turnover and no successor to key positions. 2. Illegal foreign workers and child as labours. 3. Workers' accommodation.	1. Improve communication channel between top management and employees. 2. Establishment of clearer and achievable KPI. 3. Imposing strict labour requirements to the subcontractors.	1. Town hall talk. 2. AZRB Newsletter. 3. Sports & Recreational Club's activities. 4. Enforcement of security monitoring against the illegal foreign workers and child labours.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT MAPPING

Stakeholder engagement is vital in understanding and dealing with our stakeholders' concerns regarding our business performance. This enables us to incorporate their needs and expectations in our decision making process as well as to maintain good relations with them. Each stakeholder has distinct methods of engagement as summarised in the table below:

STAKEHOLDERS	ENGAGEMENT CHANNEL (FREQUENCY)	STAKEHOLDERS' CONCERNS	COMPANY'S EXPECTATION	RELEVANT SECTIONS
Board	• Board Meetings (Quarterly) • Ongoing communications (Periodic) • Directors' trainings (Throughout the year) • General Meeting (Annually)	• Growth and strategic direction of the Company • Group's financial performance • Governance, risk and control • Economic, environmental and social risks and opportunities	• Set the strategic direction of the Company	• Financial Statements • Corporate Governance • Sustainability Statement • Performance Driven
Shareholders and Investors	• Financial results announcement (Quarterly) • General Meeting (Annually) • Annual Report (Annually) • Corporate Website (Periodic) • Press Release (Periodic)	• Group's financial performance • Corporate governance, laws and regulations compliance, ethical business conduct, risk management • Merger and acquisitions, new business opportunities • Group's position within the industry	• Continual investment	• Financial Statements • Corporate Governance • Sustainability Statement • Performance Driven
Government Agency/ Regulator/ Local Authority	• Regular meetings with regulators (Periodic) • Regular consultations (Periodic) • Site inspections/ Audits (Periodic) • Reporting i.e. monitoring reports (Periodic)	• Approval and permit • Laws and regulations compliance • Annual reporting • Contributions to the economy, local community • Labour practices, environmental and health issues	• No stop work order • No compound/ penalty	• Sustainability Strategy addressing: (i) MSM 1: Economic and Business Performance (ii) MSM 4: Health, Safety and Environment (iii) MSM 5: Diversity, Inclusivity and Social Justice

SUSTAINABILITY STATEMENT

STAKEHOLDERS	ENGAGEMENT CHANNEL (FREQUENCY)	STAKEHOLDERS' CONCERNS	COMPANY'S EXPECTATION	RELEVANT SECTIONS
Clients/ Customers	• Feedback and enquiry templates (Periodic) • Client satisfaction survey (Annually) • Regular meetings with clients (Periodic) • Site visits (On-going) • AIQA assessments (Quarterly)	• Progress completion of project • Quality of deliverable • Health, safety and environmental compliance	• Project delivered and accepted by client • Payment certified and paid • Continuity in business partnership	• Sustainability Strategy addressing: (i) MSM2: Quality and Innovation (ii) MSM4: Health, Safety and Environment
Employees	• Training calendar (Throughout the year) • On-site work safety training (Periodic) • Kelab Sukan dan Rekreasi (throughout the year) • Team building activities (as and when required) • Staff e-Portal (On-going) • Annual performance appraisal (Annually) • Town hall sessions (Periodic) • Engagement and dialogue sessions (On-going)	• Career development • Employee's training/Knowledge and skills enhancement • Safety and health at workplace • Work-life balance • Employee's benefits and rewards • Attractive remuneration • Diversity and inclusivity	• Deliver work on time • Knowledge sharing among employees • Teamwork	• Sustainability Strategy addressing: (i) MSM 4: Health, Safety and Environment (ii) MSM5: Diversity, Inclusivity and Social Justice

SUSTAINABILITY STATEMENT

STAKEHOLDERS	ENGAGEMENT CHANNEL (FREQUENCY)	STAKEHOLDERS' CONCERNS	COMPANY'S EXPECTATION	RELEVANT SECTIONS
Vendors/ Suppliers/ Sub-contractors	• Contract negotiations and bidding opportunities (as and when required) • Suppliers/ sub-contractors audit and evaluation (Annually) • Vendor registration screening (pre-qualification of suppliers and sub-contractors) (Periodic) • Performance reviews (Suppliers, subcontractors and consultants performance evaluation) (Annually)	• Cost of services • Quality and timely delivery • Compliance issues • Contractual terms • Knowledge transfer and capacity building • Fair procurement process	• Continuity in business partnership • Works completed on time (subcontractor) • Material delivered as per schedule (supplier) • Comply with quality, health, safety and environmental requirements • Supplied materials/ products are environmental friendly	• Sustainability Strategy addressing: (i) MSM3: Supply Chain Management
Media	• Press Releases (as and when required) • Advertisements (as and when required) • Announcements (as and when required)	• Company development • Financial and business updates • Community development initiatives • Communication of corporate updates & news • Public service announcements i.e. on road closures, traffic disruptions etc.	• Spread the good news • Public service announcements well delivered • The news is delivered accurately and timely	• Sustainability Strategy addressing: (i) MSM1: Economic and Business Performance (ii) MSM4: Health, Safety and Environment

SUSTAINABILITY STATEMENT

STAKEHOLDERS	ENGAGEMENT CHANNEL (FREQUENCY)	STAKEHOLDERS' CONCERNS	COMPANY'S EXPECTATION	RELEVANT SECTIONS
Communities	• Corporate social responsibility activities (throughout the year) • Community engagement and outreach programmes (as and when required) • Strategic partnership (as and when required) • Town hall and dialogue sessions (on-going)	• Impact of operations (i.e. health, safety, environmental and security) on community • Charity and giving donation • Local community development • Staying connected with the company • Access to project information	• No issues / complaint raised • No stop work order	• Sustainability Strategy addressing: (i) MSM1: Economic and Business Performance (ii) MSM4: Health, Safety and Environment (iii) MSM5: Diversity, Inclusivity and Social Justice
Civil Society Organisations	• Collaborative engagement sessions (as and when required)	• Health, safety and environmental issues • Security issues • Human rights • Local community support	• No issues / complaint raised • No stop work order	• Sustainability Strategy addressing: (i) MSM4: Health, Safety and Environment (ii) MSM5: Diversity, Inclusivity and Social Justice

SUSTAINABILITY STATEMENT

SUSTAINABILITY JOURNEY

We are proud to announce that we have established the foundation of the sustainability governance, strategy and action plan to show our commitment in managing our business operation in a more responsible manner. AZRB's journey in Sustainability over the five-year period has been enriching with a lot of learning process for growth and continuous improvement.

2017

- Published inaugural Sustainability Statement.
- Established governance structure and sustainability framework.
- Adopted GRI G4 guidelines.
- Conducted materiality assessment.
- Scopes covered: E&C and Plantation divisions.

2018

- Established Sustainability Policy.
- Adopted Bursa Malaysia Sustainability Reporting Guide, GRI Standards and SDGs.
- Established materiality matrix and mapped to SDGs.

2019

- Set Sustainability KPIs and targets across the Group.
- Conducted sustainability engagement programmes.
- More focused material sustainability matters.
- Additional scopes covered: O&G Division.

2020/21

- Established response to Sustainability Strategy in addressing its risks and opportunities.
- Additional scopes covered: Concession Division.

2022

- Additional scopes covered: Property Division.

ECONOMY: ENHANCING ECONOMIC VALUE

COVID-19 PANDEMIC: PROTECTING OUR BUSINESS CONTINUITY

During the most part of the financial year, the Group had maintained its measures to overcome the challenges of the unprecedented Covid-19 pandemic in response to the various phases of National Recovery Plan ("NRP") implemented by the Government, effective June 2021. The Group had continued enforcing a strict SOP including health screenings and compulsory check-ins using MySejahtera mobile application. Furthermore, the restrictions had accelerated the use of the online platforms for virtual meetings and trainings. Work from home ("WFH") arrangement for employees on rotational basis was put in place based on strict compliance to the SOP by the Government.

SUSTAINABILITY STATEMENT

In line with the National Covid-19 Immunisation Programme target to fully vaccinate 70% of its adult population with booster dose by February 2022, relevant steps have also been successfully taken by the Group to ensure the completion of the vaccination for all its employees. This would allow the group to better manage the risk of Covid-19 at the workplace as well as to prepare the Group towards meeting the Government's requirement to kick-start the revival of the economy.

While the virus remains a threat, the Group is emerging from this public health emergency. In accordance to the new guidelines by the Government as the country moves toward the Covid-19 endemicity effective 1 April 2022, more of our old norms have been gradually restored such as ease of SOP and WFH arrangement being lifted within the Group. Some of the SOPs under the new Covid-19 rules during the Endemic Phase have been further relaxed or lifted effective 1 May 2022.

Supported by the full resumption of our business operations, the Group is on the positive outlook towards stronger recovery in the coming years.

INDIRECT ECONOMIC IMPACT

The Group aims at achieving social benefits derived from its projects. For example, the PPAM Puncak Temala (Phase 1) residential project, which was completed during the financial year, serves to provide affordable homes to the local community in line with the Government's aspiration to boost home ownership among the government servant.

Besides, upon completion of the KLORR project, it is expected to relieve the traffic congestion along the Middle Ring Road 2 ("MRR2") and will become a catalyst for future development surrounding the highway area.

RISK AND REGULATORY COMPLIANCE

The Board recognises that risk is an integral part of the Group's business, where it demonstrates both risks and opportunities to the business objectives. Therefore, the ARC is responsible for ensuring the effectiveness of integrated risk management functions within the organisation.

The ARC serves to deliberate the key risks, the potential impact and likelihood of risks occurring, the effectiveness of existing controls and the risk action plans being taken to manage the risks to the desired levels, in line with the Principles and Guidelines of MS ISO 31000:2010 Risk Management – Principle and Guidelines. Management is responsible to ensure that risk management is embedded in all key processes and activities and also ensure the continuous development of the risk management capabilities of employees.

AZRB is committed to enhancing its integrity with the implementation of MS ISO 37001:2016 Anti-Bribery Management System ("ABMS"), which addresses the five key principle of T.R.U.S.T under the Ministerial Guidelines on Adequate Procedures, to comply with Section 17A, Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018).

SUSTAINABILITY STATEMENT

The Group adopted an Anti-Bribery and Corruption Policy ("ABC Policy") to prevent any act of bribery and corruption at the workplace. The ABC Policy together with other related policies and procedures are communicated to the directors, employees and other business associates through multiple platforms such as workshop and training courses, staff induction sessions, email transmissions and the AZRB official website. The Group recorded zero cases related to bribery and corruption during the financial year.

SUPPLY CHAIN MANAGEMENT

PROCUREMENT PRACTICES

AZRB's procurement process conforms to the MS ISO 9001:2015 - Quality Management Systems. In order to generate a comprehensive work packaging for each trade, we ensure that the Procurement Schedule is readily available and agreed upon internally prior to the commencement of construction at site. We strive to complete the procurement process within sixty days from calling a tender until the issuance of an award to sub-contractors.

The criteria of evaluation for sub-contractors and suppliers shall be both technical and capability. The percentage breakdown of the criteria for the selection is as follows:

CRITERIA	PERCENTAGE
Sub-Contractor	
Management Support	20%
Site Management	50%
Safety & Health	15%
Environment	15%
Total	**100%**
Supplier	
Management Support	35%
Site Management	65%
Total	**100%**

Performance evaluation is conducted for sub-contractors and suppliers in E&C Division on an annual basis to assess whether they are suitable for future projects and subsequently to be retained in the approved subcontractor list.

LOCAL SUPPLIER

Local sourcing is AZRB's main criteria to support local businesses and help them grow as we believe that a strong local supply chain is vital as it keeps the value chain within the local economy. Main supplies for our construction operations such as concrete, reinforcement bar, common clay brick, timber, crusher run and quarry dust are 100% locally-sourced and there has been no shortage of raw materials since they are sourced from various suppliers.

However, there have been tremendous disruptions in global supply chains due to the increased demand on the back of worldwide full resumption of business operations as we enter the endemic phase. In AZRB, we focus on building long term resilience in our supply chain management. Apart from diversifying the sources of supply, we also maximise our Supply and Install Contracts in order to manage the potential uncertainty in material supply. Furthermore, we continuously improve our payment terms and relationship with the suppliers to have priority over their supplies.

Our selection of local suppliers is also based on an environmental impact perspective. We always give priority to suppliers that adopt green building elements and integrated building management systems which promotes energy efficiency.

ENTERPRISE RESOURCE PLANNING

Enterprise Resources Planning ("ERP") is used by AZRB and its major subsidiaries to manage business functions within a centralised and integrated system via Oracle's JD Edwards ERP (e-Business Management Solution).

Our post-implementation review of JD Edwards ERP indicated that the objectives were met and the quantitative and qualitative benefits from it have been realised in our operations.

SUSTAINABILITY STATEMENT

QUALITY

INTEGRATED MANAGEMENT SYSTEM ("IMS")

We are committed to implementing effective and efficient integrated management systems to improve our performance in pursuit of excellence and value delivery. The integration and consideration of quality, health, safety and environmental concerns in all our work activities is essential for us to be a dynamic, progressive and caring organisation. No non-compliance reports have been issued by SIRIM during the financial year.

Certifications for E&C division by SIRIM:

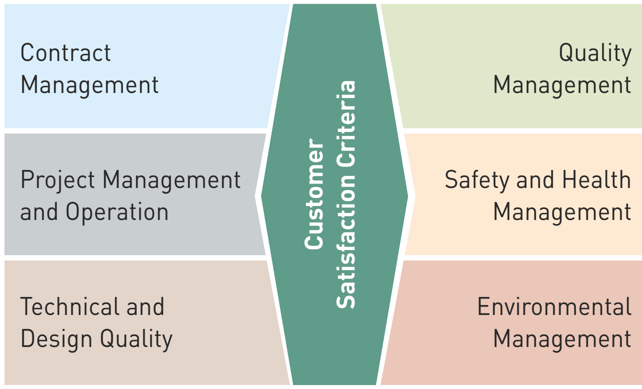
- MS ISO 9001:2015 Quality Management System
- MS ISO 14001:2015 Environmental Management System
- MS ISO 45001:2018 Occupational Health and Safety Management System, upgraded from OHSAS 18001:2007

Certifications for quality for our Concession division, PenMedic:

- MS ISO 9001: 2015 Quality Management System
- MS ISO 13485: 2016 Medical Device Quality Systems
- MS ISO 45001: 2018 Occupational Health and Safety Management System
- MS ISO 14001: 2015 Environmental Management System Quality/Biomedical/ Safety/ Environmental

CUSTOMER SATISFACTION

Customer satisfaction is important in ensuring client's loyalty and helps us grow the business. We conducted customer satisfaction surveys in order to improve business relations with our clients.



The average score during the calendar year of 2021 for all projects under E&C division is 74%, which is slightly below the minimum target score of 75%. However, the results were brought up during the management review session with the Senior Management and the necessary action plans have been taken to improve the scoring in the next calendar year.

SUSTAINABILITY STATEMENT

QUALITY ASSESSMENT

We are committed to delivering the highest level of quality in every aspect of every project we undertake for our customers. Method of measuring quality for E&C projects at AZRB are as follows:

1. QLASSIC – Conducted by Constructions Industry Development Board (CIDB) at selected projects as specified in the contract, and only once after the completion of physical work
2. AZRB Internal Quality Assessment ("AIQA")

Quality Assessment	Target	Result: FY2022
QLASSIC	80%	Project
		1. POC (Block A): 82%
AIQA	80%	Average: 73%

Actions that need to be taken to strengthen the quality include:

- Conducting Internal QLASSIC Practical Training, which focuses on the operational team.
- Establish a Supervisor Booklet for supervisors to refer, enclosing the requirements to abide by in their daily activities emphasising on the quality of works.

WELLBEING: CULTIVATING A HEALTHY & SAFE WORKPLACE

HEALTH AND SAFETY

Owing to the nature of our business, health and safety is an important element in our operation. Our E&C operations are exposed to risk and hazard to the workers at project sites. Therefore, to ensure the welfare of our workers, we have implemented MS ISO 45001:2018 Occupational Health and Safety Management System as a principle guidance to minimise risks and hazards during operation. The certification of MS ISO 45001:2018 issued by SIRIM in the year 2022 applies to our entire project sites. All data for health and safety in E&C at AZRB is verified by SIRIM Berhad.

WHAT DO WE ADHERE TO?

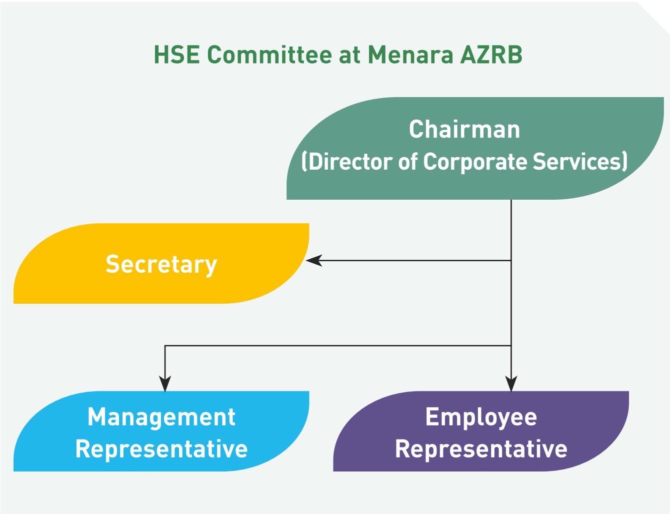
- Factories and Machinery Act 1967
- Occupational, Safety and Health Act 1994
- Road Transport Act 1987
- Street, Drainage and Building Act 1974
- Uniform Building by Laws 1984
- Environmental Quality Act 1974 & (Amendment) Act 2012
- Local Government Act 1976
- Electric Supply Act 1990
- Merchant Shipping Ordinance 1952
- Solid Waste and Public Cleansing Management Act 2007
- Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004

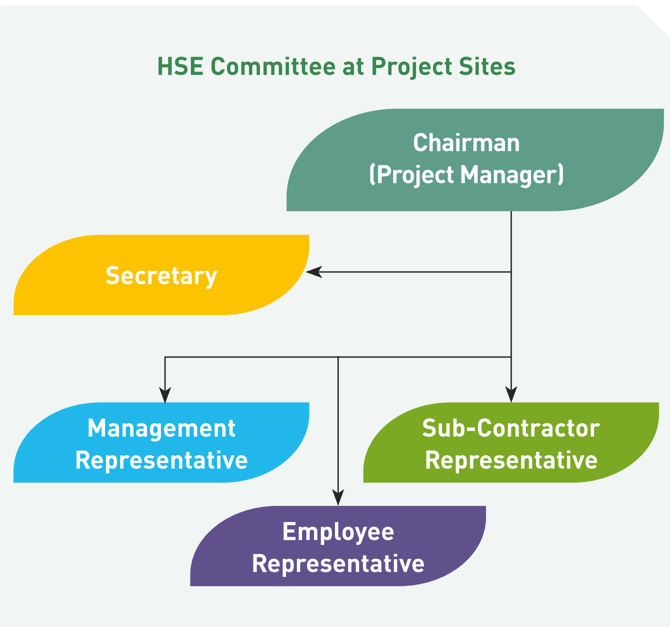
The Health, Safety and Environment ("HSE") Committee was established as a formal safety and health consultative group that provides a prescribed forum for discussion about safety and health matters. They bring management and worker representatives together in a planned, structured and focused way, providing means for developing policies and procedures of significance to the entire organisation. The main functions of the HSE Committee are to:

- Facilitate cooperation in developing and carrying out measures to improve the safety of workers; and
- Help develop health and safety standards, rules and procedures.

SUSTAINABILITY STATEMENT

The organisational chart for the HSE Committee at Menara AZRB and project sites are as follows:





HSE POLICY

We have adopted Integrated Quality, Health, Safety and Environment Management System for E&C operations. We operate in compliance with 3 integrated management systems: MS ISO 9001:2015 Quality Management System; MS ISO 45001:2018 Occupational Health and Safety Management System; and MS ISO 14001:2015 Environmental Management System.

Derived from the integrated management systems is the HSE Policy to guide AZRB and its stakeholders to apply the best safety and health practice. The policy covers:

As stated in the HSE policy, we enhance our performance of HSE through our commitment in complying and continually improving our HSE Management System.

GLOBAL HEALTH ISSUES

In addressing global health issues including HIV/AIDS, tuberculosis and malaria, other than Covid-19 Pandemic which have been described in the earlier section, we have held programmes in the form of awareness on its prevention measures, policies, and procedures. This is done through email transmission on awareness, communication materials at site and small group meetings such as trainings, toolbox meetings at sites and campaigns.

SUSTAINABILITY STATEMENT

HEALTH AND SAFETY RISK MANAGEMENT

Management system procedure for Hazard Identification, Risks Assessment and Determining Control ("HIRADC") has been established for our operations at project sites to ensure the health and safety of our employees and other related parties. HIRADC applies to:

- routine and non-routine activities and situations;
- past relevant incidents, internal and external to the organisation;
- potential emergency situations; and
- all personnel having access and surrounding the workplace.

The procedure in HIRADC requires risk assessment to assess occupational, health and safety risk from the identified hazards. The monitoring is done prior to the risk control measures implemented.

For potential new projects, we conducted risk assessment by doing detailed evaluation at the site before establishing a new project to identify risks that may cause harm, particularly to people. After the identification, the risk is analysed on its impact and likelihood. Necessary measures are taken to mitigate the potential risks.

HSE TRAINING AND COMPETENCY

During the financial year, a total of 485 employees attended internal and external trainings on health and safety related topics, which is tabulated below:

Training	No. of Attendees	Duration per training session (hour)
Safety and Health Trainings (Competency)		
Emergency Response Plan & Preparedness Training	19	8
Lifting Supervisor Training	4	16
Sustainable Infrastar Facilitator Course	5	16
Malaysian Certified Inspector Sediment and Erosion Control (MY-CISEC)	4	28
General Training (includes safety)		
Workshop On Implementation of Workplace Health Promotion Post Covid-19	36	8
Fire Safety Management	73	4
Perlaksanaan dan Pematuhan Undang-undang & Isu-isu Semasa Alam Sekitar Dalam Bidang Pembinaan	84	4
Kenali Dadah, Jauhi Dadah	93	4
Dengue Fever	63	4
Kursus Online Kebakaran	26	4
Welcome On Board - Introduction to HSE Awareness at AZRB	78	1

SUSTAINABILITY STATEMENT

HEALTH AND SAFETY PERFORMANCE

The E&C's health and safety performance for the calendar year 2021, 2020 and 2019 are as shown below:

Criteria	Unit	2019	2020	2021
Total Man Hours*	Hours	1,835, 432	2,089, 620	1, 503, 360
Fatalities	Number of Occurrence	0	0	0
Lost-Time Injury ("LTI")**		0	0	0
Regulatory, civil or criminal citations		0	0	0

Notes:

* Total Man Hours disclosed exclude subcontractors' total man hours.
** LTI is something that results in a fatality, permanent disability or time lost from work. It could be as little as one day or shift.

Meanwhile, no incident related to Fatalities, LTI and Regulatory, civil or criminal citations under Property Division was reported over these three years.

SECURITY AND ASSETS

At AZRB, the Security Department is responsible for protecting all the assets from any possible risk, threat, damage, and losses in accordance with the AZRB Security Policy.

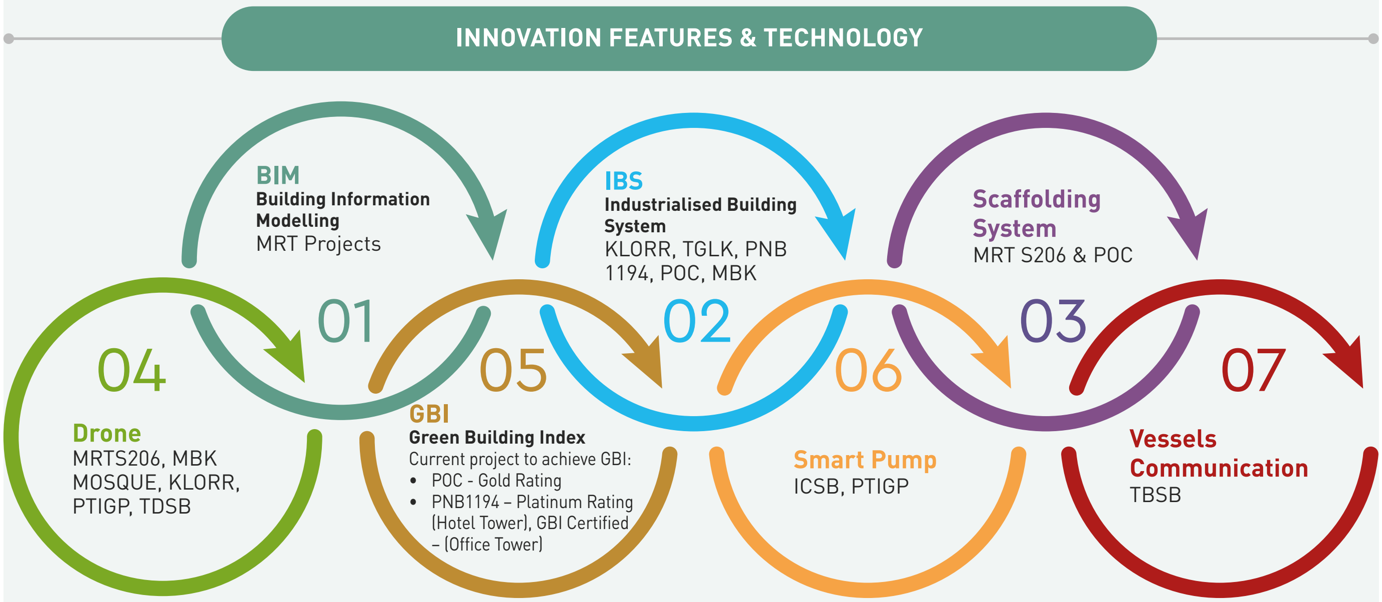
Enhancements of features and technologies to improve security operations and asset monitoring at AZRB:

- For real-time security monitoring and wide coverage purposes, the surveillance drone is used, apart from the patrolling procedures and surveillance monitoring
- The installation of special devices with motion sensors at projects needing high security is effective to enhance security coverage. The device is able to capture any misconduct or illegal activities for security enforcement purposes.

SUSTAINABILITY STATEMENT

INNOVATION FEATURES AND TECHNOLOGY

In order to enhance safety, quality, and project monitoring, AZRB continuously adapts with the latest innovation features and technology to be integrated into our operations. We believe the implementation of the prominent technologies at our projects as demonstrated in the next figure contributes to minimising environmental impacts and optimising cost.



01

Cost and resource saving:
BIM resolves all the clashing issues and coordination on paper prior to starting of site works. It avoids double work during construction. Hence, reducing the possible redundant or repetitive work during construction, at the same time, it will minimise on supervision/labour cost.

02

Minimise wastages:
Wastage can be referred to excess materials around 10-15% (rebar and concrete) and timber formwork in conventional structural works. In IBS, rebar & concrete wastages can be controlled to less than 10%. The use of steel mould in-lieu of timber formwork can reduce timber wastage.

03

- Fast and easy installation and dismantling.
- Stable and strong material for high load construction.
- Durable material and long lasting.

04

- Obtain information ranging from area, precise number of trees, contour maps, road maps, ditch/river maps, and the health level of plants.
- Used to detect and prevent land and forest fires around PTIGP.
- Reduce site inspection processing and analysis time.

05

Reduce energy consumption:
Energy consumption ratio is measured by the Building Energy Index (BEI), the ratio of building's total energy usage (kWh) per year to the building area.

06

Reduce energy consumption (ICSB):
For comparison, only 1 unit of Smart Pump as compared to 2 units of Centrifugal Pump needed to achieve the 60,000 litres/hour of Client's flow rate requirement in simultaneously 3 or more vessels in 1 bunkering operation.

Prevent water wastages (PTIGP):
PTIGP applies a Water Pump Engine Shutdown system which restricts water usage at certain hours.

07

Sector light:
Sector lights use red (port) and green (starboard) lights to direct the vessels. Sector lights are used in navigation to indicate a safe passage for vessels entering a narrow channel.

SUSTAINABILITY STATEMENT

NATURE: REDUCING ENVIRONMENTAL FOOTPRINT

ENVIRONMENT

We are fully cognisant of the significant risks of environmental impact brought about by our operational activities. At AZRB, we are committed to optimising energy usage, minimising pollution rate generated, conserving water supply and protecting biodiversity in the areas of which we operate.

Moreover, we adhere to our HSE Policy, which includes the objectives and targets in achieving and sustaining:

i. the prevention of pollution to the environment from activities
ii. the compliance with legal and other requirements related to health, safety and the environment

Our O&G division, TBSB, has the advantage of its closer proximity to the North Malay Basin ("NMB") where the offshore oil fields and gas fields are located, as compared to the distance from Kemaman Supply Base ("KSB") or Songkhla Supply Base ("SSB") to NMB. The table below illustrates the distance and time taken by offshore support vessels ("OSVs") to reach NMB from each different supply base location.

Supply Base Location	Distance (km)	Time (hours)
TBSB	160	12
SSB	275	16
KSB	325	24

The strategic location of TBSB vis-à-vis NMB would result in significant reduction in fuel burn due to the closer distances involved. Additionally, TBSB's closer distance to NMB would also lead to lesser number of OSVs required to achieve the same level of coverage. Combined, these two factors will result in significant reduction in fuel consumption and cost expenditure and thereby lowering the overall carbon footprint.

ENVIRONMENTAL COMPLIANCE

The certification of MS ISO 14001:2015 - Environmental Management System by SIRIM in the E&C division has indicated our commitment to protecting the environment and improving its management system in our operation.

Monitoring of air noise and water quality is conducted to ensure its compliance to the Environmental Quality Act 1974. Monitoring is done monthly or depending on the project requirement at our site projects to ensure it is within the tolerable limit, where the sampling and analysis are carried out by an accredited laboratory. Our target is to improve the quality of air, water and noise by 20% in comparison with the previous year that exceeded DOE and/or baseline limit value (whichever is higher).

At our O&G division, all areas of site are covered by the respective recognised environmental management system, as listed below:

Coverage of Area	Name of System
TBSB Workshop	EQSW Reg. 2005
Liquid Mud Plant	EQA Sect. 21 & EQ (Industrial Effluent) Reg. 2009
Supply Base Jetty	EQA Sect. 21,22,23 & 24 and EQ (Industrial Effluent) Reg. 2009
TBSB Chemical/ SW Storage	EQSW Reg. 2005

In addition, Green Policy is established by TBSB to indicate its commitment in improving the environment and establishing a framework for environmentally friendly port operations. The policy's five guiding principles are:

- protect the community from harmful environmental impacts of port operation;
- distinguish the port as a leader in environmental stewardship and compliance;
- promote sustainability;
- employ best available technology to avoid or reduce environmental impacts; and
- engage and educate the community.

SUSTAINABILITY STATEMENT

TBSB is also involved in a global initiative, namely National Oil Spill Contingency Plan ("NOSCP"). The main purpose of NOSCP is to provide guidance to combat oil spills and leakages incidents and to achieve the following objectives:

1. To implement an immediate response system that is adjusted to reduce the impact on the environment and economy as a result of oil spills;
2. To improve resource capabilities in terms of equipment and staff to deal with oil spills; and
3. To strengthen the cooperation of all agencies involved to ensure the effectiveness of oil spill control responses.

The participants of NOSCP includes the DOE, Royal Malaysia Force, Fire and Rescue Department of Malaysia (Fishery Department), Malaysian Maritime Enforcement Agency, Marine Department Malaysia, District Council, State Secretary, Department of Social Welfare Malaysia, Ministry of Education Malaysia and leaders of the community surrounding TBSB operation.

To ensure our compliance with the standards and regulations of DOE, we conducted Environmental Impact Assessment ("EIA") at TBSB which covers quarterly monitoring of marine water, ambient air and noise. Besides, we conducted an Environmental Compliance Audit twice a year. The financial quantification of the assessments are as follows:

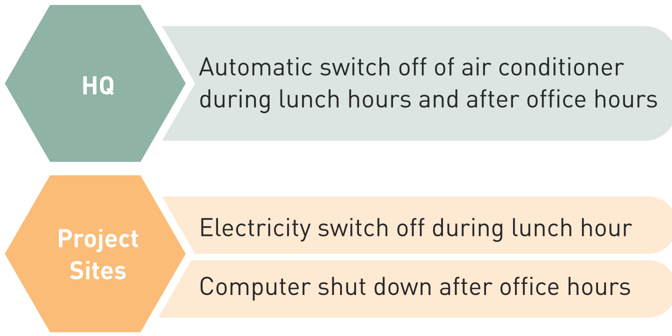
Environmental Compliance Assessment	Frequency	Overall Cost (RM)
Environmental Impact Assessment	4 times/year	32,000
Environmental Compliance Audit	2 times/year	18,400

In line with our effort to reduce the impact of climate change, at our Plantation division, we are in compliance with the Ministry of Environment and Forestry Republic of Indonesia Regulation No. 7, 2007 (PERMEN LH no. 7/MENLH/2007) to adhere to the permitted quality limit of emissions from the mill's boilers and turbines.

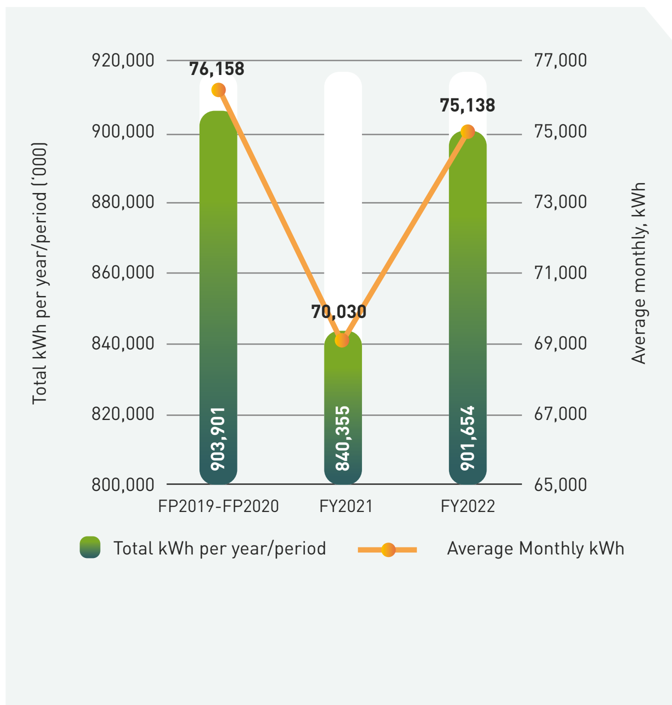
ENERGY MANAGEMENT AND EFFICIENCY

Electricity Optimisation

We promote efficient use of electricity by keeping our employees aware of the importance of energy saving towards the environment by taking initiatives as follows:



As a result of our commitment towards electricity saving at the HQ, we were able to reduce the energy consumption during the financial year of 2021, which was also partly due to the implementation of working from home ("WFH") arrangement for non-essential service employees amid MCOs. However, WFH arrangement was no longer applicable during the year of 2022, hence the energy consumption had increased accordingly but the reading was lower as compared to the period of 2019-2020. Our total and average electrical power usage at Menara AZRB are depicted in the following graph:



SUSTAINABILITY STATEMENT

ADDRESSING POLLUTION

We are committed to preventing environmental pollution in all our operations by adhering to the Environmental Pollution Control Guidelines on air, noise and water pollution control in accordance with our HSE Policy.

Air Monitoring - Total Suspended Particles

Among the initiatives to minimise the environmental impact from Total Suspended Particles ("TSP") include providing wash through facilities at the exit points of project sites for vehicle wheels and body washing. Besides, any exposed soil stockpiles are also avoided or covered to prevent suspended particles of soil.

The table below shows the maximum TSP readings at projects. The DOE baseline limit for air monitoring reading is 260μg/m^3 and all the readings recorded are within the limit.

Project	Duration		
	[1]FY2019-FY2020	[2]FY2021	[3]FY2022
	Maximum Reading (μg/m^3)	Maximum Reading (μg/m^3)	Maximum Reading (μg/m^3)
PNB1194	82	68	N/A***
PJHZ	78	75	N/A***
KLORR P1	167	167	83
KLORR P2	208	125	83
KLORR P3	139	N/A*	N/A*
UDA	152	N/A**	N/A**
MRTV202	165	131	N/A***
TGLK	103	58	34
UTP	46	44	N/A***
MRTS206	143	85	56
POC	81.8	24.5	29

* TSP readings are no longer recorded in 2020 due to completed earthworks
** TSP readings are no longer recorded from July 2019 due to completed construction works
*** TSP readings are no longer recorded due to completed construction works or mutual agreement with clients to stop monitoring before July 2021

Notes:
[1] FP2019-FP2020: January 2019 - June 2020
[2] FY2021: July 2020 - June 2021
[3] FY2022: July 2021 - June 2022

SUSTAINABILITY STATEMENT

Noise Monitoring

Noise is measured at the initial stage of a project to determine the baseline value for noise monitoring. This acts as the reference of noise level at project sites to control excessive noise exposure that affects the health of the workers and surrounding community.

The general limit of noise set by DOE, in day-time and night-time is 65dB and 55dB respectively. The table below shows the noise readings recorded at our project sites during the financial year. Although the average readings of noise (Day) for KLORR P1 and POC have exceeded its average baseline limit, the data recorded is lesser than the previous year's reading.

Project	Noise Monitoring (Day)		Noise Monitoring (Night)	
	Average Baseline (dB)	Average Reading (dB)	Average Baseline (dB)	Average Reading (dB)
KLORR P1	53.6	55.2	51.6	50.6
KLORR P2	60.0	56.0	57.2	56.0
TGLK	58.5	57.7	48.5	50.2
MRTS206	63.9	62.2	59.0	58.5
POC	56.8	58.1	51.6	51.6

Water Monitoring

The concentration of Total Suspended Solid ("TSS") level is recorded to monitor the quality of water at our project sites. Water monitoring is conducted by a third party accredited laboratory, i.e. EsTechventure Sdn. Bhd.
Regulatory compliance for water monitoring at our project sites:

- Environmental Quality Act 1974 (Section 25-Restriction on pollution of inland water)
- Local Govt. Act 1976 (Section 70- Pollution of streams with trade refuses)

We implemented environmental Best Management Practices ("BMP") to reduce water pollution in our construction project sites, which comprises the following:

- Install a silt trap according to specification;
- Conduct proper and good silt trap maintenance; and
- Install a silt fence, sandbag, silt curtain, check dam and temporary earth drain.

Environmental officers and operation team are responsible to conduct daily, weekly and monthly inspection at site to ensure silt trap and other BMPs are in good condition.

<u>Silt Trap</u>

Before water runoff is discharged to the adjacent water bodies at project sites, it is contained in a silt trap to collect and store sediments. It helps to filter the water from sediments present in the water runoff.

SUSTAINABILITY STATEMENT

Water Bodies

The surface water runoff generated by our construction activities is discharged into water bodies within or surrounding the project sites.

The table below shows the TSS concentration at our project sites. The maximum readings for KLORR P1 and KLORR P2 were slightly above the set DOE limit, but it did not affect the quality of water at the corresponding river and reservoir.

Project	Area	Minimum Reading (mg/L)	Maximum Reading (mg/L)	Average Baseline (mg/L)	DOE Limit (mg/L)
TGLK	Silt Trap	2	30	18.0	50
KLORR P1	Water Bodies	2	60	41.6	50
KLORR P2		2	55	34.8	50
MRTS206		3	22	16.5	150

Chemical Management

We are committed to complying with the regulations of chemicals management and its best practice to prevent pollution across all our project sites. We conducted proper classification, handling, labelling and storing of the chemicals, as per requirements in Environmental Quality Act 1974 (i. Section 24-Restriction on pollution of the soil, ii. 34-B-Prohibition against placing, deposit etc. of scheduled wastes). There is no compound received related to HSE in chemical management during the financial year.

At our O&G division, TBSB has undertaken several measures to address chemical handling, as follows:

- Formed/Set up an Oil Spill Response Team; and
- Formulated Environmental Policy, Chemical Control Procedure and Oil/Chemical Spill Response Procedure as a guideline when dealing with incidents.

TBSB has targeted to mitigate the impacts of oil spill by:

- building environmental facilities such as oil trap, sump pit, bund wall, and chemical and oil spill kit; and
- training workers who are involved in handling chemical or scheduled waste and bunkering activity at TBSB.

SUSTAINABILITY STATEMENT

Waste Management

Table below shows waste generated at our overall E&C project sites for the calendar year 2020, 2021 and 2022:

Type of Waste	Waste	Waste generation (tonnes)		
		2020	2021	2022
Non-recycled Waste	Domestic waste	78	19.5	N/A*
Recycled Waste	Construction waste	1,884	282	928
	Steel	407.16	105.71	84.5
	Damaged plastic barrier	3,870	N/A**	N/A**

* No collection of domestic waste in the year of 2022
** No collection of damaged plastic barrier in the year 2021 and 2022

PenMedic, in the Concession division, is committed to improving waste management operation in accordance with the standards of Environmental Quality Act 1974. Initiative by DOE includes a recycling programme which was launched by SASMEC, which involves the implementation of fixed scheduled collection for recyclable items.

Type of Waste	Waste	Target Collection (kg)	Waste Generated (kg)		
			2019	2020	2021
Recycled Waste	Paper	Total of 150	1,200	1,350	1,380
	Plastic		3,000	3,280	3,400

Hospital domestic waste generated at SASMEC is collected and managed by Alam Flora.

Calendar Year	Domestic Waste Generated (L)
2019	47,250
2020	55,440
2021	63,360

At PTIGP, we are fully cognisant of the effect of climate change on the environment in line with our certification of Indonesian Sustainable Palm Oil ("ISPO") obtained in the year 2019 and International Sustainability and Carbon Certification ("ISCC") in the year 2021. In minimising its impacts to our planet, we are committed to reducing and monitoring our carbon emissions and enhancing our waste management during our operation. Therefore, we implemented a Zero Waste System at our Plantation division in Indonesia.

The system utilises wastes from palm shells and fibres produced during harvesting as biofuel for power plants while ensuring that the emissions of carbons during the burning of the biomasses are within the regulated limit.

Consistent with the Zero Waste System at PTIGP, solid and liquid wastes produced from our palm oil mill are properly managed and utilised in accordance with the requirements specified under ISPO.

SUSTAINABILITY STATEMENT

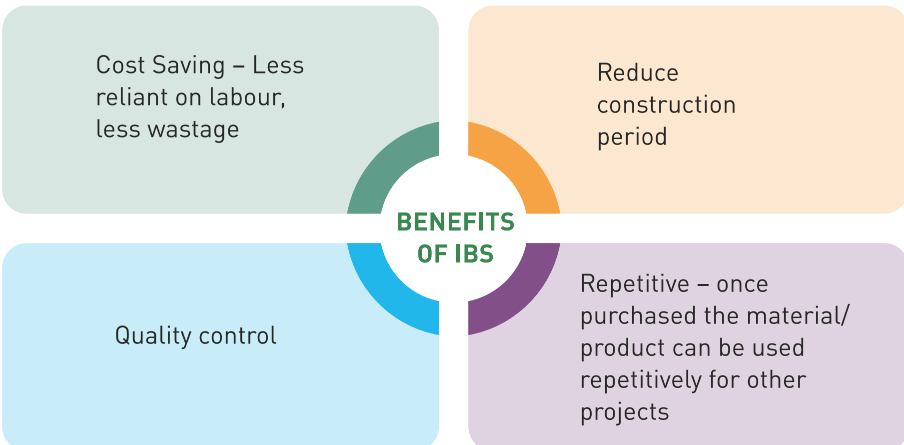
MATERIALS MANAGEMENT

Industrialised Building System

At AZRB, we implemented Industrialised Building System ("IBS") to minimise construction waste at site. This method also highlights the elimination of working at great heights as the components are prefabricated and reduces the installation work at site.

Listed below are types of IBS and projects implementing the technology:

Type of IBS	Projects
1. Precast Concrete System	KLORR, TGLK
2. Metal Framing System	POC, MBK
3. Formwork System	PERI – KLORR DOKA – PNB 1194, MBK
4. Blockwork System	MBK



WATER CONSERVATION

Our operations at project sites and head office practice efficient water usages to prevent unwanted wastages. We promote awareness on the role of our employees to conserve water and its significance towards the environment.

At Plantation Division, PTIGP has targeted to optimise the regulation of water usage for operations at the palm oil mill in the coming years. Our water management has demonstrated our commitment in efficient use of water, resulting in no water shortages at the palm oil mill during the year. PTIGP also implemented rainwater harvesting, ensuring that sufficient water is reserved and ready access for industrial and domestic use. To prevent water wastages, PTIGP applies a Water Pump Engine Shutdown system which restricts water usage at certain hours.

SUSTAINABILITY STATEMENT

PROTECTING BIODIVERSITY

We are committed to safeguarding the biodiversity, particularly at the EKVE project, by taking the following initiatives:

- Ensure the wildlife are protected by working with the Department of Wildlife and National Parks (PERHILITAN) and the latest being with the Forestry Department on proposed rehabilitation of the Jalan Bukit Belacan recreational area.
- Forest reserves which have been identified as Environmentally Sensitive Areas are managed by the replacement of the forested area equivalent to 106.6 hectares through the gazettement of other land areas by the Concessionaire company.
- Risk related to fauna is mitigated by introducing the animal crossing feature within the forested 6 km stretch of the highway (from Chainage 17000 to Chainage 23000). None is related to flora as the forested area was logged sometime in the 1970s.

Prior to the commencement of construction activity, a biodiversity assessment was conducted to measure the biodiversity level in the area. If the area is identified as a biodiversity critical site, relevant approval, largely on biodiversity management, is required.

For the EKVE project, at the planning stage during the EIA study and during construction activities, the study on flora and fauna was performed from the monitoring activities by the PERHILITAN team.

Listed below are the identified habitats within the area of the project, obtained from the conducted EIA assessments. All the habitats mentioned are protected under Wildlife Conservation Act 2010.

Garden and Park

Orchard

Mangrove

Lowland Forest

Low Mountain Forest

At PTIGP, areas with High Conservation Value ("HCV") are constantly monitored in accordance with the State regulations on conserving biodiversity. Below are the control measures to safeguard HCV areas at PTIGP:

- Create clear boundaries on identified HCVs within the field
- Roads, canals and other infrastructure are not allowed in HCV areas
- Conduct land clearing with non-burning methods. However, limited fires can be carried out for control and certain diseases by referring to the ASEAN Policy on Zero Burning
- Control of fire areas in plantation field areas to prevent spreading at HCV areas, including the controlling of lalang weeds, and setting up fire control units, especially in fire-prone areas
- Control of encroachments and illegal harvesting by conducting mandatory patrols at HCV areas
- Create a security SOP HCV in accordance with the organisational structure of the management unit

Besides, PTIGP also built 11 waste ponds that have been preserved and controlled to the highest standards in order to ensure sustainability practices in its mill operation. Each pond serves its ideal purpose proven by ecological indicators such as biodiversity in insects' life, flourishing plants nearby the waste ponds, and the presence of fishes in the final ponds.

SUSTAINABILITY STATEMENT

Sustainability Statement

GREEN BUILDING PROJECTS

We have participated in construction green building projects, as part of our commitment to meet the requirements of our stakeholders. The demands for green buildings by the market and client has upscale our growing track records with green buildings certifications. The list of our completed and on-going green building projects are as follows:

Project	Green Rating	Status
Menara KKR, Kuala Lumpur	GBI Platinum	Completed in 2015
IIUM Medical Centre, Kuantan, Pahang	Energy Efficiency Building	Completed in 2016
Residensi UTMKL, Kuala Lumpur	GBI Silver – Retail GBI Certified – Residence Tower	Completed in 2017
UDA, Kampung Baru, Kuala Lumpur	GBI Gold	Completed in2021
PJHZ, Precinct 1, Putrajaya	GBI Certified	In progress
PNB 1194, Jalan Sultan Ismail, Kuala Lumpur	GBI Platinum & GBI Certified	In progress
POC, Kerteh, Terengganu	GBI Gold	In progress

SUSTAINABLE OFFICE PROGRAMME

The Sustainable Office Programme which was introduced in the financial year 2021 with the objectives of cultivating a sustainable working lifestyle, and also as an educative way to promote simple sustainable practices within the organisation is still ongoing during the financial year 2022. This initiative highlights the approach of conserving energy and water, as well as proper waste management.

We encourage employees to take part in the programme by communicating with them with graphical posters about the importance of saving water and electricity, and by practising 3Rs ('reduce, reuse and recycle') in their daily routine and wherever they are.

SUSTAINABILITY STATEMENT

To promote responsible use of water and electricity among the employees, we have placed stickers at relevant areas at Menara AZRB as a gentle reminder to them. Furthermore, the placement of recycling bins at the café has encouraged everyone to put 3Rs into practice.

SOCIAL: ENHANCING LOCAL COMMUNITY

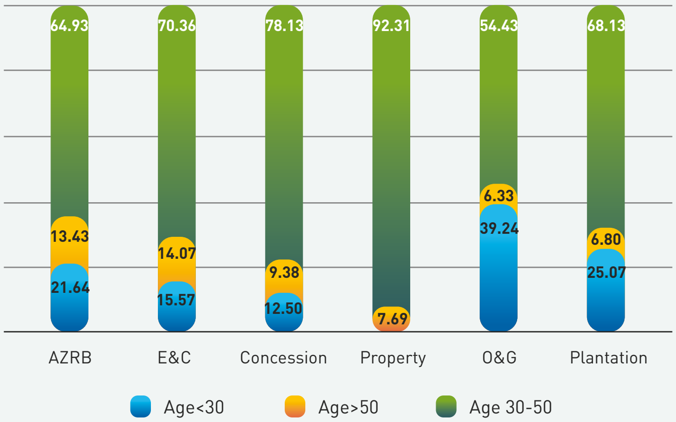
DIVERSITY, INCLUSIVITY AND SOCIAL JUSTICE

We respect people as individuals, care for their wellbeing, and welcome diversity in proficiency and background. We continuously aim to attract and build loyalty by creating a conducive workplace that embraces diversity and mutual respect. We endeavour to create a workforce that is diverse and has a balanced distribution in terms of age and gender.

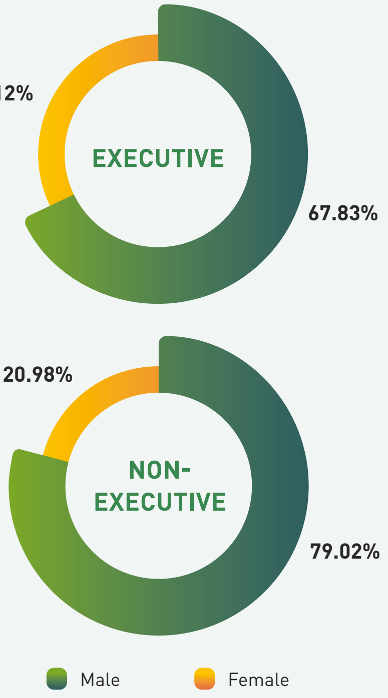
EMPLOYEE DISTRIBUTION

1. Overall Employee by Division and Age

EMPLOYEE BREAKDOWN BY AGE & DIVISION (%)

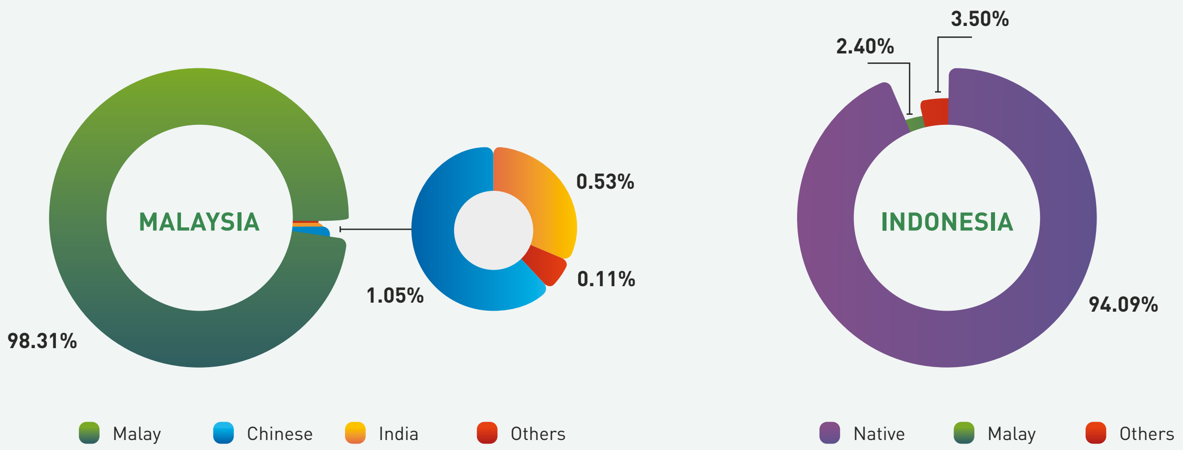


2. Employee Breakdown by Gender and Designation



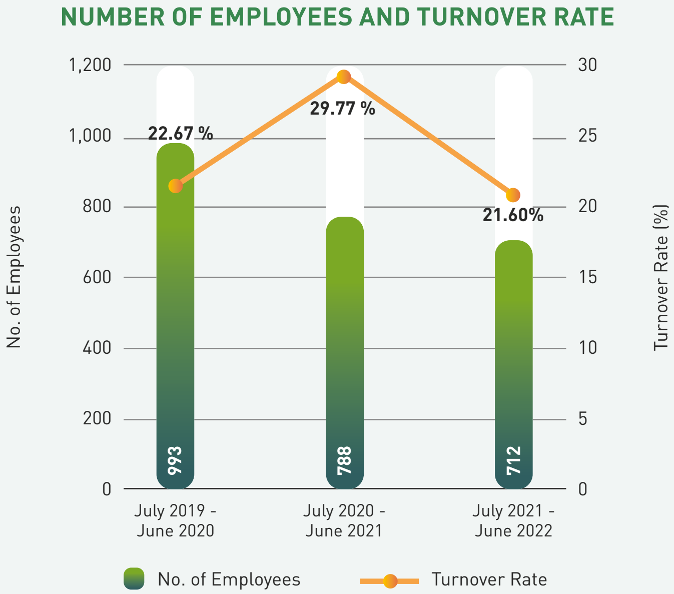
SUSTAINABILITY STATEMENT

3. Employee Breakdown by Region and Ethnicity



EMPLOYEE RETENTION FROM OUR HEAD OFFICE PAYROLL COVERING CORPORATE OFFICE, E&C, AND CONCESSION DIVISIONS

Employee Turnover



SUSTAINABILITY STATEMENT

IMPROVING WORKFORCE DIVERSITY & EQUAL OPPORTUNITIES AND REDUCE DISCRIMINATION

At AZRB, we prohibit discrimination in hiring and employment practices including race, religion, gender, age, disabilities and nationalities.

Race & Religion

We practise equal hiring in the Group. This involves Executive and Non-Executive positions.

Gender

Male employees make up 76.34% of the total workforce in AZRB. Despite our efforts to be fair and unbiased, our workforce continues to be male dominated given the nature of work involved in construction.

Age

We believe the future of our industry is in the hands of the next generation and are committed to mentoring and grooming our employees to become the leaders of tomorrow. As shown above, our employee distribution across the different age groups shows majority of our employees are within the 30-50 age brackets.

Disabilities

We will hire anyone who meets employment standards regardless of the disability.

Nationality

We will hire anyone who meets employment standards especially for critical technical positions regardless of the nationality. The aim is to transfer and share knowledge, skills and experience within our employees.

LOCAL EMPLOYMENT

Local people make the best employees because they have a better understanding in terms of culture, business practices and legal requirements.

At AZRB, we provide opportunities for qualified and experienced locals in various positions. We are proud to declare that 100% of employees are from our local talent pool. This shows that the local workforce is future-ready and globally competitive.

SUSTAINABILITY STATEMENT

STAFF WELFARE

Work-life balance of the employees is one of the commitments by AZRB. We provide benefits to the employees in support of their welfare.

Benefits	Description
Incentive	Best Student Awards for staff's dependents
Kelab Sukan & Rekreasi	KSR is a social club for AZRB employees, which organizes various activities: 1. **Sports and Recreational Activities** AZRB Merdeka Challenge for Malaysia 64th Independence Day - run minimum distance 6.4km, jump rope minimum jump 6400 jumps, badminton session, football/ futsal friendly match, Biggest Loser Challenge, boot camp and pound activities 2. **Talks** Tazkirah Ramadhan 3. **Donation Drives** Agihan Kurma, Zakat Fitrah Collection Counter 4. **Indoor Games** Trivia Times – Covid-19 online quiz, Merdeka Trivia - online quiz related to Malaysia, AZRB PUBG Tournament (e-sport) 5. **Others** Waste Hero 2.0 Collaboration with Sustainability Department, Gotong Royong Bentong Store (flood)
Medical Care	Hospitalisation, Outpatient, Dental
Leaves	Annual Leave, Medical Leave, Prolong Illness Leave, Maternity Leave, Paternity Leave, Compassionate Leave, Marriage Leave, Haj Leave, Pilgrimage Leave, Transfer Leave, Disaster Leave, Replacement Leave
Bereavement Contribution	1. RM500 donation for the death of immediate family members (spouse/children/ parents) 2. **Khairat Kematian** An employee will be eligible for death benefit in respect of death while in the service due to illness or natural causes which is not covered by the insurance. The benefit could be claimed by next of kin.

HUMAN RIGHTS

At AZRB, we adhere to all applicable laws and regulations related to human rights. We abide by the Industrial Relation Act 1967.

AZRB respects the human rights of all individuals and groups that may be affected by our operations. This includes protecting the health, safety and wellbeing of our employees, contractors, suppliers, agencies, partners, communities and those affected by our construction activities.

For this financial year, we recorded zero incidents of human rights violations and zero non-compliance incidents of labour standards.

SUSTAINABILITY STATEMENT

Children's Right

We support children's rights in our operations by undertaking actions to eliminate child labour, ensuring the protection and safety of children in our business activities and facilities and support the Government efforts to protect and fulfil children's rights.

In support of children's rights, we organised a Best Student Awards programme where we reward and recognise our employees' children who obtained excellent academic achievements. They are rewarded with monetary incentives at the annual event.

Labour Standards

At AZRB, we recognise that our people are the most valuable assets in creating value and achieving sustainable growth. We abide by the Employment Act 1955 as part of our responsibility to our employees.

As a caring organisation, we care for our employees by providing a conducive and ergonomically-compliant working condition, fair compensation packages, clearly communicated policies and the basic amenities required.

The Group's policy on labour standards is communicated with the employees through the AZRB Employee Handbook, which includes the following:

Pay at least the minimum wage	Do not use forced or involuntary labour
Prohibit physical abuse and harassment	Prohibit discrimination in hiring and employment practice including gender, race, religion, age and nationalities
Provide a safe and healthy workplace	Prompt action required by our grievance and whistleblowing procedure/policy

Our commitment to respecting human rights is described in our policy including the AZRB Code of Ethics & Conduct and the Employee Handbook.

As part of our responsibility to our employees, AZRB abides by Malaysia's Minimum Wage Order 2016. On 1 February 2020, we implemented the latest revision of minimum wages.

Our Plantation Division complies with the requirements of the Indonesian Labour Law 2003 which takes into consideration the requirements of the International Labour Organisation. During the financial year, there were no incidents involving child or forced labour recorded in our plantation operation.

SUSTAINABILITY STATEMENT

Prevention of Forced and Child Labour

AZRB does not tolerate with any form of forced labour including bonded labour, indentured labour and slave labour or human trafficking.

We adhere to the minimum age provisions in the Children and Young Persons (Employment) Act 1966. We do not hire employees under the age of 18 for any positions in the Group. We strictly prohibit the employment of workers below the age of 18 years, or any forced or compulsory labour.

The policies we follow to support the prevention of Forced and Child Labour are as listed below:

Employment Act 1955	Compliance to provide minimum protection to employees with regards to the working conditions, wages, holidays, retrenchment benefits and others.
	Addressed the elimination of excessive working hours
Occupational Health and Safety Act 1994	Compliance to provide the securing safety, health and welfare of the employees

Reporting Channel

It is the Group's policy to provide a working environment that fosters mutual employee respect and a harassment-free working relationship.

The Group strictly prohibits any form of harassment which includes, but is not limited to, unwelcome verbal or physical advances and sexually, racially or otherwise derogatory or discriminatory materials, statements or remarks during the performance of official duties:

- creating an intimidating, hostile or offensive work environment;
- unreasonably interfering with an employee's work performance; or
- affecting an employee's employment opportunity.

Any employee who believes that he has been subjected to harassment and any employee who observes or becomes aware of any harassment should immediately report the incident to his immediate superior or to the Human Resource Department. All reports will be treated as confidential.

Whistleblowing also acts as a channel for employees and other stakeholders to voice genuine concerns in relation to any improper conduct within the Group without fear of punishment or discriminatory treatment.

TRAINING AND CAREER DEVELOPMENT

We are committed to providing personal development training for our employees based on needs of business which are assessed by conducting Training Needs Identification, normally at the end of the year to prepare for the coming year. Data collected will be used to chart employee training offerings.

AZRB has targeted for all employees to be trained a minimum of 1 training course per year, which applies for various disciplines.

SUSTAINABILITY STATEMENT

For this financial year, listed below are the training attended by our employees, comprising internal and external training. Meanwhile, the data for employees attending HSE training are disclosed in the HSE Training and Competency section of the Statement.

Month	Trainings	Number of Participants	Duration per training session (hour)
July 2021	Finance for Non-Finance	27	7
	Talk On Challenges and Performance of A Thirty-Seven-Metre-Deep Underground Construction In Kuala Lumpur Downtown (External)	6	3
	Time is Money - An Overview of Loss & Expense Claims In Construction law - 9 July 2021 (External)	30	1.5
	Time is Money - An Overview of Loss & Expense Claims In Construction law - 16 July 2021 (Internal)	17	1.5
	Workshop On Implementation of Workplace Health Promotion Post Covid-19 (External)	36	8
	Construction Claims & ADR Conference 2021 (Public)	6	8
	Handling Harassment and Misconduct At Workplace - Policy and Procedures	1	16
	Guidelines to Conduct a Virtual Domestic Inquiry	1	7
	Covid-19 Impact on Impairment Financial Instruments and Going Concern Webinar (Public)	5	7
August 2021	A Practical Guide to Statutory Adjudication in Malaysia Under The Construction Industry Payment and Adjudication Act (CIPAA)	37	2.5
	JDE Refresher Training (Inventory Module)	6	4
	JDE Refresher Training (Purchasing Module)	10	4
	JDE Refresher Training (General Accounting)	22	8
	JDE Refresher Training (Accounts Receivable)	20	8
	JDE Refresher Training (Management Material System)	10	8
	Sustainable Infrastar Facilitator Course	5	8
	JDE Refresher Training (Contract Management & Purchase On Behalf)	27	8
	The Effective Administration Assistant	4	14
	JDE Refresher Training (Accounts Payable)	18	8
	Conference/Chief Audit Executive (CAE) Summit (Public)	1	8
	JDE Refresher Training (Fixed Asset Module)	17	12
	JDE Refresher Training (Job Cost)	1	4
	Emotional Intelligence (Internal)	7	8
	AZRB Welcome On Board	13	4
	Serlahkan Potensi Diri	12	8

SUSTAINABILITY STATEMENT

Month	Trainings	Number of Participants	Duration per training session (hour)
September 2021	Perlaksanaan dan Pematuhan Undang-undang & Isu-isu Semasa Alam Sekitar dalam Bidang Pembinaan (External)	84	4
	Digital Signature: How Does It Work and What Is The Legal Impact? (Public)	4	8
	EOT: Protection for Employer or Contractor (External)	26	1
	Tax Webinar 2021 (2nd Edition) Towards Employers' Readiness for LHDNM Tax Audit (Public)	1	8
	16th Road Engineering Association of Asia and Australasia (REAAA) Conference (Public)	4	26
	Integrity Awareness - 15/9/2021 (Internal)	25	3.5
	Integrity Awareness - 22/9/2021 (Internal)	27	3.5
	Fire Safety Management (External)	73	4
	Seminar Nail Your Tender - Securing JKR Projects 2021 (public)	1	8
October 2021	Guidelines for Reporting Framework for Beneficial Ownership of Legal Person in Malaysia (Webinar) - Public	1	7
	Loss & Expense : What, How & Best Way To Present	35	1.5
	Integrity Awareness - 13/10/2021	25	3
	AZRB Welcome On Board	12	3.5
	MEF Industrial Relations Conference 2021 (Public)	2	7
November 2021	Forum Virtual Pengurusan Kewangan Industri Pembinaan Era Endamik Covid-19 (Public)	1	8
	Integrity Awareness - 2/11/2021 (Internal)	17	3.5
	Integrity Awareness - 10/11/2021 (Internal)	14	3.5
	SOP Awareness Training (External Provider Pre-Listing & Assessment)	2	2
	Seminar EIA 2021 - Pengukuhan Prosedur Pemprosesan dan Penguatkuasaan EIA	7	7
	Kenali Dadah, Jauhi Dadah	93	4
	Successful Alternative Dispute Resolution For Your Company	21	1.5
	AZRB Welcome On Board	8	4
	Contract Administration (Internal)	3	2

SUSTAINABILITY STATEMENT

Month	Trainings	Number of Participants	Duration per training session (hour)
December 2021	Emergency Response Plan & Preparedness Training (External)	19	8
	Integrity Awareness - 9/12/2021 (Internal)	16	3.5
	Integrity Awareness - 15/12/2021 (Internal)	12	3.5
	Serve-It-Right	19	2
	Feel With Your Mind (Internal)	53	2
January 2022	Amendments to Employment Act 1955 & Proposed Amendments to Trade Unions Act 1959 (Public)	1	8
	IMS Awareness	27	3.5
	SOP Training (Costing)	4	4
	Site Supervision Booklet Briefing	16	2
	AZRB Welcome On Board	10	4
	Talk on Challenges and Performance of A Thirty-Seven-Metre-Deep Underground Basement Construction In Kuala Lumpur Downtown (External)	32	3
February 2022	HSE Awareness Training : Dengue Fever (External)	63	4
	Feel With Your Mind - Navigating Post Pandemic Workplace with Emotional Intelligence - 24/2/2022 (Internal)	19	1
	Feel With Your Mind - Navigating Post Pandemic Workplace with Emotional Intelligence - 25/2/2022 (Internal)	36	1
March 2022	Feel With Your Mind - Navigating Post Pandemic Workplace with Emotional Intelligence - 3/3/2022 (Internal)	23	1
	Compliance with Guidelines for The Reporting Framework for Beneficial Ownership of Legal Persons (Public)	1	7
	Kursus Online Kebakaran (webinar) - External	26	4
April 2022	One-Day Project Management Seminar (Internal)	19	6
	AZRB Welcome On Board	28	4
	Virtual Master Class Conflict Avoidance & Dispute Resolution In Contracts (Public)	1	8
May 2022	Lifting Supervisor Training 39th Intake (Public)	2	14
	Seminar on RC Flat Roof (Criteria for Concrete Design, Waterproofing Skin and Maintenance of Water Seepage related issues based on ACI-MY Technical Commentary No.1 (Public)	3	7
	Lifting Supervisor Training 40th Intake - 31/5/2022 - 1/6/2022 (Public)	2	14

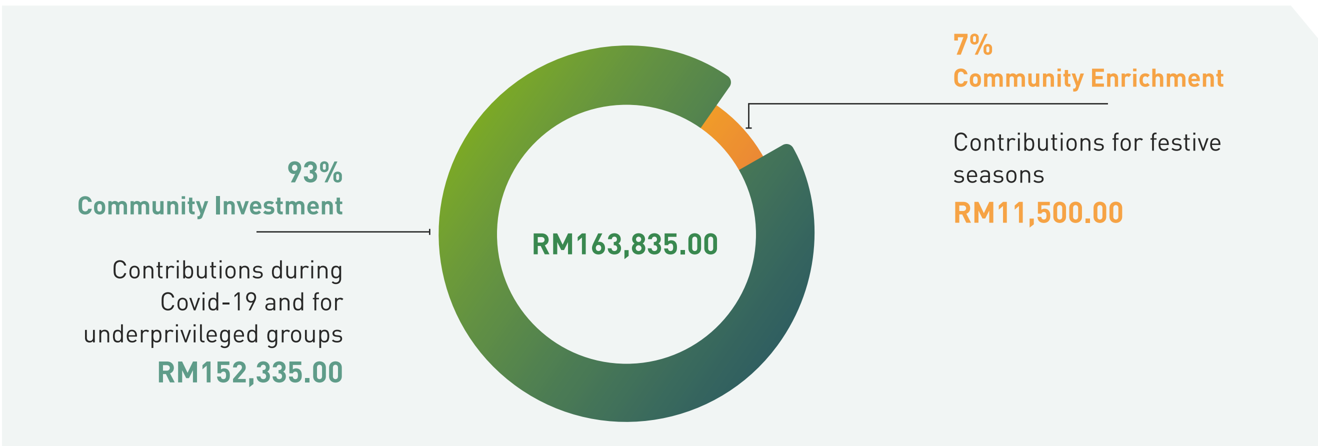
SUSTAINABILITY STATEMENT

Month	Trainings	Number of Participants	Duration per training session (hour)
June 2022	Malaysian Certified Inspector of Sediment and Erosion Control (MY-CISEC) - 1-4/6/2022 (Public)	2	28
	Integrity Awareness - 22/6/2022 (Internal)	15	3.5
	Integrity Awareness - 27/6/2022 (Internal)	14	3.5
	Account for Construction Contracts - 1/6/2022 (Internal)	10	4
	Group Consolidation Accounts - 2/6/2022 (Internal)	10	3
	Redeemable Convertible Preference Shares - 2/6/2022 (Internal)	2	4
	Board of Directors & Sr. Management Training Fintech & Block chain 101 - 15/6/2022 (In-House)	15	4
	AZRB Welcome On Board	7	4

COMMUNITY OUTREACH PROGRAMME

AZRB Group acknowledges that the culture of exchanging gifts may be a part of accepted business etiquette, which includes community investments. Guided by the Group's Gift Procedures, the giving or receiving of appropriate gifts can facilitate and promote good business relationships

AZRB is committed to harnessing the presence of communities surrounding the vicinity of our areas particularly at our construction project sites. However, no contributions are being made on education due to most of the examination was cancelled or abolished for the financial year. Below are the categories of community projects done in this FY period, which amounted to RM163,835.00:



CONCLUSION

In conclusion, we recognise that the current state of sustainability performance in our organisation affects our relationship with our stakeholders. In order to continuously meet our stakeholders' expectations, we are committed to addressing the risks by continually evaluating the impacts of EES to our business operations.

CHAPTER 05

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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:

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

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.

DIRECTORS' REPORT

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.

(iii) 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.

DIRECTORS' REPORT

(vi) 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.

DIRECTORS' REPORT

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' 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 Hjh Wan Maimun binti Wan Abdullah
Mohammad Fauzi bin Haji Ahmad
Mohd Zaki bin Mohd Noor
Wan Azwan Shah bin Tan Sri Dato' Sri Haji Wan Zaki
Wan Ramzi bin Haji Wan Muda
Hamkamarul Bahrin bin Mohamad
Azmi bin Mat Ali
Mohd Zulkifli bin Yusof
Wan Razali bin W Zulkifli
Dato' Haji Rozi bin Mamat
Dato' Haji Nik Dir bin Nik Wan Ku
Dato' Haji Din bin Adam
Haida Shenny binti Hazri
Hayati binti Tamzir
Wan Amir Hisyam bin Wan Zakariah
Mohd Hamdan bin Mahayet
Shahrulanuar bin Ishak (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' REPORT

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:

	Ordinary Shares			
	At 1.7.2021	**Bought**	**Sold**	**At 30.6.2022**
Direct interest in the Company				
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
Deemed interest in the Company				
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

	Warrants 2014/2024			
	At 1.7.2021	**Bought**	**Sold**	**At 30.6.2022**
Direct interest in the Company				
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
Deemed interest in the Company				
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

DIRECTORS' REPORT

	Number of Options over Ordinary Shares			
	At 1.7.2021	Granted	Exercised	At 30.6.2022
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 Zakaria 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

	Odinary Share			
	At 1.7.2021	Bought	Sold	At 30.6.2022
Direct interest in the ultimate holding company				
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
Deemed interest in the ultimate holding company				
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' REPORT

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:

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

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

	RM'000
Sales	(386)
Purchases	762

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.

DIRECTORS' REPORT

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:

	Group RM'000	Company RM'000
Auditors' remuneration:		
Audit fees:		
- Auditors of the Company	535	165
- Other auditors	54	-

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

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

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 124 to 235.

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AHMAD ZAKI RESOURCES BERHAD

(Incorporated in Malaysia)

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. 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.	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. • 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.

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

Key Audit Matters	Our audit performed and responses thereon
(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 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. • 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.

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

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. 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 disclosures 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 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. • 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.

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

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.

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.

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

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.

- 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.

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

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.

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
	Note	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	**(671,102)**	(804,456)	**(13,430)**	(24,791)
Gross profit		**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		**(47,606)**	(33,214)	**(43,491)**	(9,768)
(Loss)/Profit from operating activities		**(59,292)**	(49,751)	**(9,910)**	35,729
Finance income	6	**56,954**	57,361	**46**	410
Finance costs	7	**(65,292)**	(62,996)	**(11,809)**	(13,689)
Net finance costs		**(8,338)**	(5,635)	**(11,763)**	(13,279)
Share of (loss)/profit of associates, net of tax	20	**(1)**	1	**-**	-
(Loss)/Profit before tax	8	**(67,631)**	(55,385)	**(21,673)**	22,450
Income tax credit/(expenses)	10	**1,574**	(19,677)	**4**	(841)
(Loss)/Profit for the year		**(66,057)**	(75,062)	**(21,669)**	21,609

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

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

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
ASSETS					
Non-Current Assets					
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
Total Non-Current Assets		**3,669,451**	3,312,027	**957,102**	1,010,276
Current Assets					
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
Total Current Assets		**847,642**	1,050,927	**519,335**	510,241
Total Assets		**4,517,093**	4,362,954	**1,476,437**	1,520,517

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
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	**-**	-
Total Equity		**221,426**	296,347	**235,763**	257,482
Non-Current and Deferred Liabilities					
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	**-**	-
Total Non-Current and Deferred Liabilities		**3,000,808**	2,828,517	**234,247**	234,373
Current Liabilities					
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	**-**	-
Total Current Liabilities		**1,294,859**	1,238,090	**1,006,427**	1,028,662
Total Liabilities		**4,295,667**	4,066,607	**1,240,674**	1,263,035
Total Equity and Liabilities		**4,517,093**	4,362,954	**1,476,437**	1,520,517

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

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

	Attributable to owners of the Company									
	Non-distributable									
	Share capital RM'000	Other reserve RM'000	Warrant reserve RM'000	Foreign exchange translation reserve RM'000	Employees' Share Scheme RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 July 2021	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)
Total other comprehensive loss for the year	-	(1,134)	-	(7,231)	-	-	-	(8,365)	(499)	(8,864)
Loss for the year	-	-	-	-	-	-	(63,254)	(63,254)	(2,803)	(66,057)
Total comprehensive loss for the year	-	(1,134)	-	(7,231)	-	-	(63,254)	(71,619)	(3,302)	(74,921)
At 30 June 2022	197,536	650	27,889	11,745	1,506	(1,026)	(13,588)	224,712	(3,286)	221,426

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

	Attributable to owners of the Company									
	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	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 July 2020	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
Total other comprehensive income for the year	-	190	-	9,680	-	-	-	9,870	1,003	10,873
Loss for the year	-	-	-	-	-	-	(68,637)	(68,637)	(6,425)	(75,062)
Total comprehensive income/(loss) for the year	-	190	-	9,680	-	-	(68,637)	(58,767)	(5,422)	(64,189)
At 30 June 2021	197,536	1,784	27,889	18,976	1,506	(1,026)	49,666	296,331	16	296,347

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

	Attributable to owners of the Company						
	Non-distributable					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**	**Total RM'000**
At 1 July 2021	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)
Total comprehensive loss for the year	-	-	(50)	-	-	(21,669)	(21,719)
At 30 June 2022	197,536	27,889	3,318	1,506	(1,206)	6,540	235,763
At 1 July 2020	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
Total comprehensive income for the year	-	-	71	-	-	21,609	21,680
At 30 June 2021	197,536	27,889	3,368	1,506	(1,026)	28,209	257,482

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
(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)	**-**	-
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)	**-**	-
Operating profit/(loss) before working capital changes		**8,158**	4,220	**(5,781)**	3,780

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (CONT'D)					
Changes in working capital:					
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
Cash Generated From/(Used In) Operations		**74,720**	(61,980)	**(54,638)**	(94,595)
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
Net Cash From/(Used In) Operating Activities		**77,225**	(68,657)	**(53,218)**	(94,025)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
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		**29,798**	15,552	**64,737**	59,244

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
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		**24,015**	(3,601)	**-**	(5,475)
Net Cash Used In Financing Activities		**(121,555)**	(178,169)	**(12,530)**	(20,053)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(14,532)**	(231,274)	**(1,012)**	(54,834)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**56,212**	287,486	**5,623**	60,457
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(i)	**41,680**	56,212	**4,611**	5,623

(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

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(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:

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

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

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

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.

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

2. BASIS OF PREPARATION (CONT'D)

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

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for annual periods beginning on or after 1 January 2023.
[3] 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of accounting (Cont'd)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Going concern (Cont'd)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Basis of consolidation (Cont'd)

(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 of deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Basis of consolidation (Cont'd)

(iii) Associates (Cont'd)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Basis of consolidation (Cont'd)

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Foreign currency (Cont'd)

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(a) Amortised cost

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

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

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

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

All financial assets not measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminate or significantly reduces an accounting mismatch that would otherwise arise.
Financial assets categorised at FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

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

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(a) Financial liabilities measured at amortised cost

Financial liabilities that are not held for trading, or designated as at FVTPL, are 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

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

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

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leased assets (Cont'd)

(i) As Lessee (Cont'd)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leased assets (Cont'd)

(i) As Lessee (Cont'd)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Intangible assets (Cont'd)

(i) Concession asset (Cont'd)

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

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

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

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Intangible assets (Cont'd)

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Impairment (Cont'd)

(i) Financial assets (Cont'd)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Impairment (Cont'd)

(ii) Goodwill and intangible assets (Cont'd)

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

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

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

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Employee benefits (Cont'd)

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Provisions

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

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Revenue and other income recognition (Cont'd)

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).

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Revenue and other income recognition (Cont'd)

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.26 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(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.

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

4. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
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 foo and beverages	**3,779**	2,189	**-**	-
Management fees	**-**	-	**17,583**	19,078
Dividend income	**-**	-	**27,916**	34,314
	723,142	846,982	**59,636**	79,488
Timing of revenue recognition:				
At a point in time	**331,644**	209,456	**45,499**	53,392
Over time	**391,498**	637,526	**14,137**	26,096
	723,142	846,982	**59,636**	79,488

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.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Engineering and constructions	**947,521**	830,497	**23,231**	36,496

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

4. REVENUE (CONT'D)

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

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

5. COST OF SALES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
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	**-**	-
	671,102	804,456	**13,430**	24,791

6. FINANCE INCOME

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

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).

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

7. FINANCE COSTS

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 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	**-**	-
		65,292	62,996	**11,809**	13,689

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

8. (LOSS)/PROFIT BEFORE TAX

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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 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
		269	462	**1**	2
Impairment in cost on investment in subsidiary	19	**-**	-	**26,931**	-
Gain on redemption of redeemable convertible preference shares		**-**	-	**(13,102)**	(8,900)
Net allowance/(reversal) for 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

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

8. (LOSS)/PROFIT BEFORE TAX (CONT'D)

Included in employee benefits expense is:

		Group		Company	
	Note	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	**-**	-
		4,864	3,197	**1,261**	1,397

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
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
	3,733	5,413	**2,403**	3,353
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
	953	978	**551**	579
Total remuneration (executive and non-executive)	**4,686**	6,391	**2,954**	3,932

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10. INCOME TAX (CREDIT)/EXPENSES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 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:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(Loss)/Profit before tax	**(67,631)**	(55,385)	**(21,673)**	22,450
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	**21,097**	3,784	**-**	224
Total income tax (credit)/expense	**(1,574)**	19,677	**(4)**	841

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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.

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

* 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.

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FOR FINANCIAL YEAR ENDED 30 JUNE 2022

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Bearer plants RM'000	Buildings and renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Asset under construction RM'000	Total RM'000
Cost								
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**

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

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

Group	Freehold land RM'000	Bearer plants RM'000	Buildings and renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Asset under construction RM'000	Total RM'000
Accumulated depreciation								
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
Carrying amounts								
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**

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

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

Company	Freehold land RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost					
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	1,750	45	3,678	361	5,834
Accumulated depreciation					
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	-	43	3,608	361	4,012
Carrying amounts					
At 30 June 2021	1,750	2	154	-	1,906
At 30 June 2022	1,750	2	70	-	1,822

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

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

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:

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

(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).

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

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.

Group	Note	Leasehold land	Buildings	Machinery and equipment	Bunkering facilities	Office equipment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
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**
Accumulated depreciation							
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**
Carrying amounts							
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**

NOTES TO THE FINANCIAL STATEMENTS
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13. RIGHT-OF-USE ASSETS (CONT'D)

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

* 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.

NOTES TO THE FINANCIAL STATEMENTS
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13. RIGHT-OF-USE ASSETS (CONT'D)

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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Amounts recognised in profit and loss					
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	**269**	462	**1**	2

During the year, the total cash outflow for leases for the Group and the Company amounted to RM1,139,0000 (2021: RM3,645,000) and RM3,860,000 (2021: RM3,793,000) respectively (Note 33).

14. PREPAID LEASE PAYMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS
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15. LAND HELD FOR DEVELOPMENT

	Note	Group 2022 RM'000	Group 2021 RM'000
Cost			
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		**-**	351
At 30 June		**79,318**	64,177
Freehold land		**49,150**	52,674
Leasehold land		**30,168**	11,503
		79,318	64,177

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

Group	Contractual customer relationship RM'000	Lease agreement RM'000	Software RM'000	Total RM'000
Costs				
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**

16. INTANGIBLE ASSETS (CONT'D)

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

17. CONCESSION SERVICE ASSETS

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

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).

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18. GOODWILL

	Group 2022 RM'000	Group 2021 RM'000
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:

	Note	Group 2022 RM'000	Group 2021 RM'000
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.

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19. INVESTMENTS IN SUBSIDIARIES

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

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:

		Company	
	Note	**2022**	**2021**
		RM'000	**RM'000**
At 1 July		**16,035**	16,035
Impairment loss	8	**26,931**	-
At 30 June		**42,966**	16,035

NOTES TO THE FINANCIAL STATEMENTS
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19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group 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

NOTES TO THE FINANCIAL STATEMENTS
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19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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
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

NOTES TO THE FINANCIAL STATEMENTS
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19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held by the Group 2022 %	2021 %
Held through Betanaz Mills Sdn. Bhd.				
Peak Crops Sdn. Bhd.	Dormant	Malaysia	**40**	40
Held through Ahmad Zaki Sdn. Bhd.				
Peninsular Precast Sdn. Bhd.	Fabricating and marketing of Industrial Building Products and System ("IBS")	Malaysia	**100**	100
AZSB Machineries Sdn. Bhd.	Rental of machineries and equipment and to carry on all or any of the business of transport operators.	Malaysia	**100**	100
Kemaman Technology & Industrial Park Sdn. Bhd.	Property development	Malaysia	**60**	60
Held through AZRB International Ventures Sdn. Bhd.				
Ahmad Zaki Saudi Arabia Co. Ltd.#@	Contractors of civil and structural works	Kingdom of Saudi Arabia	**5**	5
Held through Matrix Reservoir Sdn. Bhd.				
TB Realty Sdn. Bhd.	Leasing of land and building	Malaysia	**53**	53
TB Supply Base Sdn. Bhd.	Logistic management services and vessel related services	Malaysia	**53**	53
TB Terminals Sdn. Bhd.	Dormant	Malaysia	**53**	53
Astral Far East Sdn. Bhd.	Dealer of lubricants, petroleum-based products and selling of potable water.	Malaysia	**53**	53

* *Audited by other firm of auditors*
@ *Wholly-owned subsidiary of the Group*
\# *The financial statements are audited for the purpose of consolidation*

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19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

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

Name of subsidiaries	NCI percentage of ownership interest and voting power %	(Loss)/Profit allocated to non-controlling interests RM'000	Accumulated non-controlling interests RM'000
2022			
Matrix Reservoir Sdn. Bhd. and its subsidiaries ("MRSB Group")	47	(644)	7,902
Kemaman Technology & Industrial Park Sdn. Bhd. ("KTIP")	40	(88)	8,236
P.T. Ichtiar Gusti Pudi ("PTIGP")	5	(2,746)	*(14,859)
Other individually immaterial subsidiaries		675	(4,565)
		(2,803)	(3,286)
2021			
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. Ichtiar Gusti Pudi ("PTIGP")	5	(2,004)	#(11,642)
Other individually immaterial subsidiaries		(1,096)	(5,212)
		(6,425)	16

* 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.

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19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	2022		2021	
	MRSB Group RM'000	KTIP RM'000	MRSB Group RM'000	KTIP RM'000
Statements of financial position				
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
Statements of profit or loss and other comprehensive income				
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

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

20. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	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	2021
	RM'000	RM'000
Goodwill on acquisition	**2,058**	2,058

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

Name of associates	Principal activities	Proportion of ownership interest and voting power held by the Group 2022	2021
		%	%
Palmacorp Sdn. Bhd.*	Dormant	**50**	50
Held through Ahmad Zaki Sdn. Bhd.			
Fasatimur Sdn. Bhd.*	Dormant	**50**	50

* *Audited by other firm of auditors*

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

20. INVESTMENTS IN ASSOCIATES (CONT'D)

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

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

21. INTERESTS IN JOINT VENTURES

	Group 2022 RM'000	2021 RM'000
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:

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

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

22. INVESTMENTS IN FINANCIAL ASSETS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At fair value through profit or loss:				
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	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**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:

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**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)

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

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

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
Group						
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	**(38,413)**	(19,765)	**109,044**	105,179	**70,631**	85,414
Company						
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	**(235)**	(235)	**-**	-	**(235)**	(235)

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

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

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
	168,433	103,502	**2,455**	2,455

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
Non-current					
Other receivables	f	**9,442**	13,380	**-**	2,128
Concession service receivable	b	**533,079**	559,960	**-**	-
		542,521	573,340	**-**	2,128

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

24(a). TRADE AND OTHER RECEIVABLES (CONT'D)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current					
Trade					
External parties	a	**271,052**	310,178	**-**	-
Concession service receivable	b	**80,000**	71,667	**-**	-
Amount due from a joint venture	c	**47**	47	**-**	-
		351,099	381,892	**-**	-
Non-trade					
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
		37,408	54,071	**511,510**	501,009
		388,507	435,963	**511,510**	501,009

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

24(a). TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 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		**11,588**	656	**21,451**	9,204

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

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.

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

24(a). TRADE AND OTHER RECEIVABLES (CONT'D)

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

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

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.

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

24(b). CONSTRUCTION CONTRACT ASSETS

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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
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	**-**	-

25. BIOLOGICAL ASSETS

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

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.

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

26. INVENTORIES

	Group 2022 RM'000	2021 RM'000
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
	30,594	22,671

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

	Note	Group 2022 RM'000	2021 RM'000
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)**	-
		(26,777)	(822)
At 30 June		**1,254**	26,445

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

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

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

31. RESERVES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
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)
Distributable:				
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.

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

31. RESERVES (CONT'D)

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

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
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	**-**	-
		2,667,919	2,504,280	**161,541**	162,272
Current					
Term loans	a	**64,281**	101,950	**8,000**	7,300
Finance leas 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	**-**	-
		351,128	459,297	**8,034**	7,373
		3,019,047	2,963,577	**169,575**	169,645

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

32. LOANS AND BORROWINGS (CONT'D)

Note a

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 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**	-	**-**	-
		1,195,874	1,094,567	**169,525**	169,525

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.

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

32. LOANS AND BORROWINGS (CONT'D)

(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.

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

32. LOANS AND BORROWINGS (CONT'D)

(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:

	Future minimum lease payments 2022 RM'000	Interest-in-suspense 2022 RM'000	Present value of minimum lease payments 2022 RM'000	Future minimum lease payments 2021 RM'000	Interest-in-suspense 2021 RM'000	Present value of minimum lease payments 2021 RM'000
Group						
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
	10,044	**(359)**	**9,685**	18,629	(921)	17,708
Company						
Less than one year	**35**	**(1)**	**34**	76	(3)	73
Between one and five years	**16**	**-**	**16**	48	(1)	47
	51	**(1)**	**50**	124	(4)	120

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.

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

32. LOANS AND BORROWINGS (CONT'D)

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	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**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
	9,767	7,906	**73,387**	72,741

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

33. LEASE LIABILITIES (CONT'D)

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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 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		**9,767**	7,906	**73,387**	72,741

Maturity analysis of the lease liabilities is as follows:

Group	Future minimum lease payments RM'000	Interest-in-suspense RM'000	Present value of minimum lease payments RM'000
2022			
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**
	13,863	**(4,096)**	**9,767**
2021			
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
	12,037	(4,131)	7,906

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

33. LEASE LIABILITIES (CONT'D)

Company	Future minimum lease payments RM'000	Interest-in-suspense RM'000	Present value of minimum lease payments RM'000
2022			
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**
	156,000	**(82,613)**	**73,387**
2021			
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
	157,056	(84,315)	72,741

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

	Group 2022 RM'000	Group 2021 RM'000
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.

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

34. EMPLOYEE BENEFITS (CONT'D)

Movement in net defined benefit obligations

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

	2022	2021
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

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

34. EMPLOYEE BENEFITS (CONT'D)

	2022	2021
Proportion of early retirement take-up	**N/A**	N/A
Proportion of normal retirement take-up	**100 %**	100%
Normal retirement age	**55 years**	55 years

35. TRADE AND OTHER PAYABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Deferred income	e	**209,748**	209,748	**-**	-
Advance payments received	b	**67**	-	**-**	-
		209,815	209,748	**-**	-
Current					
Trade					
External parties	a	**665,180**	600,890	**1,219**	2,156
Advance payments received	b	**40,665**	32,375	**-**	1,761
		705,845	633,265	**1,219**	3,917
Current					
Non-trade					
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
		217,791	138,298	**996,493**	1,016,732
		923,636	771,563	**997,712**	1,020,649

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

35. TRADE AND OTHER PAYABLES (CONT'D)

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:

	Group	
	2022 RM'000	2021 RM'000
Amount due to/(from) subsidiaries of Chuan Huat Resources Berhad, a company in which Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda has a substantial financial interest and is also a director:		
- Chuan Huat Industrial Marketing Sdn. Bhd.	**4,559**	9,219
- Chuan Huat Steel Sdn. Bhd.	**(296)**	904

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.

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

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.

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

37. OPERATING SEGMENTS (CONT'D)

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

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

37. OPERATING SEGMENTS (CONT'D)

	Note	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2022									
Revenue									
External revenue		357,896	54,280	57,962	214,401	38,603	-	-	723,142
Inter-segment revenue		-	-	5,900	-	-	17,500	(23,400)	-
Total revenue		357,896	54,280	63,862	214,401	38,603	17,500	(23,400)	723,142
Results									
Operating results		(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		(16,585)	(26,796)	(6,295)	(18,482)	(2,094)	(75)	-	(70,327)
(Loss)/Profit before tax		(46,911)	36,765	(5,096)	(48,235)	2,813	(6,967)	-	(67,631)
Income tax credit									1,574
Loss for the financial year									(66,057)
Other segment information									
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		(10,964)	(103)	(11,218)	(20,030)	(763)	(91)	-	(43,169)

NOTES TO THE FINANCIAL STATEMENTS
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37. OPERATING SEGMENTS (CONT'D)

	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2022								
Assets								
Segment assets	2,786,349	668,659	246,853	434,194	105,491	119,142	-	4,360,688
Investments	12,736	-	-	-	-	97,637	-	110,373
Deferred tax assets	29,383	-	7,258	1,539	-	233	-	38,413
Tax recoverable	5,425	90	1,535	1	246	322	-	7,619
Total assets	2,833,893	668,749	255,646	435,734	105,737	217,334	-	4,517,093
Liabilities								
Segment liabilities	900,470	51,310	41,932	125,812	27,948	2,423	-	1,149,895
Loans and borrowings	1,961,563	407	91,655	419,822	545,550	50	-	3,019,047
Deferred tax liabilities	-	103,639	1,259	-	-	4,146	-	109,044
Tax liabilities	8,509	9,172	-	-	-	-	-	17,681
Total liabilities	2,870,542	164,528	134,846	545,634	573,498	6,619	-	4,295,667

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

37. OPERATING SEGMENTS (CONT'D)

	Note	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2021									
Revenue									
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		627,161	50,987	47,074	124,303	3,862	18,991	(25,396)	846,982
Results									
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									(19,677)
Loss for the financial year									(75,062)
Other segment information									
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		(13,380)	(153)	(8,319)	(12,653)	(770)	(354)	-	(35,629)

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

37. OPERATING SEGMENTS (CONT'D)

	Engineering and Construction RM'000	Concession RM'000	Oil and Gas RM'000	Plantation RM'000	Property RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2021								
Assets								
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	2,786,844	711,986	229,398	402,015	116,628	116,083	-	4,362,954
Liabilities								
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	2,747,581	678,730	121,642	448,108	51,921	18,625	-	4,066,607

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

37. OPERATING SEGMENTS (CONT'D)

Major segment by geographical area

	Malaysia RM'000	Republic of Indonesia RM'000	India RM'000	Kingdom of Saudi Arabia RM'000	Eliminations RM'000	Consolidated RM'000
2022						
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	**40,525**	**46,889**	**-**	**-**	**-**	**87,414**
2021						
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	51,651	26,655	-	-	-	78,306

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

37. OPERATING SEGMENTS (CONT'D)

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

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

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

	Note	Group 2022 RM'000	Group 2021 RM'000
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	**(480)**	(570)
		(39,611)	(37,364)

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 Classes and categories of financial instruments (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at amortised cost:				
Trade and other receivables, excluding prepayments	**956,914**	1,005,498	**511,279**	502,827
Cash and deposits	**189,500**	207,424	**4,611**	5,623
Financial assets at FVTPL:				
Club membership and unquoted shares	**116**	116	**68**	68
Unquoted unit trusts	**107,455**	228,062	**-**	-
Financial liabilities				
Other financial liabilities at amortised cost:				
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	**864,816**	728,364	**997,712**	1,020,649

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

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

38. FINANCIAL INSTRUMENTS (CONT'D)

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 Credit risk (Cont'd)

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:

	Gross RM'000	Group individual impairment RM'000	Net RM'000
2022			
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**
	271,052	**-**	**271,052**
2021			
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
	310,178	-	310,178

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 Credit risk (Cont'd)

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

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:

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

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 Liquidity risk (Cont'd)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2022							
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
	3,893,630		6,247,690	1,452,322	30,012	839,837	3,655,519

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 Liquidity risk (Cont'd)

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2021							
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
	3,699,847		6,153,900	1,219,576	344,381	791,478	3,798,465

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 Liquidity risk (Cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2022							
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**
	1,240,674		**1,365,718**	**1,019,036**	**30,541**	**101,807**	**214,334**
2021							
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
	1,263,035		1,387,886	1,034,198	50,539	118,116	185,033

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

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:

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

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.

	Group	
	2022	**2021**
	Profit or loss	**Profit or loss**
	RM'000	**RM'000**
USD	**33,172**	27,925

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

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:

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

Interest rate risk sensitivity analysis

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

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

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

A change of 1% (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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5.2 Interest rate risk (Cont'd)

	Group		Company	
	1% increase RM'000	1% decrease RM'000	1% increase RM'000	1% decrease RM'000
2022				
Floating rate instruments				
Term loans	**(6,448)**	**6,448**	**(1,695)**	**1,695**
Bank overdrafts	**(455)**	**455**	**-**	**-**
Trust receipts	**(197)**	**197**	**-**	**-**
Revolving credits and Murabahah facilities	**(1,824)**	**1,824**	**-**	**-**
Bankers' acceptance	**(157)**	**157**	**-**	**-**
Cash flow sensitivity (net)	**(9,081)**	**9,081**	**(1,695)**	**1,695**
2021				
Floating rate instruments				
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)	(8,682)	8,682	(1,695)	1,695

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.

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.6 Fair value informationk (Cont'd)

(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.

	Group			
	2022		2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
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	**1,550,210**	**1,048,563**	1,550,603	1,585,386

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

38. FINANCIAL INSTRUMENTS (CONT'D)

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.

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

39. CAPITAL MANAGEMENT (CONT'D)

Net Gearing Ratio

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
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	**224,712**	296,331	**235,763**	257,482
Net debt-to-equity ratio (times)	**12.11**	8.53	**0.70**	0.64

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.

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

40. SHARE-BASED PAYMENTS (CONT'D)

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

			Number of ordinary shares				
Grant date	**Expiry date**	**Exercise price per share RM**	**Balance as at 1 July**	**Granted**	**Exercised**	**Forfeited**	**Balance as at 30 June**
Share Options							
2022							
31.03.2017	17.08.2024*	**0.61**	**2,935,205**	**-**	**-**	**(249,665)**	**2,685,540**
2021							
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:

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

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

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

41. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Less than one year	**117**	214
Between one and five years	**185**	265
	302	479

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

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

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

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.

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

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. Ichtiar 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.

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

43. CONTINGENT LIABILITIES (CONT'D)

(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:

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

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.

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

44. MATERIAL LITIGATIONS (CONT'D)

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 RM2,303,087.00 under the Tenancy Agreement and against AZRB, amongst others, the return of RM28,415,094.44 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.

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

45. RELATED PARTIES (CONT'D)

Significant related party transactions

The significant related party transactions of the Group and of the Company, other than key management personnel compensation (see Note 9), are as follows:

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

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,

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD

DATO' SRI WAN ZAKARIAH BIN HAJI WAN MUDA

Kuala Lumpur,
28 October 2022

DECLARATION BY THE OFFICER PRIMARILY

RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

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

SHAHRULANUAR BIN ISHAK
(MIA No. 28067)

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

Before me,

COMMISSIONER FOR OATHS

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

AS AT 3 OCTOBER 2022

Issued and Fully Paid-up Share Capital : 598,097,678 #
Class of Shares : Ordinary Share
Voting Rights : One vote per share

inclusive of 1,662,862 ordinary shares held as treasury shares as at 3 October 2022

STATEMENT OF DIRECTOR'S SHAREHOLDINGS AND WARRANTHOLDINGS

	Ordinary Shares			
The Company	**Direct Interest**	**%**	**Deemed Interest***	**%**
Ahmad Zaki Resources Berhad				
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	200,000	0.03	0	0
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	4,757,371	0.80	321,982,659	53.98
Dato' Sri Wan Zakariah bin Haji Wan Muda	5,266,220	0.88	27,000	0.01
Dato' Ir. W Zulkifli bin Haji W Muda	10,003,789	1.68	863,125	0.14
Dato' Roslan bin Tan Sri Jaffar	1,061,262	0.18	492,187	0.08
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,500,000	0.42	0	0
Tan Sri Dr Madinah binti Mohamad	0	0	0	0
Dato' Ir. Haji Che Noor Azeman bin Yusoff	0	0	0	0
Ultimate Holding Company				
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	3,000,001	30.00	2,500,001	25.00
Dato' Sri Wan Zakariah bin Haji Wan Muda	1,250,000	12.50	0	0
Dato' Ir. W Zulkifli bin Haji W Muda	1,250,000	12.50	0	0

DIRECTORS' INTERESTS
IN SHARES AND WARRANTS
AS AT 3 OCTOBER 2022

	Warrants 2014/2024			
The Company	Direct Interest	%	Deemed Interest*	%
Ahmad Zaki Resources Berhad				
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	0	0	0	0
Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	985,676	0.85	63,622,038	54.75
Dato' Sri Wan Zakariah bin Haji Wan Muda	429,368	0.37	0	0
Dato' Ir. W Zulkifli bin Haji W Muda	225,153	0.19	0	0
Dato' Roslan bin Tan Sri Jaffar	139,218	0.12	105,468	0.09
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	0	0	0	0
Tan Sri Dr Madinah binti Mohamad	0	0	0	0
Dato' Ir. Haji Che Noor Azeman bin Yusoff	0	0	0	0

* securities held through person(s) connected with the Director

By virtue of Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda having an interest of more than 20% of the ordinary shares in Ahmad Zaki Resources Berhad, he is deemed interested in the shares of its subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the Directors held any securities or have any interest in the Company and its related companies as at 3 October 2022

ANALYSIS OF SHAREHOLDINGS

AS AT 3 OCTOBER 2022

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders		No. of Shareholdings		% of Shareholdings	
Category	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
Less than 100 shares	701	10	26,757	427	0.00	0.00
100 to 1,000 shares	475	5	198,356	1,924	0.03	0.00
1,001 to 10,000 shares	1,979	20	10,947,357	124,907	1.84	0.02
10,001 to 100,000 shares	2,164	40	70,472,652	1,809,182	11.82	0.30
100,001 to less than 5% of issued shares	381	11	190,120,161	3,288,257	31.88	0.55
5% and above of issued shares	3	0	319,444,836	0	53.56	0
Total	**5,703**	**86**	**591,210,119**	**5,224,697**	**99.07**	**0.93**

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE EXCLUDING BARE TRUSTEES)

		Ordinary Shares			
No.	**Substantial shareholder**	**Direct Interest**	**%**	**Deemed Interest ***	**%**
1.	Zaki Holdings (M) Sdn Bhd	247,982,336	41.58	0	0
2.	AmSec Nominees (Tempatan) Sdn Bhd - Pledged securities account - AmBank (M) Berhad for Zaki Holdings (M) Sdn Bhd	71,462,500	11.98	0	0
3.	Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	4,757,371	0.80	321,982,659	53.98

* ordinary shares held through persons connected with the substantial shareholder

ANALYSIS OF SHAREHOLDINGS

AS AT 3 OCTOBER 2022

LIST OF 30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Shareholder	Ordinary Shares	%
1.	Zaki Holdings (M) Sdn Bhd	205,030,880	34.38
2.	AmSec Nominees (Tempatan) Sdn Bhd	71,462,500	11.98
	- Pledged securities account - AmBank (M) Berhad for Zaki Holdings (M) Sdn Bhd		
3.	Zaki Holdings (M) Sdn Bhd	42,951,456	7.20
4.	Dato' Sri Ng Teck Long	14,233,500	2.39
5.	HLB Nominees (Tempatan) Sdn Bhd	7,018,750	1.18
	- Pledged securities account for Dato' W Zulkifli bin W Muda		
6.	Lim Boon Liat	6,900,000	1.16
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd	4,909,970	0.82
	- Pledged securities account for Dato' Sri Wan Zakariah bin Wan Muda (7005790)		
8.	Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	4,757,371	0.80
9.	Datin Sri Wong Pui Yoong	4,529,700	0.76
10.	Multiglow Resources Sdn Bhd	3,800,000	0.64
11.	Datuk Prof. A Rahman @ Omar bin Abdullah	3,683,049	0.62
12.	Rosnita binti Yunus	3,175,050	0.53
13.	Maybank Nominees (Tempatan) Sdn Bhd	2,868,750	0.48
	- Pledged securities account for Dato' W Zulkifli bin W Muda		
14.	Maybank Nominees (Tempatan) Sdn Bhd	2,725,000	0.46
	- Pledged securities account for Su Tiing Uh		
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd	2,622,700	0.44
	- Pledged securities account for Chong Yiew On (6000006)		
16.	Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,500,000	0.42
17.	Al Wakalah Nominees (Tempatan) Sdn Bhd	2,362,500	0.40
	- Pledged securities account for Dato' Haji Mustaffa bin Mohamad		
18.	Public Nominees (Tempatan) Sdn Bhd	2,250,000	0.38
	- Pledged securities account for Lim Khek Keng (E-TAI)		
19.	Chin Wah Yin	2,000,000	0.34

ANALYSIS OF SHAREHOLDINGS
AS AT 3 OCTOBER 2022

No.	Shareholder	Ordinary Shares	%
20.	Tan Leong Yeok	2,000,000	0.34
21.	Fung Lee Yin	1,868,350	0.31
22.	Mohd Shokri bin Abd Rahman	1,843,600	0.31
23.	Maybank Nominees (Tempatan) Sdn Bhd	1,642,300	0.28
	- Waiko International Sdn Bhd		
24.	RHB Capaital Nominees (Asing) Sdn Bhd	1,562,500	0.26
	- Pledged securities account for Ioannis Koromilas		
25.	Naimah binti Hashim	1,500,512	0.25
26.	Affin Hwang Nominees (Tempatan) Sdn Bhd	1,409,300	0.24
	- Pledged securities account for Teh Poo Seng (M02)		
27.	Chuan Thong Huat	1,405,400	0.24
28.	JF Apex Nominees (Tempatan) Sdn Bhd	1,400,000	0.23
	- Pledged securities account for Lee Chee Keong (STA 5)		
29.	RHB Nominees (Tempatan) Sdn Bhd	1,400,000	0.23
	- Pledged securities account for Rosmariah binti Abd Manan		
30.	Gunasekaran a/l Seenivasagam	1,322,500	0.22

ANALYSIS OF WARRANTHOLDINGS

AS AT 3 OCTOBER 2022

DISTRIBUTION OF WARRANTHOLDINGS

	No. of Warrantholders		No. of Warrantholdings		% of Warrantholdings	
Category	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
Less than 100 warrants	262	4	12,563	152	0.01	0
100 to 1,000 warrants	185	1	100,930	956	0.09	0
1,001 to 10,000 warrants	573	6	2,273,606	37,149	1.96	0.03
10,001 to 100,000 warrants	306	6	9,955,987	172,441	8.57	0.15
100,001 to less than 5% of issued warrants	84	4	30,089,071	844,481	25.89	0.73
5% and above of issued warrants	2	-	72,714,616	-	62.58	-
Total	**1,412**	**21**	**115,146,773**	**1,055,179**	**99.09**	**0.91**

LIST OF 30 LARGEST WARRANTHOLDERS AS PER RECORD OF DEPOSITORS

No.	Warrantholder	Warrants	%
1.	Zaki Holdings (M) Sdn Bhd	63,166,416	54.36
2.	Dato' Sri Ng Teck Long	9,548,200	8.22
3.	Er Soon Puay	4,556,900	3.92
4.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged securities account for Vincent Wong Soon Choy	2,812,500	2.42
5.	Datin Sri Wong Pui Yoong	2,339,800	2.01
6.	Yap Hui Yee	1,217,593	1.05
7.	Alliancegroup (Tempatan) Sdn Bhd - Pledged securities account for Si Tho Yoke Meng (6000156)	1,000,000	0.86
8.	Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda	985,676	0.85
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Chan Siew Wah (MM1231)	700,000	0.60
10.	Ng Ko Chee	600,000	0.52
11.	Dato' Sri Ng Teck Long	562,556	0.48
12.	Public Nominees (Tempatan) Sdn Bhd - Pledged securities account for Yoong Chee Hon (E-SS2)	543,493	0.47

ANALYSIS OF WARRANTHOLDINGS
AS AT 3 OCTOBER 2022

No.	Warrantholder	Warrants	%
13.	Lam Ah Choi	504,200	0.43
14.	Lee Boon Heng	484,087	0.42
15.	Wong Lai Yoke	450,000	0.39
16.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged securities account for Su Tiing Uh	440,550	0.38
17.	Maybank Nominees (Tempatan) Sdn Bhd - Yap Kiam Ming	440,000	0.38
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Dato' Sri Wan Zakariah bin Haji Wan Muda (7005790)	429,368	0.37
19.	Mong Kong Moi	320,000	0.28
20.	Kam Siong Chee	310,991	0.27
21.	Chim Luang Eng	304,200	0.26
22.	Public Nominees (Tempatan) Sdn Bhd - Pledged securities account for Wong Sew Ling @ Wong Sew Leng (E-SKN/TEE)	302,000	0.26
23.	APEX Nominees (Tempatan) Sdn Bhd - Pledged securities account for Lim Soo Yee (STA 1)	300,000	0.26
24.	Public Nominees (Tempatan) Sdn Bhd - Pledged securities account for Seow Chin Teck (E-KKU)	295,400	0.25
25.	Ainudin Ramdan bin Ab Rashid	281,125	0.24
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Teh Teong Seng (7003751)	270,075	0.23
27.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Ong Kian Chye (071596)	268,350	0.23
28.	Mohd Hisham bin Ramlee	262,525	0.23
29.	Khaw Keng Hong	250,650	0.22
30.	Choo Poh Tin	250,000	0.22

LIST OF PROPERTIES

No	Title & Location of Property	Date of Acquisition	Description of Properties (existing use)	Tenure (Age of Building)	Total Land Area / (built-up area)	NBV / Prepaid Lease Payment (RM'000)
1	EMR 873, Lot 826 Mukim Sungai Karang Kuantan, Pahang Darul Makmur	30.10.1993	Land and Hotel building	Freehold (23 years)	202,815 sq.ft./ 64,670 sq.ft.	14,785
2	GM372 Lot 981 and GRN37357 Lot 985 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	20.01.1994 & 16.02.1994	Menara AZRB	Freehold (5 years)	55,017 sq. ft.	47,065
3	Lot PT2100, HSD 722 Mukim Kuala Telemong Daerah Hulu Terengganu Terengganu Darul Iman	15.07.2003	Vacant land for quarry operation	Leasehold expiring in year 2025	20 ha.	17
4	HGU No. 5, Desa Amboyo Selatan Kecamatan Ngabang Kabuputen Pontianak, Kalimantan Barat Republik Indonesia	31.05.2005	Land for cultivation	Leasehold expiring in year 2033	6,763.89 ha.	14,493
5	GM 1012 Lot 22050 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	03.08.2007	Menara AZRB, Car Park	Freehold	12,066.34 sq. ft.	1,448
6	GM 1754 Lot 167 Mukim Sabai, Daerah Bentong Pahang Darul Makmur	08.10.2010	Vacant land	Freehold	4.578 ha.	960
7	HS (D) 29915, Lot PT 91677 Mukim Kuala Kuantan, Daerah Kuantan Pahang Darul Makmur	18.07.2012	Land held for Development	Freehold	12.141 ha.	8,959
8	GRN 11795, Lot 41184 Mukim Kuala Kuantan, Daerah Kuantan Pahang Darul Makmur	20.01.2015	Land held for Development	Freehold	2.529 ha.	4,640
9	GM 2413-GM2451, Lot 60011-Lot 60021 Lot 60023-Lot 60050, Mukim Kemasik Tempat Kampung Semayor Daerah Kemaman Terengganu Darul Iman	08.01.2015	Land held for Development	Freehold	18,152 sq. m.	3,129
10	Lot 8316, PT18854 - PT19458 Mukim Bukit Payung, Daerah Marang Terengganu Darul Iman	10.09.2015	Land held for development	Leasehold expiring in year 2115	58.55 acres	6,558
11	Geran 26152, Lot 4812 Mukim Setapak, Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	772.7 sq. m.	2,707
12	NO.H.S.(D).: 121118, No.P.T. : PT 50039 Mukim Setapak, Daerah Kuala Lumpur. Wilayah Persekutuan Kuala Lumpur	28.07.2016	Land held for development	Freehold land	2683.417 sq.m	9,401

NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting ("25th AGM") of the Company will be conducted on virtual basis through live streaming and online remote voting from the Broadcast Venue at Boardroom, 7th Floor, Menara AZRB, No. 71 Persiaran Gurney, 54000 Kuala Lumpur on Monday, 12 December 2022 at 10:00 a.m. for the following purposes:

AGENDA

Ordinary Business

1.	To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon.	Please refer to Note 3
2.	To approve the payment of Directors' fees and benefits of up to RM1,500,000 for the period from the conclusion of the 25th Annual General Meeting to the next Annual General Meeting of the Company.	Resolution 1
3.	To re-elect the following Directors who shall retire by rotation in accordance with Clause 95 of the Constitution of the Company:	
	(i) Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad	Resolution 2
	(ii) Dato' Ir. W Zulkifli bin Hj W Muda	Resolution 3
	(iii) Dato' Roslan bin Tan Sri Jaffar	Resolution 4
4.	To appoint Auditors and authorise the Directors to determine their remuneration.	Resolution 5
	Notice of Nomination pursuant to Clause 66 and Clause 148 of the Company's Constitution (a copy of which is annexed and marked "Annexure A" to the Annual Report 2022) has been received by the Company for the nomination of Grant Thornton Malaysia PLT, subject to their consent to act, for appointment as Auditors of the Company.	

Special Business

5.	**AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**	
	"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant authorities, the Directors be and are hereby empowered to allot and issue new shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are hereby also authorised to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so allotted AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	Resolution 6

NOTICE OF 25TH ANNUAL GENERAL MEETING

6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE** — Resolution 7

"THAT, subject always to the provisions of the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particularly of which are set out in the Circular to Shareholders dated 31 October 2022 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders and that such transactions are made on the arm's length basis and on normal commercial terms.

THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company (being the 26th AGM of the Company), at which time the said authority will lapse, unless by a resolution passed at a general meeting whereby the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company (being the 26th AGM of the Company) is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earliest,

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give fully effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF 25TH ANNUAL GENERAL MEETING

7. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY ("PROPOSED SHARE BUY-BACK")** Resolution 8

"THAT subject always to the provisions of the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of ordinary shares ("Shares") in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

(i) the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;

(ii) the maximum amount of funds to be allocated for the Proposed Shares Buy-Back shall not exceed the Company's audited retained earnings at any point in time;

(iii) the Shares purchased shall be treated in following manner:

(a) the purchased Shares shall be cancelled; or

(b) the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or

(c) part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or

(d) in such other manner as Bursa Securities and other relevant authorities may allow from time to time; or

(e) any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

NOTICE OF 25TH ANNUAL GENERAL MEETING

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Constitution of the Company, the Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements."

8. **AUTHORITY TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

(i) "THAT subject to the passing of Resolution 2, Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company." Resolution 9

(ii) "THAT Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng who has served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years, to continue to act as Independent Non-Executive Director of the Company." Resolution 10

BY ORDER OF THE BOARD

DATO' HAJI BAHARI BIN JOHARI (LS 0008773/SSM PC No. 201908002206)
SUZANA BINTI SANUDIN (LS 0008028/SSM PC No. 201908002589)
WONG MAW CHUAN (MIA 7413/SSM PC No. 202008003554)
Company Secretaries

Kuala Lumpur
31 October 2022

NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTES:

1. Mode of Meeting

   (i) The 25th AGM of the Company will be held on virtual basis via live streaming from the Broadcast Venue and through the Remote Participation and Voting ("RPV") facilities.

   (ii) The Broadcast Venue of the 25th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the Meeting to be at the main venue.

   NO MEMBERS will be allowed to be physically present at the Broadcast Venue on the day of the 25th AGM.

   (iii) As such, we strongly encourage you to make use of the RPV facilities to attend, speak (in real time submission of typed texts) and vote (collectively, "participate") at the 25th AGM.

   Please read the notes provided in the Administrative Guide for further details.

2. Proxy and Entitlement of Participation

   (i) Only a Member whose name appear on the Records of Depositors as at **5 December 2022** shall be entitled to participate at the 25th AGM or appoint proxy(ies) on his /her behalf.

   (ii) A Member entitled to participate at the 25th AGM may appoint not more than 2 proxies to participate on his/her behalf. A proxy may but need not be a member of the Company.

   (iii) Where a Member appoints 2 proxies, the appointment shall not be valid unless he/she specifies his/her shareholdings to be represented by each proxy.

   Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

   (iv) The instrument in appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised by the corporation.

   (v) The instrument in appointing a proxy must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to : AGM-support.AZRB@megacorp.com.my not less than 48 hours before the time set for holding 25th AGM or no later than **10 December 2022** at 10.00 a.m. or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

NOTICE OF 25TH
ANNUAL GENERAL MEETING

EXPLANTORY NOTES TO THE ORDINARY AND SPECIAL BUSINESS:

3. Agenda 1 – Audited Financial Statements of the Company for the financial year ended 30 June 2022

   Agenda 1 is meant for discussion only as the provision of Sections 248(2) and 340(1) of the Companies Act, 2016 does not require a formal approval of the members and hence, is not put forward for voting.

4. Resolution 1 – Directors' Remuneration

   Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company shall be approved at a general meeting. The proposed Resolution 1 is to seek members' approval for the payment of Directors' fees and benefits for the period from the conclusion of the 25th AGM to the next Annual General Meeting of the Company ("Period") up to an aggregate amount of RM1,500,000.

   In determining the estimated total Directors' benefits for the Period, the size of the Board/Board Committees and the number of meetings estimated to be held during the Period were taken into consideration. The payment of Directors' fees will be made on a monthly basis or as and when incurred, after the Directors have discharged their responsibilities and rendered their services to the Company.

   At the last Annual General Meeting ("AGM") held on 15 December 2021, the members had approved the payment of fees and benefits payable to the Non-Executive Directors ("NEDs") up to an amount of RM1.5 million ("Approved Amount") from 16 December 2021 until the conclusion of the next AGM. The total payment of remuneration to the NEDs for the said period did not exceed the Approved Amount. The details of the remuneration of Directors for financial year ended 30 June 2022 are disclosed in the 2022 Annual Report.

5. Resolution 6 – Authority to Allot and Issue Shares pursuant to Sections 75 And 76 of the Companies Act, 2016

   The proposed resolution is to seek a renewal of general mandate for authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016. If the resolution is passed, it will empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total 10% of the issued share capital of the Company, for such purposes as the Directors would consider in the best interest of the Company. The approval is sought to avoid any delay and cost involved in convening a general meeting for such issuance of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

   No shares have been issued and allotted by the Company since obtaining the said authority from its members at the last AGM held on 15 December 2021 pursuant to this authority.

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for the purpose of repayment of bank borrowings, funding future investment and working capital.

6. Resolution 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature

   The proposed resolution, if passed will enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities.

   Members are advised to refer to the Circular to Shareholders dated 31 October 2022 for more information.

NOTICE OF 25TH
ANNUAL GENERAL MEETING

7. Resolution 8 – Proposed Renewal of Share Buy-Back Authority

   The proposed resolution, if passed, will empower the Company to purchase up to ten per centum (10%) of the total issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next AGM.

   Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular to Shareholders dated on 31 October 2022 of the Company which can be downloaded from our website.

8. Resolutions 9 and 10 – Authority to Continue in Office as Independent Non-Executive Directors

   The Nomination Committee has assessed the independence of Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

   (i) They had fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Securities, and hence, they would be able to provide an element of objectivity, independent judgement and balance to the Board;

   (ii) Their length of services on the Board of more than nine (9) years does not in any way interfere with their exercise of objective judgement or their ability to act in the best interests of the Company and Group. In fact, all of them, having been with the Company for more than nine (9) years, are familiar with the Group's business operations and have devoted sufficient time and commitment to their role and responsibilities as Independent Directors for informed and balance decision making; and

   (iii) They have exercised due care during their tenures as Independent Directors of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the interest of the Company and its shareholders.

9. Statement Accompanying the Notice of AGM

   Pursuant to paragraph 8.27(2) of the Listing Requirements of Bursa Securities, the Notice convening an AGM is to be accompanied by a statement furnishing details of individuals who are standing for election as directors. This requirement excludes directors who are standing for re-election.

   No individual is standing for election as a Director at the 25th AGM of the Company

IMPORTANT NOTICE:

In view of the outbreak of COVID-19 which is now a global pandemic, the Company has in place rules and control for the 25th AGM in order to safeguard the health of attendees. You are requested to read and adhere to the Administrative Guide issued which is sent together with this Notice of AGM. Members are also reminded to monitor the Company's website.

زاكي هولديڠ مليسيا سنديرين برحد

ZAKI HOLDINGS (M) SDN BHD

(Company No. 118278-W)

"ANNEXURE A"

Date: 26 October 2022

The Board of Directors
AHMAD ZAKI RESOURCES BERHAD
Menara AZRB,
No. 71 Persiaran Gurney,
54000 Kuala Lumpur

Dear Sirs,

RE: NOTICE OF NOMINATION OF NEW AUDITORS

Pursuant to Clause 66 and Clause 148 of the Constitution of the Company, we, being the member of the Company, hereby give notice of our intention to nominate Grant Thornton Malaysia PLT for appointment as auditors of the Company, subject to their consent to act and to replace the retiring auditors, Deloitte PLT and to propose that the following ordinary resolution be tabled at the forthcoming Annual General Meeting of the Company:

*"**THAT** Grant Thornton Malaysia PLT be and are hereby appointed as Auditors of the Company, subject to their consent to act, in place of the retiring Auditors, Deloitte PLT, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors"*

Yours faithfully
For and on behalf of
ZAKI HOLDINGS (M) SDN BHD

DIRECTOR

K-709, TAMAN MERPATI JAYA, JALAN AIR PUTIH, 24000 KEMAMAN, TERENGGANU.
TEL: 09-859 2337, 8592936 FAX: 09-859 2437

ADMINISTRATIVE GUIDE

For the Virtual 25th Annual General Meeting ("25th AGM")

AHMAD ZAKI RESOURCES BERHAD
Registration No. 199701017271 (432768-X)

Day/Date	:	Monday, 12 December 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Boardroom, 7th Floor, Menara AZRB No. 71 Persiaran Gurney, 54000 Kuala Lumpur

VOTING VIA DIGITAL BALLOT FORM AT THE VIRTUAL 25TH AGM

1. In view of the COVID-19 pandemic and as part of our safety measures, the 25th AGM of Ahmad Zaki Resources Berhad ("the Company") will be conducted on virtual basis through remote participation and electronic voting from the Broadcast Venue ("Online AGM").

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to physically present at the 25th AGM in person at the Broadcast Venue on the day of the meeting.

3. This is a virtual meeting in adherence to the SC Meeting's Guideline to curb the spiking of COVID-19. Members who wish to participate at the 25th AGM will therefore have to do so remotely. Pre-registration of attendance is required via the link at **https://vps.megacorp.com.my/Gs8fMO** (please refer to paragraph 6 below for further details). After the registration is validated and accepted, members will receive an email with a link to grant access to the Digital Ballot Form ("DBF").

4. With the DBF, you may exercise your right as a member of the Company to vote during the 25th AGM at the comfort of your home or from any location.

5. Members may use the *Questions' Pane* facility (located at the top right corner of the screen) to submit questions in real time during the 25th AGM via the Live-Streaming solution. Members may also submit questions before the meeting via email to the following e-mail address in relation to the agenda items for the 25th AGM: **AGM-support.AZRB@megacorp.com.my**

REGISTRATION PROCEDURE

6. Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the Live-Streaming session to participate and vote remotely during the 25th AGM online:

    a. Open this link: **https://vps.megacorp.com.my/Gs8fMO**, or scan the QR code below and submit all requisite details at least forty-eight (48) hours before the date of 25th AGM.

    b. Only members are allowed to register their details online. Members can also appoint proxies or Chairman of the meeting as proxy via online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to participate in the 25th AGM.

ADMINISTRATIVE GUIDE

c. Alternatively, you may deposit your Form of Proxy, duly completed with the proxy's email address and mobile phone number, at the office of the Poll Administrator at least 48 hours before the date of the 25th AGM at:

   Mega Corporate Services Sdn Bhd
   Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur; or submit via e-mail to: **AGM-support.AZRB@megacorp.com.my**

d. For corporate members/nominee accounts, please execute Form of Proxy as per step (c) above.

e. Upon verification on your registration, the Poll Administrator, Mega Corporate Services Sdn Bhd will send to you the following via email:

   i. Meeting Link - for the Live-Streaming Session
   ii. DBF - for Voting Purposes

RECORD OF DEPOSITORS ("ROD") FOR THE 25TH AGM

7. The date of ROD for the 25th AGM is **Monday, 5 December 2022**. As such, only members whose name appear in the ROD shall be entitled to participate, speak and vote at the 25th AGM or appoint proxy(ies)/corporate representative(s) to participate, speak and vote on his/her behalf.

POLL VOTING

8. The voting of the 25th AGM will be conducted by poll. The Company has appointed Mega Corporate Services Sdn Bhd as the Poll Administrator to conduct the polling process by way of e-voting, and Cygnus Technology Solutions Sdn Bhd as Scrutineers to verify the poll results.

9. Members can proceed to vote on the resolutions and submit your votes during the voting period as stipulated in the DBF. Upon completion of the voting session for the 25th AGM, the Scrutineers will verify the poll results after which the Chairman will announce the poll results of the resolutions.

ENQUIRY

If you have any enquiries on the above, please contact the Poll Administrator during office hours (Monday to Friday):

MEGA CORPORATE SERVICES SDN BHD
Email : **AGM-support.AZRB@megacorp.com.my**
Tel : +60 (3) 2692 4271
Mr Alfred : +60 (12) 912 2734
En. Hisham : +60 (12) 252 9136

NOTES:

FORM OF PROXY

AZRB
AHMAD ZAKI RESOURCES BERHAD
Registration No. 199701017271 (432768-X)

Number of Shares Held	Member's Contact No.	Email Address

*I/We, ______________________________ NRIC/Company No. ______________________
(Full name as per NRIC/Certificate of Incorporation)

of ____
(Full address)

being a member of **AHMAD ZAKI RESOURCES BERHAD,** hereby appoint:

Proxy	Name	NRIC	Contact No.	Email Address	% Share
Proxy 1					
Proxy 2					
Total:					

or failing *him/her/both, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 25th Annual General Meeting ("25th AGM") of the Company to be conducted on virtual basis through live streaming and online remote voting from the Broadcast Venue at Boardroom, 7th Floor, Menara AZRB, No. 71, Persiaran Gurney, 54000 Kuala Lumpur on Monday, 12 December 2022 at 10.00 a.m. and at every adjournment thereof, on the following resolutions referred to in the Notice of AGM.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:
(The above Table below should be completed only when 2 proxies are appointed)

*My/our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits		
Ordinary Resolution 2	To re-elect Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad		
Ordinary Resolution 3	To re-elect Dato' Ir. W Zulkifli bin Hj W Muda		
Ordinary Resolution 4	To re-elect Dato' Roslan bin Tan Sri Jaffar		
Ordinary Resolution 5	To appoint Auditors of the Company		
SPECIAL BUSINESS			
Ordinary Resolution 6	Authority to Allot and Issue Shares pursuant to the Companies Act 2016		
Ordinary Resolution 7	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	Proposed Renewal of Share Buy-Back Authority		
Ordinary Resolution 9	Retention of Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad as an Independent Non-Executive Director		
Ordinary Resolution 10	Retention of Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng as an Independent Non-Executive Director		

*Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at *his/her discretion.*

Date: ______________________

____
Signature(s) / Common Seal of Member (if applicable)

** Delete where inapplicable.*

Notes:

1. The 25th AGM of the Company will be held on virtual basis via live streaming from the Broadcast Venue and through the Remote Participation and Voting ("RPV") facilities.

2. The Broadcast Venue of the 25th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the Meeting to be at the main venue.

   NO MEMBERS will be allowed to be physically present at the Broadcast Venue on the day of the 25th AGM.

3. As such, we strongly encourage you to make use of the RPV facilities to attend, speak (in real time submission of typed texts) and vote (collectively, "participate") at the 25th AGM.

4. Only a Member whose name appear on the Records of Depositors as at **5 December 2022** shall be entitled to participate at the 25th AGM or appoint proxy(ies) on his /her behalf.

5. A Member entitled to participate at the 25th AGM may appoint not more than 2 proxies to participate on his/her behalf. A proxy may but need not be a member of the Company.

6. Where a Member appoints 2 proxies, the appointment shall not be valid unless he/she specifies his/her shareholdings to be represented by each proxy.

   Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument in appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised by the corporation.

8. The instrument in appointing a proxy must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur of the Company or email to AGM-support.AZRB@megacorp.com.my not less than 48 hours before the time set for holding 25th AGM or no later than **10 December 2022** at 10.00 a.m. or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

Fold here

STAMP

MEGA CORPORATE SERVICES SDN BHD
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Fold here

www.azrb.com

Menara AZRB
No. 71, Persiaran Gurney,
54000 Kuala Lumpur
Tel : +603-2698 7171
Fax : +603-2694 8181
Email : azrb@azrb.com