5 FINANCIAL STATEMENTS

DIRECTORS' REPORT
For the financial year ended 30 June 2023

The directors hereby submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning ("EPCC"). The principal activities of the subsidiary companies and an associate company are set out in Notes 7 and 8 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year attributable to:-		
- Owners of the Company	(24,330,339)	(16,105,871)
- Non-controlling interests	688,655	-
	(23,641,684)	(16,105,871)

DIVIDEND

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 for the financial year ended 30 June 2023.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group or in the Company inadequate to any substantial extent.

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company 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 Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM153,623,689 to RM166,258,892 by way of:-

Private placement exercise of up to 10% of the enlarged number of issued shares of the Company representing approximately 82,722,252 ordinary shares. The total number of ordinary shares issued were 58,203,753 units for an aggregate amount of RM12,759,057 with shares issue expenses of RM123,854, are as follows:-

(a) On 12 April 2023, the Company issued a total of 25,000,000 ordinary shares at an issue price of RM0.1078 per placement share; and

(b) On 19 June 2023, the Company issued a total of 33,203,753 ordinary shares at an issue price of RM0.3031 per placement share.

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

Save as above, there were neither changes in the issued and paid-up capital of the Company, nor issuance of debentures by the Company, during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

WARRANTS B

On 16 February 2021, the Company issued 245,264,997 Warrants B pursuant to the renounceable right issue on the basis of 1 free Warrant B for every 2 existing ordinary shares held by the entitled shareholders of the Company.

The Warrants B are constituted by the Deed Poll dated 14 January 2021.

Salient features of the Warrants B are as follows:-

(a) Each Warrants B shall entitle its registered holders to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.77 per Warrant B during the 3-year period expiring on 8 February 2024 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;

(b) At the expiry of the Exercise Period, any Warrants B which have not been exercised shall automatically lapse and cease to be valid for any purposes; and

(c) Warrants holders must exercise the Warrants B in accordance with the procedures set out in the Deed Poll and shares allocated and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

During the financial year, no Warrant B was exercised into new ordinary shares of the Company. As at 30 June 2023, the total number of Warrant B which remained unexercised are 245,184,997 (2022 : 245,184,997).

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the financial year until the date of this report are:-

Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	(Appointed on 28 June 2023)
Ku Chong Hong	
Chin Choon Wei	(Appointed on 28 June 2023)
Dr. Dang Nguk Ling	(Appointed on 28 June 2023)
Kang Wei Luen	(Appointed on 28 June 2023)
Liaw Way Gian	(Appointed on 28 June 2023)
Shamsul Anuar Bin Ahamad Ibrahim	
Sr. Mohd Nazri Bin Mat Noor	
Toh Beng Suan	(Appointed on 25 May 2023)
Mohd Shakir Bin Shahimi	(Appointed on 15 September 2022 and resigned on 26 June 2023)
Noor Azri Bin Dato' Sri Noor Azerai	(Resigned on 26 June 2023)
Nuraiman Bin Shaiful Annuar	(Appointed on 15 September 2022 and resigned on 26 June 2023)
Rosland Bin Othman	(Resigned on 28 June 2023)
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	(Retired on 8 December 2022)
YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir	(Retired on 8 December 2022)
YBhg. Datu Haji Soedirman Bin Haji Aini	(Resigned on 9 November 2022)

DIRECTORS OF THE SUBSIDIARY COMPANIES

The directors of the subsidiary companies (excluding directors who are also directors of the Company) in office at any time during the financial year until the date of this report are:-

Ahmad Ghazali Bin Abas	
Chai Tze Khang	
Chiew Jong Wei	(Appointed on 3 October 2023)
Ivonson Kwee	
Mohd Rasid Bin Othman	
Mohd Ariff Bin Abd Samat	(Resigned on 7 July 2023)
Rashidi Bin Jamani	(Resigned on 13 February 2023)
Seah Boon Kee	(Resigned on 7 July 2022)
Seah Boon Tiat	(Resigned on 7 July 2022)

DIRECTORS' INTERESTS

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:-

	No. of ordinary shares			
	As at 1.7.2022	Bought	Sold	As at 30.6.2023
Share capital of the Company				
Shareholdings in which director has direct interest in the Company:-				
Chin Choon Wei	*3,707,500	-	-	**3,707,500**
Ku Chong Hong	-	1,156,000	-	**1,156,000**
Liaw Way Gian	*3,910,100	-	-	**3,910,100**

* Date appointed as a Director

DIRECTORS' REPORT
For the financial year ended 30 June 2023
(CONT'D)

DIRECTORS' INTERESTS *(cont'd)*

The directors holding office at the end of the financial year had no interest in Warrants B of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 39 to the financial statements.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS AND OFFICERS OR AUDITORS

The Directors and Officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") under Section 289 of the Companies Act, 2016. The total insured limit for the DOL Insurance effected for the Directors and Officers of the Group and of the Company was RM10,000,000. The insurance premium for the DOL Insurance paid during the financial year amounted to RM21,210.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by director as shown below, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The details of the remuneration paid to or receivable by the directors of the Group and of the Company in respect of the financial year ended 30 June 2023 are as follows:-

	Group RM	Company RM
Directors' fee	321,377	321,377
Salaries, bonuses and other benefits	1,667,120	1,207,709
Employees provident fund	185,596	132,204
Social security cost	3,534	1,871
Employment insurance system	403	213
	2,178,030	1,663,374

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the 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.

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

SIGNIFICANT EVENTS

The details of significant events are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

The details of subsequent events are disclosed in Note 42 to the financial statements.

AUDITORS

a) The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 are as follows:-

	Group RM	Company RM
Auditors' remuneration:-		
- Kreston John & Gan		
- statutory audit	315,000	85,000
- other services	13,000	13,000
- other auditors	63,858	-
	391,858	98,000

b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 11 October 2023.

Ku Chong Hong

Chin Choon Wei

Kuala Lumpur,
Date : 11 October 2023

INDEPENDENT AUDITORS' REPORT

To the members of Sarawak Consolidated Industries Berhad
Registration No. 197501003884 (25583-W)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sarawak Consolidated Industries Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 131 to 223.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company of the current financial 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.

Revenue Recognition

(Refer to summary of significant accounting policies in Note 3(n) and the disclosure of revenue in Note 22 to the financial statements)

Revenue is one of the significant accounts in the financial statements and also an important driver of the Group's operating results. We identified revenue recognition to be an area of audit focus as it is to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

<u>Construction Contracts</u>

The Group recognises construction contracts revenue in the statement of profit or loss and other comprehensive income by using the input method. The input method is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project.

Construction contracts accounting is inherently complex and we focused on this area because there are significant estimates and judgement involved in the following areas:-

- Determination of stage of completion;
- Extent of construction costs incurred to date;
- Estimation of total budgeted costs; and
- Estimation of provision due to liquidated ascertained damages as a reduction of revenue.

INDEPENDENT AUDITORS' REPORT

To the members of Sarawak Consolidated Industries Berhad
Registration No. 197501003884 (25583-W)
(Incorporated in Malaysia)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Key Audit Matters *(cont'd)*

Revenue Recognition (cont'd)

Trading of manufactured goods

The Group is also involved in voluminous transactions, whereby there is a risk that revenue may be over or understated.

Our procedures to address this area of audit focus include, amongst others, the following:-

- Reviewed the operating effectiveness of the Group's internal controls over timing and amount of revenue recognised;
- Reviewed the reasonableness of the stage of completion and estimated total construction costs for the Group's projects;
- Reviewed the accuracy of the construction costs to date for the Group's projects and the revenue and costs recognised in the statement of profit or loss and other comprehensive income;
- Reviewed the documents which evidenced the delivery of goods and services to customers;
- Reviewed the sales transactions as well as credit notes issued, near to the financial year end to assess whether the revenue was recognised in the correct financial period; and
- Physically visited the project site for significant project.

Expected Credit Loss on Trade Receivables and Contract Assets

(Refer to summary of significant accounting policies in Note 3(i)(i) and the disclosure of expected credit loss in Note 35(c)(i) to the financial statements)

As at 30 June 2023, the Group recorded trade receivables and contract assets totaling RM44,757,364 and RM6,193,541 respectively.

The recoverability of trade receivables and contract assets and the level of allowance for impairment losses of doubtful receivables are considered to be key audit matter due to the pervasive nature of these balances to the financial statements.

The level of allowance of impairment losses is based upon the debtor's credit risk evaluation, historical payment trends, subsequent to financial year end collections and the existence of financial guarantees. The evaluation is however inherently judgemental and requires material estimates, including the loss rate used in the calculation of Expected Credit Loss ("ECL").

Our procedures to address this area of audit focus include, amongst others, the following:-

- Obtained an understanding of the Group's control over the receivable collection process and how the Group identifies and assesses the impairment of receivables;
- Reviewed the ageing analysis of receivables and test the reliability thereof;
- Reviewed subsequent cash collections, customer correspondences, proposed or existing settlement plans, repayment schedule and considering explanation on recoverability with significantly overdue amounts; and
- Reviewed the reasonableness and adequacy of the allowance for expected credit losses made against doubtful receivables.

INDEPENDENT AUDITORS' REPORT

To the members of Sarawak Consolidated Industries Berhad
Registration No. 197501003884 (25583-W)
(Incorporated in Malaysia)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Key Audit Matters *(cont'd)*

Property, plant and equipment ("PPE")

(Refer to summary of significant accounting policies in Note 3(d) and the disclosure of PPE in Note 4 to the financial statements)

The carrying amount of the Group's PPE amounted to RM30,453,183, representing 16% of the Group's total assets as at 30 June 2023.

Our procedures to address this area of audit focus include, amongst others, the following:-

- Reviewed and checked the ownership and physical existence of selected PPE;
- Verified the addition of PPE to the supporting document and evaluated whether the capitalisation of PPE is consistent with the requirements of MFRS 116, *Property, Plant and Equipment*; and
- Assessed and reviewed whether there is any indication that the assets may be impaired and the adequacy of impairment loss on the PPE in accordance to the requirements of MFRS 136 *Impairment of Assets*.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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.

INDEPENDENT AUDITORS' REPORT

To the members of Sarawak Consolidated Industries Berhad
Registration No. 197501003884 (25583-W)
(Incorporated in Malaysia)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Sarawak Consolidated Industries Berhad
Registration No. 197501003884 (25583-W)
(Incorporated in Malaysia)
(CONT'D)

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 to any other person for the contents of this report.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Yong Chung Sin
Approval No: 02892/04/2024 J
Chartered Accountant

Kuala Lumpur,
Date : 11 October 2023

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	4	**30,453,183**	36,335,987	**768,053**	1,277,648
Investment properties	5	**2,380,417**	-	**-**	-
Right-of-use assets	6	**16,429,094**	19,309,927	**4,976,863**	6,373,946
Investment in subsidiary companies	7	**-**	-	**41,556,047**	41,456,047
Investment in an associate company	8	**-**	-	**-**	-
Total Non-current Assets		**49,262,694**	55,645,914	**47,300,963**	49,107,641
Current Assets					
Inventories	9	**22,735,544**	22,169,032	**-**	-
Trade receivables	10	**44,757,364**	41,282,534	**-**	-
Other receivables, deposits and prepayments	11	**25,240,394**	32,029,826	**376,829**	8,405,041
Contract assets	12	**6,193,541**	5,649,744	**-**	-
Amount due from subsidiary companies	13	**-**	-	**73,455,789**	59,523,712
Current tax assets		**448,516**	583,132	**224,448**	307,359
Fixed deposits with licensed banks	14	**10,420,927**	15,888,607	**5,214,458**	15,717,441
Cash and bank balances		**29,688,089**	20,347,004	**1,690,456**	320,513
Total Current Assets		**139,484,375**	137,949,879	**80,961,980**	84,274,066
Total Assets		**188,747,069**	193,595,793	**128,262,943**	133,381,707
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	**166,258,892**	153,623,689	**166,258,892**	153,623,689
Foreign currency translation reserves	16	**(1,620,774)**	(848,945)	**-**	-
Accumulated losses		**(81,980,231)**	(57,519,417)	**(39,903,157)**	(23,797,286)
		82,657,887	95,255,327	**126,355,735**	129,826,403
Non-controlling interests		**864,955**	(89,175)	**-**	-
Total Equity		**83,522,842**	95,166,152	**126,355,735**	129,826,403

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023
(CONT'D)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Non-current Liabilities					
Other payables	17	**141,976**	152,129	**8,737**	7,418
Borrowings	18	**20,454,827**	23,139,453	**-**	-
Lease liabilities	19	**1,725,969**	2,610,760	**221,843**	711,092
Deferred tax liabilities	20	**593,206**	597,254	**-**	-
Total Non-current Liabilities		**22,915,978**	26,499,596	**230,580**	718,510
Current Liabilities					
Trade payables	21	**48,716,100**	43,322,474	**-**	-
Other payables and accruals	17	**5,107,291**	4,432,575	**1,461,128**	638,219
Contract liabilities	12	**816,449**	508,980	**-**	-
Amount due to a subsidiary company	13	**-**	-	**97,000**	1,253,837
Borrowings	18	**26,168,390**	21,784,398	**-**	-
Lease liabilities	19	**554,359**	1,481,501	**118,500**	944,738
Current tax liabilities		**945,660**	400,117	**-**	-
Total Current Liabilities		**82,308,249**	71,930,045	**1,676,628**	2,836,794
Total Liabilities		**105,224,227**	98,429,641	**1,907,208**	3,555,304
Total Equity and Liabilities		**188,747,069**	193,595,793	**128,262,943**	133,381,707

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Revenue	22	**132,044,551**	128,429,337	**6,042,222**	5,206,815
Cost of sales		**(110,041,146)**	(112,378,092)	**-**	-
Gross profit		**22,003,405**	16,051,245	**6,042,222**	5,206,815
Other operating income	23	**1,447,224**	10,650,996	**2,425,733**	4,211,158
Administrative expenses		**(17,397,360)**	(46,602,968)	**(9,413,066)**	(25,509,466)
Selling and distribution expenses		**(6,986,284)**	(6,858,738)	**-**	-
Net impairment losses on financial assets and contract assets	24	**(19,074,864)**	(24,834,631)	**(14,863,474)**	(12,993,948)
Share of loss of equity-accounted associate, net of tax		**-**	(2,548)	**-**	-
Loss from operations		**(20,007,879)**	(51,596,644)	**(15,808,585)**	(29,085,441)
Finance costs	25	**(2,074,064)**	(1,842,647)	**(46,307)**	(53,243)
Loss before taxation	26	**(22,081,943)**	(53,439,291)	**(15,854,892)**	(29,138,684)
Income tax (expense)/credit	29	**(1,559,741)**	9,682,023	**(250,979)**	3,448,144
Loss for the financial year		**(23,641,684)**	(43,757,268)	**(16,105,871)**	(25,690,540)
Other comprehensive loss, net of tax					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences		**(771,829)**	(803,757)	**-**	-
Total comprehensive loss for the financial year		**(24,413,513)**	(44,561,025)	**(16,105,871)**	(25,690,540)
Loss after taxation attributable to:-					
Owners of the Company		**(24,330,339)**	(43,599,366)	**(16,105,871)**	(25,690,540)
Non-controlling interests		**688,655**	(157,902)	**-**	-
		(23,641,684)	(43,757,268)	**(16,105,871)**	(25,690,540)
Total comprehensive loss attributable to:-					
Owners of the Company		**(25,102,168)**	(44,403,123)	**(16,105,871)**	(25,690,540)
Non-controlling interests		**688,655**	(157,902)	**-**	-
		(24,413,513)	(44,561,025)	**(16,105,871)**	(25,690,540)
Loss per share (sen):-					
Basic	30	**(4.14)**	(7.80)		
Diluted	30	**(4.14)**	(7.80)		

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

		← Non-distributable	→	Distributable			
	Note	Share capital RM	Foreign exchange translation reserves RM	Accumulated losses RM	Total equity attributable to the owners of the Company RM	Non-controlling interests RM	Total equity RM
Group							
At 1 July 2021		152,268,754	(45,188)	(53,920,051)	98,303,515	68,727	98,372,242
Loss for the financial year		-	-	(43,599,366)	(43,599,366)	(157,902)	(43,757,268)
Other comprehensive loss for the financial year:-							
- foreign currency translation differences		-	(803,757)	-	(803,757)	-	(803,757)
Contributions by and distributions to owners of the Company:-							
- Issuance of shares	15	41,763,207	-	-	41,763,207	-	41,763,207
- Share issue expenses	15	(408,272)	-	-	(408,272)	-	(408,272)
- Capital reduction	15	(40,000,000)	-	40,000,000	-	-	-
Total transactions with owners of the Company		1,354,935	-	40,000,000	41,354,935	-	41,354,935
At 30 June 2022		153,623,689	(848,945)	(57,519,417)	95,255,327	(89,175)	95,166,152
At 1 July 2022		**153,623,689**	**(848,945)**	**(57,519,417)**	**95,255,327**	**(89,175)**	**95,166,152**
Loss for the financial year		**-**	**-**	**(24,330,339)**	**(24,330,339)**	**688,655**	**(23,641,684)**
Other comprehensive loss for the financial year:-							
- foreign currency translation differences		**-**	**(771,829)**	**-**	**(771,829)**	**-**	**(771,829)**
Contributions by and distributions to owners of the Company:-							
- Issuance of shares	15	**12,759,057**	**-**	**-**	**12,759,057**	**-**	**12,759,057**
- Share issue expenses	15	**(123,854)**	**-**	**-**	**(123,854)**	**-**	**(123,854)**
Total transactions with owners of the Company		**12,635,203**	**-**	**-**	**12,635,203**	**-**	**12,635,203**
Changes in ownerships interest:-							
- Acquisition of a subsidiary company with non-controlling interest		**-**	**-**	**-**	**-**	**225,000**	**225,000**
- Disposal of non-controlling interest		**-**	**-**	**(130,475)**	**(130,475)**	**40,475**	**(90,000)**
		-	**-**	**(130,475)**	**(130,475)**	**265,475**	**135,000**
At 30 June 2023		**166,258,892**	**(1,620,774)**	**(81,980,231)**	**82,657,887**	**864,955**	**83,522,842**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023
(CONT'D)

	Note	Non-distributable Share capital RM	Distributable Accumulated losses RM	Total equity RM
Company				
At 1 July 2021		152,268,754	(38,106,746)	114,162,008
Total comprehensive loss for the financial year		-	(25,690,540)	(25,690,540)
Contributions by and distributions to owners of the Company:-				
- Issuance of shares	15	41,763,207	-	41,763,207
- Share issue expenses	15	(408,272)	-	(408,272)
- Capital reduction	15	(40,000,000)	40,000,000	-
		1,354,935	40,000,000	41,354,935
At 30 June 2022		153,623,689	(23,797,286)	129,826,403
At 1 July 2022		**153,623,689**	**(23,797,286)**	**129,826,403**
Total comprehensive loss for the financial year		**-**	**(16,105,871)**	**(16,105,871)**
Contributions by and distributions to owners of the Company:-				
- Issuance of shares	15	**12,759,057**	**-**	**12,759,057**
- Share issue expenses	15	**(123,854)**	**-**	**(123,854)**
		12,635,203	**-**	**12,635,203**
At 30 June 2023		**166,258,892**	**(39,903,157)**	**126,355,735**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Loss before taxation		**(22,081,943)**	(53,439,291)	**(15,854,892)**	(29,138,684)
Adjustments for:-					
Depreciation of property, plant and equipment		**3,663,285**	3,366,153	**191,745**	144,890
Depreciation of investment properties		**12,083**	-	**-**	-
Depreciation of right-of-use assets		**2,011,379**	1,566,503	**839,772**	369,168
Impairment losses on:-					
- property, plant and equipment		**267,716**	-	**-**	-
- investment in an associate company		**-**	300,000	**-**	-
- trade receivables		**146,247**	16,407,873	**-**	731,086
- other receivables		**19,778,428**	8,914,425	**14,450,000**	32,684
- contract assets		**36,168**	1,862,205	**-**	-
- amount due from subsidiary companies		**-**	-	**413,474**	12,230,178
Interest expense		**2,074,064**	1,842,647	**46,307**	53,243
Inventories written down		**11,592**	137,646	**-**	-
Property, plant and equipment written off		**392,311**	938	**388,298**	-
Bargain purchase arising from acquisition of a subsidiary company		**-**	(2,383,883)	**-**	-
Gain on disposal of property, plant and equipment		**(92)**	-	**-**	-
Gain on lease modification		**(17,340)**	-	**(17,340)**	-
Interest income		**(363,973)**	(460,404)	**(2,408,170)**	(2,156,804)
Overprovision of agent fees relating to EPCC Projects		**-**	(5,723,834)	**-**	(1,243,883)
Reversal of impairment losses on:-					
- trade receivables		**(876,277)**	(2,349,872)	**-**	-
- other receivables		**(9,702)**	-	**-**	-
Balance brought forward		**5,043,946**	(29,958,894)	**(1,950,806)**	(18,978,122)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
For the financial year ended 30 June 2023
(CONT'D)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities (cont'd)					
Balance carried forward		**5,043,946**	(29,958,894)	**(1,950,806)**	(18,978,122)
Adjustments for:- (cont'd)					
Reversal of inventories written off		**(21,803)**	-	**-**	-
Reversal of inventories written down		**(25,260)**	(134,601)	**-**	-
Share of loss of equity-accounted associate		**-**	2,548	**-**	-
Unrealised foreign exchange (gain)/loss		**(761,161)**	(1,513,412)	**283**	(763,770)
Operating profit/(loss) before working capital changes		**4,235,722**	(31,604,359)	**(1,950,523)**	(19,741,892)
Changes in working capital:-					
Inventories		**(531,041)**	2,931,400	**-**	-
Trade and other receivables		**(15,724,377)**	559,790,968	**(6,422,071)**	68,056,830
Contract assets		**(579,965)**	(7,510,880)	**-**	-
Trade and other payables		**6,840,063**	(557,584,346)	**824,228**	(72,295,331)
Contract liabilities		**307,469**	(1,020,845)	**-**	-
Amount due from subsidiary companies		**-**	-	**(14,345,551)**	(19,155,056)
Amount due to a subsidiary company		**-**	-	**(1,156,837)**	796,284
Cash used in operations		**(5,452,129)**	(34,998,062)	**(23,050,754)**	(42,339,165)
Interest paid		**(2,074,064)**	(1,842,647)	**(46,307)**	(53,243)
Interest received		**363,973**	460,404	**2,408,170**	2,156,804
Income tax paid		**(1,407,618)**	(695,464)	**(373,098)**	(446,386)
Income tax refunded		**509,739**	37,753	**205,030**	36,217
Net cash used in operating activities		**(8,060,099)**	(37,038,016)	**(20,856,959)**	(40,645,773)

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023

(CONT'D)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Cash flows from investing activities					
Acquisition of subsidiary companies		**-**	(4,979,864)	**(100,000)**	(4,980,000)
Proceeds from disposal of property, plant and equipment		**185**	-	**-**	-
Purchase of property, plant and equipment		**(410,000)**	(2,473,090)	**(70,444)**	(250,233)
Addition of right-of-use assets	31	**-**	(284,420)	**-**	-
Acquisition of non-controlling interests		**(90,000)**	-	**-**	-
(Increase)/Decrease in fixed deposits pledged to licensed banks		**(4,733,825)**	(5,102,838)	**301,478**	(5,099,729)
Net cash (used in)/from investing activities		**(5,233,640)**	(12,840,212)	**131,034**	(10,329,962)
Cash flows from financing activities					
Drawdown of term loans		**-**	14,927,786	**-**	-
Drawdown of bankers' acceptance		**33,083,980**	34,230,076	**-**	-
Net proceeds from issuance of ordinary shares		**12,860,203**	41,354,935	**12,635,203**	41,354,935
Repayment of lease liabilities		**(1,348,240)**	(946,466)	**(740,840)**	(258,912)
Repayment of term loans		**(2,561,258)**	(5,556,124)	**-**	-
Repayment of revolving credits		**-**	(11,195,989)	**-**	-
Repayment of bankers' acceptance		**(34,495,527)**	(30,083,508)	**-**	-
Net cash from financing activities		**7,539,158**	42,730,710	**11,894,363**	41,096,023
Net decrease in cash and cash equivalents		**(5,754,581)**	(7,147,518)	**(8,831,562)**	(9,879,712)
Effect of foreign exchange translation		**(778,010)**	(740,925)	**-**	-
Cash and cash equivalents at beginning of the financial year		**30,548,509**	38,436,952	**10,522,018**	20,401,730
Cash and cash equivalents at end of the financial year	33	**24,015,918**	30,548,509	**1,690,456**	10,522,018

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

1. GENERAL INFORMATION

Sarawak Consolidated Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The addresses of the registered office and principal place of business of the Company are as follows:-

Registered office and principal place of business	:	Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiary companies (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2023 do not included other entities.

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning ("EPCC"). The principal activities of the subsidiary companies and an associate company are set out in Note 7 and Note 8 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 11 October 2023.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The Group and the Company have applied the following accounting standards, interpretations and amendments to the MFRSs for the financial year beginning on 1 January 2022:-

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Business Combination – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to Illustrative Example accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018 – 2020)

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

2. BASIS OF PREPARATION *(cont'd)*

a) Statement of compliance *(cont'd)*

The following are accounting standards, interpretations and amendments of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:-

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial period when the above accounting standards, interpretations and amendments become effective, if applicable.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

2. BASIS OF PREPARATION *(cont'd)*

d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items:-

i) Impairment of investment in subsidiary companies and an associate company

The Group reviews the investments in subsidiary companies and an associate company for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts due from subsidiary companies when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiary companies and an associate company are assessed by reference to the value in use of the respective subsidiary companies.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiary companies discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set assumption of reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiary companies.

The carrying amounts of investment in subsidiary companies and an associate company of the Group as at 30 June 2023 are as disclosed in Note 7 and Note 8 to the financial statements respectively.

ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets as disclosed in Note 3(d)(iii). Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 4 to the financial statements.

iii) Impairment of property, plant and equipment and investment properties

The Group determines whether an item of its property, plant and equipment and investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and investment properties as at the reporting date are disclosed in Note 4 and Note 5 to the financial statements respectively.

iv) Allowance for slow moving inventories and write down of inventories to net realisable value

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews are required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

2. BASIS OF PREPARATION *(cont'd)*

d) Use of estimates and judgements *(cont'd)*

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items:- *(cont'd)*

v) Measurement of Expected Credit Loss ("ECL") allowance for trade receivables and contract assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of ECL are disclosed in Note 35(c)(i) to the financial statements.

vi) Revenue from construction contracts

Revenue from construction contracts is recognised over time on an input method, determined based on the proportion of contract costs incurred for work performed to-date over the estimated total contract costs. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation, the extent of the contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction costs. In making these judgements, the Group evaluate based on past experience and by relying on the work of specialists. The carrying amounts of contract assets and contract liabilities of the Group arising from construction contracts are disclosed in Note 12 to the financial statements.

vii) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense is disclosed in Note 29 to the financial statements.

viii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine 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. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses, capital allowances and other temporary differences is disclosed in Note 29 to the financial statements.

ix) Discount rates used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

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 and the Company, unless otherwise stated.

a) Basis of consolidation

i) Subsidiary companies

Subsidiary companies are entities, including special purpose entity, controlled by the Company. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it 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 Group also 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 subsidiary companies 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.

ii) Business combinations

Business combinations are accounted for by 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.

iii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparative are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

a) Basis of consolidation *(cont'd)*

iv) Loss of control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the former subsidiary company, any non-controlling interests and the other components of equity related to the former subsidiary company from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary company, 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.

v) Associate company

Associate company is an entity, including unincorporated entity, in which the Group has significant influence, but not control, over the financial and operating policies.

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

When the Group's share of losses exceeds its interest in an associate company, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discounted 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 influence over an associate company, any retained interest in the former associate company at the date when significant influence is lost is managed 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 the profit or loss.

When the Group's interest in an associate company decrease but does not result in a loss of significant influence, any retained interest is not remeasured. 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 associate company is 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.

vi) Acquisition of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary company that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

a) Basis of consolidation *(cont'd)*

vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company 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 between non-controlling interests and owners of the Company.

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

viii) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates 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 an impairment.

b) Foreign currency transactions

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the 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 date, except for those that are measured at fair value 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.

ii) Operations denominated in functional currencies other than Ringgit Malaysia

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. 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 foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control or significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

b) Foreign currency transactions *(cont'd)*

ii) Operations denominated in functional currencies other than Ringgit Malaysia *(cont'd)*

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 that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c) Financial instruments

i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become 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.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii) Financial instrument categories and subsequent measurement

<u>Financial assets</u>

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

a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective 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. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(i)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

c) Financial instruments *(cont'd)*

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

Financial assets *(cont'd)*

b) Fair value through other comprehensive income

i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, 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 debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(i)(i)) where the effective interest rate is applied to the amortised cost.

ii) Equity investments

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 or losses accumulated in other comprehensive income are not reclassified to profit or loss.

c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 3(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

c) Financial instruments *(cont'd)*

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

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:-

a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:-

i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

c) Financial instruments *(cont'd)*

iii) Financial guarantee contracts *(cont'd)*

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:-

a) the amount of the loss allowance; and

b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is a purchase or sale of a financial asset under a contract whose terms require delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:-

a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:-

a) the recognition of an asset on the day it is received by the Group or the Company, and

b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset 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 the 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, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on their modified terms is recognised at fair value. 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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

c) Financial instruments *(cont'd)*

vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legal enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

d) 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. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

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 and 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 is 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 from the date that they are available for use. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

iii) Depreciation *(cont'd)*

The principal annual rates of depreciation for property, plant and equipment are as follows:-

	Rate (%)
Buildings	5
Concrete jetty	5
Furniture, fittings and equipment	10 – 33.33
Motor vehicles	25
Plant and machineries	4 – 20
Renovation	5

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

iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

e) Investment properties

i) Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3(d). Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the investment properties. The principal annual rate of depreciation is as follows:-

	Rate (%)
Buildings	5

ii) Reclassification from/to investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, the carrying amount of the item immediately prior to transfer is recognised as the deemed cost of the investment property for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its deemed cost for subsequent accounting.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

f) Leases

i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:-

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used in predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

ii) Recognition and initial measurement

a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group's entities incremental borrowing rate. Generally, the Group and the Company use their incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

f) Leases *(cont'd)*

ii) Recognition and initial measurement *(cont'd)*

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

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15, *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

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

iii) Subsequent measurement

a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

f) Leases *(cont'd)*

iii) Subsequent measurement *(cont'd)*

b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method except consumables which is on the first-in, first-out method, and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

i) Impairment of assets

i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12-month expected credit loss. Loss allowances for trade receivables and contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, 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 and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

i) Impairment of assets *(cont'd)*

i) Financial assets *(cont'd)*

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) 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 goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or 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 an asset or 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

i) Impairment of assets *(cont'd)*

ii) Other assets *(cont'd)*

An impairment loss in respect of goodwill is not reversed. 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 year in which the reversals are recognised.

j) Contract assets and contract liabilities

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 *Financial Instruments* (see Note 3(i)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

ii) Ordinary shares

Ordinary shares are classified as equity.

l) Employee benefits

i) Short-term employee benefits

Short-term employee benefit 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 and the Company have 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 and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year 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

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

m) 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

n) Revenue and other income

i) Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company transfer control of a good or service at a point in time unless one of the following overtime criteria is met:-

- the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform;
- 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 do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

If control of the assets is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards the satisfaction of each of those performance obligations. Otherwise, revenue is recognised at a point in time when the customer obtain control over the goods or service.

Sale of goods

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of sales and services taxes and discounts.

Construction contracts

Revenue from construction contracts is recognised over time. The Group and the Company use an input method in measuring progress of the construction contracts. The Group and the Company recognise revenue on the basis of the contract costs incurred for work performed to-date relative to the total estimated costs.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

n) Revenue and other income *(cont'd)*

i) Revenue from contract with customers *(cont'd)*

Project management services

Revenue from providing management and/or agency services is recognised over time in the period in which the services are rendered.

Sale of properties

Revenue from sale of completed properties recognised at a point in time, when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

ii) Rendering of services

Revenue from providing management services is recognised over time in the period in which the services are rendered.

iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

o) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

o) Borrowing costs *(cont'd)*

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.

p) 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 financial 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 statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and 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 reserve, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and 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 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

q) 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. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Group Senior Management, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

r) Earnings per ordinary shares

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

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 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.

s) 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 not recognised in the statement of financial position and 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.

t) Warrants

The Group issued Warrants 2021/2024 ("Warrant B") at no cost and these are not recognised in the financial statements. Each Warrant B is convertible into one new ordinary share at the adjusted exercise price of RM1.77 per share during the exercise period and will only be recognised as equity instruments upon conversion.

u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Concrete jetty RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Capital work-in-progress RM	Total RM
Costs									
At 1 July 2021	-	28,163,633	404,466	4,365,083	655,391	58,252,973	267,362	4,651,739	96,760,647
Acquisition of a subsidiary company	6,700,000	800,000	-	213	-	460,788			7,961,001
Additions	-	541,829	-	334,211	-	651,076	67,064	878,910	2,473,090
Reclassification	-	-	-	66,958	-	3,767,945	-	(3,834,903)	-
Transfer from right-of-use assets	-	-	-		173,028	1,735,751	-	-	1,908,779
Written off	-	-	-	(9,745)	-	-	-	-	(9,745)
At 30 June 2022	6,700,000	29,505,462	404,466	4,756,720	828,419	64,868,533	334,426	1,695,746	109,093,772
Additions	**-**	**-**	**-**	**86,416**	**23,144**	**106,000**	**31,385**	**163,055**	**410,000**
Disposals	**-**	**-**	**-**	**(3,300)**	**-**	**-**	**-**	**-**	**(3,300)**
Reclassification	**-**	**-**	**-**	**165,665**	**-**	**-**	**236,543**	**(402,208)**	**-**
Transfer from right-of-use assets	**-**	**-**	**-**	**-**	**186,727**	**889,299**	**-**	**-**	**1,076,026**
Transfer to investment properties (Note 5)	**-**	**(2,900,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,900,000)**
Written off	**-**	**-**	**-**	**(136,918)**	**-**	**-**	**(391,275)**	**-**	**(528,193)**
At 30 June 2023	**6,700,000**	**26,605,462**	**404,466**	**4,868,583**	**1,038,290**	**65,863,832**	**211,079**	**1,456,593**	**107,148,305**

4. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Group	Freehold land RM	Buildings RM	Concrete jetty RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Capital work-in-progress RM	Total RM
Accumulated depreciation									
At 1 July 2021	-	16,006,256	390,208	3,226,117	652,992	48,056,716	6,565	-	68,338,854
Charge for the financial year	-	1,209,774	-	448,539	1,849	1,692,345	13,646	-	3,366,153
Transfer from right-of-use assets	-	-	-	-	173,026	888,559	-	-	1,061,585
Written off	-	-	-	(8,807)	-	-	-	-	(8,807)
At 30 June 2022	-	17,216,030	390,208	3,665,849	827,867	50,637,620	20,211	-	72,757,785
Charge for the financial year	**-**	**1,198,146**	**-**	**396,843**	**5,365**	**2,035,884**	**27,047**	**-**	**3,663,285**
Disposals	**-**	**-**	**-**	**(3,207)**	**-**	**-**	**-**	**-**	**(3,207)**
Transfer from right-of-use assets	**-**	**-**	**-**	**-**	**186,723**	**466,202**	**-**	**-**	**652,925**
Transfer to investment properties (Note 5)	**-**	**(507,500)**	**-**	**-**	**-**	**-**	**-**	**-**	**(507,500)**
Written off	**-**	**-**	**-**	**(108,446)**	**-**	**-**	**(27,436)**	**-**	**(135,882)**
At 30 June 2023	**-**	**17,906,676**	**390,208**	**3,951,039**	**1,019,955**	**53,139,706**	**19,822**	**-**	**76,427,406**
Accumulated impairment loss									
At 1 July 2021/ 30 June 2022	-	-	-	-	-	-	-	-	-
Addition	**-**	**-**	**-**	**-**	**-**	**267,716**	**-**	**-**	**267,716**
At 30 June 2023	**-**	**-**	**-**	**-**	**-**	**267,716**	**-**	**-**	**267,716**
Carrying amounts									
At 30 June 2023	**6,700,000**	**8,698,786**	**14,258**	**917,544**	**18,335**	**12,456,410**	**191,257**	**1,456,593**	**30,453,183**
At 30 June 2022	6,700,000	12,289,432	14,258	1,090,871	552	14,230,913	314,215	1,695,746	36,335,987

Freehold land and buildings of the Group with carrying amount of RM Nil (2022 – RM6,700,000) and RM7,141,114 (2022 – RM8,856,176) respectively have been pledged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

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4. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
Costs					
At 1 July 2021	654,979	10,440	250,362	360,000	1,275,781
Additions	140,961	-	67,064	42,208	250,233
At 30 June 2022	795,940	10,440	317,426	402,208	1,526,014
Additions	**39,059**	**-**	**31,385**	**-**	**70,444**
Reclassification	**165,665**	**-**	**236,543**	**(402,208)**	**-**
Transfer from right-of-use assets	**-**	**186,727**	**-**	**-**	**186,727**
Written off	**(32,468)**	**-**	**(391,275)**	**-**	**(423,743)**
At 30 June 2023	**968,196**	**197,167**	**194,079**	**-**	**1,359,442**
Accumulated depreciation					
At 1 July 2021	89,145	8,043	6,288	-	103,476
Charge for the financial year	130,246	1,848	12,796	-	144,890
At 30 June 2022	219,391	9,891	19,084	-	248,366
Charge for the financial year	**165,004**	**544**	**26,197**	**-**	**191,745**
Transfer from right-of-use assets	**-**	**186,723**	**-**	**-**	**186,723**
Written off	**(8,009)**		**(27,436)**	**-**	**(35,445)**
At 30 June 2023	**376,386**	**197,158**	**17,845**	**-**	**591,389**
Carrying amounts					
At 30 June 2023	**591,810**	**9**	**176,234**	**-**	**768,053**
At 30 June 2022	576,549	549	298,342	402,208	1,277,648

5. INVESTMENT PROPERTIES

Group	Buildings RM
Costs	
At 1 July 2022	-
Transfer from property, plant and equipment (Note 4)	**2,900,000**
At 30 June 2023	**2,900,000**
Accumulated depreciation	
At 1 July 2022	-
Charge for the financial year	**12,083**
Transfer from property, plant and equipment (Note 4)	**507,500**
At 30 June 2023	**519,583**
Carrying amount	
At 30 June 2023	**2,380,417**

During the financial year, certain buildings of the Group with carrying amount at RM2,392,500 have been transferred from property, plant and equipment to investment properties as disclosed in Note 4 to the financial statements.

Rental income in respect of the investment properties of the Group for the financial year ended 30 June 2023 are recognised in profit or loss as follows:-

	Group RM
Rental income from third parties	**4,250**

6. RIGHT-OF-USE ASSETS

Group	Leasehold lands RM	Office premises RM	Use of land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Costs						
At 1 July 2021	21,567,867	-	-	1,377,370	2,625,050	25,570,287
Additions	-	1,852,761	-	2,037,020	-	3,889,781
Transfer to property, plant and equipment **	-	-	-	(173,028)	(1,735,751)	(1,908,779)
At 30 June 2022	21,567,867	1,852,761	-	3,241,362	889,299	27,551,289
Addition	**-**	**-**	**480,028**	**-**	**-**	**480,028**
Derecognition due to lease modification *	**-**	**(1,852,761)**	**-**	**-**	**-**	**(1,852,761)**
Transfer to property, plant and equipment **	**-**	**-**	**-**	**(186,727)**	**(889,299)**	**(1,076,026)**
At 30 June 2023	**21,567,867**	**-**	**480,028**	**3,054,635**	**-**	**25,102,530**

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

6. RIGHT-OF-USE ASSETS *(cont'd)*

Group	Leasehold lands RM	Office premises RM	Use of land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Accumulated depreciation						
At 1 July 2021	6,222,525	-		473,137	1,040,782	7,736,444
Charge for the financial year	547,304	231,595	-	551,278	236,326	1,566,503
Transfer to property, plant and equipment **	-	-	-	(173,026)	(888,559)	(1,061,585)
At 30 June 2022	6,769,829	231,595	-	851,389	388,549	8,241,362
Additions	**547,303**	**694,785**	**24,001**	**667,637**	**77,653**	**2,011,379**
Derecognition due to lease modification *	**-**	**(926,380)**		**-**	**-**	**(926,380)**
Transfer to property, plant and equipment **	**-**	**-**		**(186,723)**	**(466,202)**	**(652,925)**
At 30 June 2023	**7,317,132**	**-**	**24,001**	**1,332,303**	**-**	**8,673,436**
Carrying amounts						
At 30 June 2023	**14,250,735**	**-**	**456,027**	**1,722,332**	**-**	**16,429,094**
At 30 June 2022	14,798,038	1,621,166	-	2,389,973	500,750	19,309,927

Company	Leasehold land RM	Office premise RM	Motor vehicles RM	Total RM
Costs				
At 1 July 2021	6,490,851	-	186,727	6,677,578
Additions	-	1,852,761	-	1,852,761
At 30 June 2022	6,490,851	1,852,761	186,727	8,530,339
Addition	**-**	**369,074**	**-**	**369,074**
Derecognition due to lease modification *	**-**	**(1,852,761)**	**-**	**(1,852,761)**
Transfer to property, plant and equipment **	**-**	**-**	**(186,727)**	**(186,727)**
At 30 June 2023	**6,490,851**	**369,074**	**-**	**6,859,925**

6. RIGHT-OF-USE ASSETS *(cont'd)*

Company	Leasehold land RM	Office premise RM	Motor vehicles RM	Total RM
Accumulated depreciation				
At 1 July 2021	1,635,513	-	151,712	1,787,225
Charge for the financial year	108,397	231,595	29,176	369,168
At 30 June 2022	1,743,910	231,595	180,888	2,156,393
Additions	**108,396**	**725,541**	**5,835**	**839,772**
Derecognition due to lease modification *	**-**	**(926,380)**	**-**	**(926,380)**
Transfer to property, plant and equipment **	**-**	**-**	**(186,723)**	**(186,723)**
At 30 June 2023	**1,852,306**	**30,756**	**-**	**1,883,062**
Carrying amounts				
At 30 June 2023	**4,638,545**	**338,318**	**-**	**4,976,863**
At 30 June 2022	4,746,941	1,621,166	5,839	6,373,946

* *Derecognition of the right-of-use assets during the financial year was a result of early termination of lease arrangement.*

** *Reclassification of right-of-use assets to property, plant and equipment was a result of full settlement of lease payment during the financial year.*

Leasehold lands of the Group and of the Company have a lease period of 60 years expiring between years of 2053 and 2070. The Group entered into the operating lease agreements for the use of land for 5 years (2022 - Nil), whereas the Company leased office premises used in their operations for 3 years (2022 - 2 years), with an option to renew the leases upon expiry.

The Group and the Company have leased motor vehicles and plant and machineries under hire purchase arrangements. The leases are secured by the leased assets. The Group and the Company have options to purchase the asset at the expiry of the lease period for an insignificant amount.

Included in the right-of-use assets of the Group and of the Company at the end of the financial year were leasehold lands with aggregate carrying amount of RM13,155,945 (2022 – RM13,679,953) and RM3,543,755 (2022 – RM3,628,855) respectively, which have been pledged to licensed banks as securities for banking facilities granted to the Group and to the Company, as disclosed in Note 18 to the financial statements.

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30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2023 RM	Company 2022 RM
Carrying amount		
At the beginning of the financial year	**41,456,047**	36,476,047
Additions	**100,000**	4,980,000
At the end of the financial year	**41,556,047**	41,456,047
Unquoted shares, at cost	**44,056,049**	43,956,049
Less: Accumulated impairment losses	**(2,500,002)**	(2,500,002)
	41,556,047	41,456,047

The reconciliation of the allowance for impairment losses is as follows:-

	Company 2023 RM	Company 2022 RM
At the beginning/end of the financial year	**2,500,002**	2,500,002

The details of the subsidiary companies are as follows:-

Name of subsidiary companies	Principal place of business	Principal activities	Effective ownership interest 2023 %	Effective ownership interest 2022 %
Subsidiary companies of the Company				
SCIB Holdings Sdn. Bhd.*	Malaysia	Investment holdings	**100**	100
SCIB Industrialised Building System Sdn. Bhd. *	Malaysia	Supply and installation of industrialised building system components, engineering, procurement, construction and commissioning	**100**	100
SCIB Building Solutions Sdn. Bhd. (formerly known as Kencana Precast Concrete Sdn. Bhd.)	Malaysia	Construction. Not in operation since the date of acquisition by the holding company	**100**	100
SCIB Trading Sdn. Bhd.	Malaysia	Investment holding in dealing with capital market and derivatives instruments locally and internationally as well as in general merchants	**100**	-

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

The details of the subsidiary companies are as follows:- *(cont'd)*

Name of subsidiary companies	Principal place of business	Principal activities	Effective ownership interest 2023 %	Effective ownership interest 2022 %
Subsidiary companies of SCIB Holdings Sdn. Bhd.				
SCIB Concrete Manufacturing Sdn. Bhd.	Malaysia	Investment holding, trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products	**100**	100
SCIB Properties Sdn. Bhd. *	Malaysia	Property investment and development, engineering, procurement, construction and commissioning	**100**	100
SCIB Infraworks Sdn. Bhd. *	Malaysia	Construction and other related activities	**100**	100
Subsidiary company of SCIB Concrete Manufacturing Sdn. Bhd.				
SCIB International (Labuan) Ltd. * # ^	Labuan, Malaysia	Engineering, procurement, construction and commissioning project activities and investment holding	**100**	100
Subsidiary companies of SCIB Industrialised Building System Sdn. Bhd.				
SCIB LW System Sdn. Bhd. *	Malaysia	Supplying and installations of prefabricated Lightweight Systems products including but not limited to carrying out engineering, procurement, construction and commissioning ("EPCC")	**100**	70
SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.	Malaysia	Road construction, maintenance and other related activities	**70**	70

\# *Audited by a firm other than Kreston John & Gan.*

* *The auditors' report of the subsidiary companies contains emphasis of material uncertainty related to going concern.*

^ *The auditors' report of the subsidiary company contains qualified opinion related to opening balances for the financial year ended 30 June 2023.*

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30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(a) Incorporation of a subsidiary company

On 30 December 2022, the Company incorporated a 100% owned subsidiary company, namely, SCIB Trading Sdn. Bhd. under the Companies Act, 2016 as private company limited by shares with 100,000 ordinary shares for total cash consideration of RM100,000.

(b) Acquisition of a subsidiary company with non-controlling interest

During the financial year, SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd. ("SSJV") has increased its issued and paid-up share capital from 100 ordinary shares to 750,100 ordinary shares. SCIB Industrialised Building System Sdn. Bhd. ("SIBS"), a wholly-owned subsidiary company of the Company, has subscribed 525,000 ordinary shares in SSJV for a total consideration of RM525,000 by way of cash.

As a result, SSJV remains as 70% owned subsidiary company of the SIBS.

(c) Acquisition of remaining equity shareholdings in a subsidiary company

On 21 June 2022, the Company's wholly-owned subsidiary company, SIBS acquired the remaining 30% equity shareholdings in an existing subsidiary company, SCIB LW System Sdn. Bhd. ("SCIBLWS") for a cash consideration of RM90,000.

The registration of shares transfer was completed on 6 July 2022. Upon the completion of the proposed acquisition, SCIBLWS became a wholly-owned subsidiary company of the Company.

(d) Acquisition of a subsidiary company

On 10 December 2021, the Company acquired 100% equity interest in SCIB Building Solutions Sdn. Bhd. (formerly known as Kencana Precast Concrete Sdn. Bhd.) ("SCIBBS") for a cash consideration of RM4,980,000 resulting in SCIBBS becoming a wholly-owned subsidiary company of the Company.

The financial due diligence review arising from the acquisition had been concluded on 9 December 2021 as such, the directors deemed 10 December 2021 as the date of acquisition. Between 10 December 2021 and 30 June 2022, the subsidiary company contributed a loss of RM195,194. SCIBBS did not generate any revenue during this period as the subsidiary company had yet to commence its operation since the date it was acquired by the Company.

7. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(d) Acquisition of a subsidiary company *(cont'd)*

The fair value of the identifiable assets and liabilities of SCIBBS as at the date of acquisition was included in the presentation below:-

Identifiable assets acquired and liabilities assumed

	As audited RM	Adjustments RM	As restated RM
Property, plant and equipment (Note 4)	7,961,001	-	7,961,001
Other receivables	1,429,724	(1,429,724)	-
Cash and bank balances	136	-	136
Other payables	(261,177)	261,177	-
Bank borrowings	(1,168,547)	(1,168,547)	-
Deferred tax liabilities (Note 20)	(597,254)	-	(597,254)
Net identifiable assets acquired	7,363,883	-	7,363,883
Less: Gain arising from bargain purchase			(2,383,883)
Total purchase consideration, satisfied by cash			4,980,000
Less: Cash acquired			(136)
Net cash outflow arising from acquisition of a subsidiary (Statements of Cash Flows)			4,979,864

Subsequent to the acquisition on 30 June 2022, the former management of SCIBBS had signed a letter of undertaking to settle all liabilities, inclusive of the abovementioned bank borrowings, and had also agreed to provide the Company access to information with regards to the bank borrowings and/or any other documents which are necessary for the preparation of the financial statements of SCIBBS, and pending the settlement of the above liabilities by the former management, the financial guarantee provided to the licensed bank for the bank borrowings had been included in the "exposure to credit risk" and "liquidity risk maturity analysis", as disclosed in Note 35 to the financial statements respectively.

Following the letter of undertaking, the Group had made adjustments to the financial statements, by setting off the balances and disclosing the net amount of the liabilities (inclusive of bank borrowings) as disclosed above.

During the financial year ended 30 June 2023, the liabilities have been fully settled by the former management of SCIBBS, inclusive of the abovementioned bank borrowings.

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(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(e) Non-controlling interest in subsidiary companies

The Group's subsidiary companies that have non-controlling interest ("NCI") are as follows:-

	SCIBLWS	SSJV	Total
2023			
NCI percentage of ownership and voting interest (%)	**-**	**30**	**NA**
Carrying amount of NCI (RM)	**-**	**864,955**	**864,955**
Profit allocated to NCI (RM)	**-**	**688,655**	**688,655**
2022			
NCI percentage of ownership and voting interest (%)	30	30	NA
Carrying amount of NCI (RM)	(40,475)	(48,700)	(89,175)
Loss allocated to NCI (RM)	(110,778)	(47,124)	(157,902)

NA = Not Applicable

Summarised financial information for each subsidiary company that has non-controlling interests before inter-group elimination:-

	2023 RM	2022 RM
SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.		
Non-current assets	**1,527,765**	1,935,169
Current assets	**10,171,763**	8,393,366
Non-current liabilities	**(4,391,337)**	(5,848,131)
Current liabilities	**(4,425,007)**	(4,642,736)
Net assets/(liabilities)	**2,883,184**	(162,332)
Revenue	**26,614,424**	25,663,093
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year	**2,295,516**	(157,078)
Profit/(Loss) attributable to owners of the Company	**1,606,861**	(109,954)
Non-controlling interest	**688,655**	(47,124)
	2,295,516	(157,078)
Cash flows generated from/(used in) operating activities	**652,625**	(4,800,778)
Cash flows (used in)/generated from financing activities	**(576,296)**	5,137,378
Net increase in cash and cash equivalents	**76,329**	336,600
Dividend paid to NCI	**-**	-

7. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(e) Non-controlling interest in subsidiary companies *(cont'd)*

Summarised financial information for each subsidiary company that has non-controlling interests before inter-group elimination:- *(cont'd)*

	2022
	RM
SCIB LW System Sdn. Bhd.	
Non-current assets	531,246
Current assets	160,595
Current liabilities	(826,758)
Net liabilities	(134,917)
Revenue	219,328
Loss for the financial year representing total comprehensive loss for the financial year	(369,262)
Loss attributable to owners of the Company	(258,484)
Non-controlling interest	(110,778)
	(369,262)
Cash flows used in operating activities	(208,949)
Cash flows used in investing activities	(89,177)
Net decrease in cash and cash equivalents	(298,126)
Dividend paid to NCI	-

8. INVESTMENT IN AN ASSOCIATE COMPANY

	Group	
	2023	2022
	RM	RM
At the beginning of the financial year	**300,000**	302,548
Share of post-acquisition loss	**-**	(2,548)
At the end of the financial year	**300,000**	300,000
Unquoted shares, at cost	**300,000**	300,000
Less: Accumulated impairment losses	**(300,000)**	(300,000)
	-	-

The reconciliation of the allowance for impairment losses on investment in an associate company is as follows:-

	Group	
	2023	2022
	RM	RM
At the beginning/end of the financial year	**300,000**	300,000

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8. INVESTMENT IN AN ASSOCIATE COMPANY *(cont'd)*

The details of the associate company are as follows:-

Name of associate company	Principal place of business	Principal activities	Effective ownership interest 2023 %	2022 %
Associate company of SCIB Properties Sdn. Bhd.				
Edaran Kencana Sdn. Bhd. #	Malaysia	General contractor and builder, engineering consultancy and other related services	**30**	30

Audited by a firm other than Kreston John & Gan

Edaran Kencana Sdn. Bhd. has a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associate company for the financial year ended 31 December 2022 (2022 – 31 December 2021) have been used and appropriate adjustments have been made for the effects of significant transactions between 1 January 2023 and 30 June 2023 (2022 – 1 January 2022 to 30 June 2022).

The summarised financial information of the associate company is as follows:-

	2023 RM	2022 RM
Non-current assets	**12,246**	2,650
Current assets	**1,384,463**	3,937,011
Current liabilities	**(15,158,110)**	(15,602,173)
Net liabilities	**(13,761,401)**	(11,662,512)
12-month year ended 30 June		
Revenue	**37,195**	3,134,587
Loss for the financial year representing total comprehensive loss for the financial year	**(2,119,617)**	(12,876,668)
Group's share of loss for the financial year	**-**	(2,548)

The Group has not recognised its share of losses amounting to RM635,885 (2022 – RM3,860,452) because the Group's cumulative share of losses has exceeded its interest in that associate company and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised amounted to RM4,496,337 (2022 – RM3,860,452).

The auditors' report on the financial statements of the associate company includes a "Material Uncertainty Related to Going Concern" regarding the ability of the associate company to continue as a going concern in view of its capital deficiency position as at end of current reporting year. Due to its capital deficiency position, the cost of investment of the associate company has been fully impaired during previous financial year.

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9. INVENTORIES

	Group	
	2023	2022
	RM	RM
Properties held for sale	**698,061**	1,005,679
Raw materials	**7,527,585**	9,415,104
Finished goods	**12,425,595**	10,064,935
Stores and spares	**2,111,230**	1,849,291
	22,762,471	22,335,009
Less : Allowance for inventories obsolescence	**(26,927)**	(165,977)
	22,735,544	22,169,032

The movement of allowance for inventories obsolescence during the financial year are as follows:-

	Group	
	2023	2022
	RM	RM
At the beginning of the financial year	**165,977**	241,446
Additions	**11,592**	137,646
Inventories written off	**(125,382)**	(78,514)
Reversal of inventories written down	**(25,260)**	(134,601)
At the end of the financial year	**26,927**	165,977

	Group	
	2023	2022
	RM	RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**74,104,109**	73,797,508
Inventories written back	**(21,803)**	-
Inventories written down	**11,592**	137,646
Reversal of inventories written down	**(25,260)**	(134,601)

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10. TRADE RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Third parties:-				
- Project management	**5,877,900**	64,254,880	**-**	12,588,441
- Project owners	**27,647,397**	34,336,575	**-**	-
- Others	**33,678,228**	24,244,250	**-**	-
	67,203,525	122,835,705	**-**	12,588,441
Less : Accumulated impairment losses	**(22,446,161)**	(81,553,171)	**-**	(12,588,441)
	44,757,364	41,282,534	**-**	-

The movement of accumulated impairment losses of trade receivables of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At beginning of the financial year	**81,553,171**	63,650,931	**12,588,441**	11,857,355
Additions:-				
- Project management	**-**	733,937	**-**	731,086
- Project owners	**-**	15,036,434	**-**	-
- Others	**146,247**	637,502	**-**	-
	146,247	16,407,873	**-**	731,086
Effect of foreign exchange differences	**1,678,528**	3,893,865	**-**	-
Reversals	**(876,277)**	(2,349,872)	**-**	-
Written off	**(60,055,508)**	(49,626)	**(12,588,441)**	-
At end of the financial year	**22,446,161**	81,553,171	**-**	12,588,441

(a) The Group's and the Company's normal trade credit term range between 7 to 90 days (2022 – 7 to 90 days). Late interest is charged at 1.50% (2022 – 1.50%) per month for sale of goods and are assessed on a case-by-case basis.

(b) Included in trade receivables of the Group are retention sums amounted to RM7,105,988 (2022 – RM2,942,481).

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11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other receivables:-				
- Third parties	**25,904,210**	13,962,180	**15,013,329**	654,499
- Related parties	**70,718**	7,725,437	**70,718**	7,725,437
Banker guarantee	**199,000**	-	**199,000**	-
Non-trade deposits	**243,447**	1,594,840	**51,041**	479,041
Trade deposits	**16,329,647**	16,147,203	**-**	-
Prepayments	**8,322,668**	5,414,500	**55,957**	109,280
	51,069,690	44,844,160	**15,390,045**	8,968,257
Less : Accumulated impairment losses	**(25,829,296)**	(12,814,334)	**(15,013,216)**	(563,216)
	25,240,394	32,029,826	**376,829**	8,405,041

The movement of accumulated impairment losses of other receivables of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At beginning of the financial year	**12,814,334**	10,671,015	**563,216**	4,723,695
Additions	**19,778,428**	8,914,425	**14,450,000**	32,684
Effect of foreign exchange differences	**196,236**	250,449	**-**	-
Reversals	**(9,702)**	-	**-**	-
Written off	**(6,950,000)**	(7,021,555)	**-**	(4,193,163)
At end of the financial year	**25,829,296**	12,814,334	**15,013,216**	563,216

12. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023	2022
	RM	RM
Contract assets		
Contract assets relating to construction services	**6,193,541**	5,649,744
Contract liabilities		
Contract liabilities relating to:-		
- Construction services	**(60)**	(60)
- Manufacturing activities	**(816,389)**	(508,920)
	(816,449)	(508,980)

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12. CONTRACT ASSETS/(LIABILITIES) *(cont'd)*

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 30 days (2022 – 30 days).

(b) The contract liabilities relate to advance considerations received from customers for EPCC contracts and manufacturing activities of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 3 (2022 – 1 to 3) months.

(c) The movement of contract assets and contract liabilities balances during the financial year are as follows:-

	Group	
	2023	2022
	RM	RM
At beginning of the financial year	**5,140,764**	(1,528,756)
Revenue recognised in profit or loss during the financial year:-		
- Construction contracts	**41,292,388**	41,293,346
- Sale of goods	**370,589**	641,822
Reclassification	**9,702**	-
Billing to customers during the financial year	**(39,537,978)**	(33,403,443)
	7,275,465	7,002,969
Less : Accumulated impairment losses	**(1,898,373)**	(1,862,205)
At end of the financial year	**5,377,092**	5,140,764
Represented by:-		
Contract assets	**6,193,541**	5,649,744
Contract liabilities	**(816,449)**	(508,980)
	5,377,092	5,140,764

The movement of accumulated impairment losses of contract assets of the Group during the financial year are as follows:-

	Group	
	2023	2022
	RM	RM
At the beginning of the financial year	**1,862,205**	-
Additions	**36,168**	1,862,205
At the end of the financial year	**1,898,373**	1,862,205

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12. CONTRACT ASSETS/(LIABILITIES) *(cont'd)*

(d) As at the end of the financial year, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts of the Group is RM274,632,884 (2022 – RM650,277,043). These remaining performance obligations are expected to be recognised as below:-

	Group	
	2023	2022
	RM	RM
Within 1 year	**206,464,397**	273,900,653
Between 1 to 5 years	**68,168,487**	376,376,390
	274,632,884	650,277,043

Included in the above are aggregate amounts of RM7,700,000 for projects which are on-hold for the current financial year.

Included in the remaining performance obligation for the financial year ended 30 June 2022 are aggregate amounts of RM240,485,427 and RM137,000,000 for projects which have been terminated during current financial year and subsequent year respectively.

13. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2023	2022
	RM	RM
Amount due from subsidiary companies:-		
Non-trade	**89,479,053**	75,133,502
Less : Accumulated impairment losses	**(16,023,264)**	(15,609,790)
	73,455,789	59,523,712

The movement of accumulated impairment losses of amount due from subsidiary companies during the financial year are as follows:-

	Company	
	2023	2022
	RM	RM
At the beginning of the financial year	**15,609,790**	3,379,612
Addition	**413,474**	12,230,178
At the end of the financial year	**16,023,264**	15,609,790

	Company	
	2023	2022
	RM	RM
Amount due to a subsidiary company:-		
Non-trade	**(97,000)**	(1,253,837)

The amount due from/(to) subsidiary companies are unsecured, bear interest rate at 3.50% (2022 – 3.50%) per annum and are repayable on demand.

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14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company amounted to RM10,420,927 (2022 – RM5,687,102) and RM5,214,458 (2022 – RM5,515,936) respectively, have been pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 18 to the financial statements.

The fixed deposits with licensed banks of the Group and of the Company have maturity periods of 3 to 12 months (2022 – 1 to 36 months) and 3 months (2022 – 1 to 36 months) respectively. The effective interest rates of deposits with licensed banks of the Group and of the Company at the end of the financial year are in the range from 2.55% to 2.75% (2022 – 1.50% to 1.95%) per annum and 2.75% (2022 – 1.50% to 1.95%) per annum respectively.

15. SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Unit	Unit	RM	RM
At the beginning of the financial year	**582,037,532**	490,610,000	**153,623,689**	152,268,754
Issuance of ordinary shares pursuant to private placement	**58,203,753**	91,427,532	**12,759,057**	41,763,207
Less:-				
- share issue expenses	**-**	-	**(123,854)**	(408,272)
- capital reduction	**-**	-	**-**	(40,000,000)
	-	-	**(123,854)**	(40,408,272)
At the end of the financial year	**640,241,285**	582,037,532	**166,258,892**	153,623,689

During the financial year, the Company increased its issued and paid-up share capital from RM153,623,689 to RM166,258,892 by way of:-

a) Private placement exercise of up to 10% of the enlarged number of issued shares of the Company representing approximately 82,722,252 new shares. The total new shares issued were 58,203,753 for an aggregate amount of RM12,759,057 with share issues expenses of RM123,854, are as follows:-

   i) On 12 April 2023, the Company issued a total of 25,000,000 shares at an issue price of RM0.1078 per placement share; and

   ii) On 19 June 2023, the Company issued a total of RM33,203,753 shares at an issue price of RM0.3031 per placement share.

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

   The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share of meetings of the Company. The ordinary shares have no par value.

b) During the previous financial year, a capital reduction of RM40,000,000, via the cancellation of RM40,000,000 of the issued and paid-up share capital of the Company and that the credit arising from such share capital reduction was used to eliminate the accumulated losses of the Company pursuant to Section 116 of the Companies Act, 2016. On 21 October 2021, the Company received the signed and sealed Court Order to effect the capital reduction exercise.

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16. FOREIGN CURRENCY TRANSLATION RESERVES

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign subsidiary company whose functional currency is different from that of the Group's presentation currency.

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-current				
Other payables	**141,976**	152,129	**8,737**	7,418
Current				
Other payables – third parties	**900,062**	484,079	**483,772**	122,183
Accruals	**2,560,799**	2,165,406	**934,156**	472,836
Advance received	**5,250**	-	**-**	-
Deposit received	**1,641,180**	1,783,090	**-**	-
Deposit received from a subsidiary company	**-**	-	**43,200**	43,200
	5,107,291	4,432,575	**1,461,128**	638,219
	5,249,267	4,584,704	**1,469,865**	645,637

18. BORROWINGS

	Group	
	2023	2022
	RM	RM
Non-Current Liabilities		
Secured		
Term loans	**20,454,827**	23,139,453
Current Liabilities		
Secured		
Bankers' acceptances	**17,661,021**	19,072,568
Bank overdrafts	**5,672,171**	-
Term loans	**2,835,198**	2,711,830
	26,168,390	21,784,398
Total borrowings		
Secured		
Bankers' acceptances (Note 18(a))	**17,661,021**	19,072,568
Bank overdrafts (Note 18(b))	**5,672,171**	-
Term loans (Note 18(c))	**23,290,025**	25,851,283
	46,623,217	44,923,851

18. BORROWINGS *(cont'd)*

	2023 %	2022 %
Interest rate:-		
- Bankers' acceptances	**3.55 – 5.09**	4.50 – 4.70
- Bank overdrafts	**7.70 – 7.95**	-
- Term loans	**4.50 – 5.70**	4.00 – 7.42

a) Bankers' acceptances

Bankers' acceptance I were drawn down under conventional loan facility and is secured by a first legal charge over certain leasehold lands of the Company as disclosed in Note 6 to the financial statements, together with the buildings thereon of the Group as disclosed in Note 4 to the financial statements; and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above the licensed bank's cost of fund.

Bankers' acceptance II were drawn down under Islamic loan facility and is secured by a first party legal charge over a leasehold land of a subsidiary company as disclosed in Note 6 to the financial statements, together with the buildings thereon of the Group as disclosed in Note 4 to the financial statements, and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above the licensed bank's prevailing Islamic Money Market Rate.

b) Bank overdrafts

Bank overdraft I is secured by a first legal charge over a leasehold land of the Group and of the Company as disclosed in Note 6 to the financial statements, together with the building thereon as disclosed in Note 4 to the financial statements and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above the bank's Base Lending Rate daily rest.

Bank overdraft II is secured by fixed deposit pledged by a subsidiary company as disclosed in Note 14 to the financial statements. Interest is charged at 1.00% (2022 – Nil) per annum above the licensed bank's prevailing Base Financing Rate.

c) Term loans

	Group	
	2023 RM	2022 RM
Secured		
Term loan 1	**5,671,801**	6,050,998
Term loan 2	**5,942,084**	6,325,862
Term loan 3	**11,676,140**	13,474,423
	23,290,025	25,851,283

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18. BORROWINGS *(cont'd)*

c) Term loans *(cont'd)*

	Group	
	2023	2022
	RM	RM
Repayable as follows:-		
Non-Current Liabilities		
Later than one year and not later than two years		
- Term loan 1	**468,082**	443,885
- Term loan 2	**461,660**	448,048
- Term loan 3	**2,036,263**	1,941,665
	2,966,005	2,833,598
Later than two years and not later than five years		
- Term loan 1	**1,534,472**	1,457,740
- Term loan 2	**1,476,645**	1,435,099
- Term loan 3	**6,714,331**	6,406,862
	9,725,448	9,299,701
Later than five years		
- Term loan 1	**3,222,139**	3,724,448
- Term loan 2	**3,557,354**	4,009,784
- Term loan 3	**983,881**	3,271,922
	7,763,374	11,006,154
Current Liabilities		
Not later than one year		
- Term loan 1	**447,108**	424,925
- Term loan 2	**446,425**	432,931
- Term loan 3	**1,941,665**	1,853,974
	2,835,198	2,711,830
Total	**23,290,025**	25,851,283

The details of term loans are as follows:-

Term loan 1 is secured by a first legal charge over a leasehold land of the Company as disclosed in Note 6 to the financial statements, together with the building thereon as disclosed in Note 4 to the financial statements and corporate guarantee by the Company. Interest is charged at 1.00% (2022 – 1.00%) per annum below the licensed bank's Base Lending Rate.

Term loan 2 is secured by a first party first legal charge over a leasehold land of a subsidiary company together with the building thereon and a first or third party letter of set-off over fixed deposit pledged as disclosed in Notes 4, 6 and 14 to the financial statements respectively, and corporate guarantee by the Company. Interest is charged at 2.20% (2022 – 2.20%) per annum below the licensed bank's Base Lending Rate.

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18. BORROWINGS *(cont'd)*

c) Term loans *(cont'd)*

The details of term loans are as follows:- *(cont'd)*

Term loan 3 arose from the settlement of revolving credits and term loans during the previous financial year. Term loan 3 was drawn down under Tawarruq Term Financing-I and is secured by a first party legal charge over a leasehold land of a subsidiary company as disclosed in Note 6 to the financial statements, together with the building thereon of the Group as disclosed in Note 4 to the financial statements, and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above effective profit rate of Islamic Cost of Fund (iCOF) with a minimum rate of 4.00% (2022 – 4.00%) per annum or such other minimum rate as may be prescribed by the bank not exceeding ceiling profit rate of 12.00% (2022 – 12.00%) per annum.

19. LEASE LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At the beginning of the financial year	**4,092,261**	1,433,366	**1,655,830**	61,981
Additions	**480,028**	3,605,361	**369,074**	1,852,761
Derecognition	**(943,721)**	-	**(943,721)**	-
Interest expense recognised in profit or loss	**149,013**	119,963	**39,815**	18,013
Repayment of principal and interest	**(1,497,253)**	(1,066,429)	**(780,655)**	(276,925)
At the end of the financial year	**2,280,328**	4,092,261	**340,343**	1,655,830
Minimum lease payments:-				
Not later than one year	**653,352**	1,635,163	**132,000**	987,655
Later than one year but not later than two years	**653,352**	1,312,965	**132,000**	720,000
Later than two years but not later than five years	**1,175,245**	1,344,368	**99,000**	-
Later than five years	**32,650**	146,957	**-**	-
	2,514,599	4,439,453	**363,000**	1,707,655
Less : Future finance charges	**(234,271)**	(347,192)	**(22,657)**	(51,825)
Present value of lease liabilities	**2,280,328**	4,092,261	**340,343**	1,655,830
Represented by:-				
Non-current	**1,725,969**	2,610,760	**221,843**	711,092
Current	**554,359**	1,481,501	**118,500**	944,738
	2,280,328	4,092,261	**340,343**	1,655,830
	%	%	%	%
Interest rate of lease liabilities	**2.12 – 6.51**	2.12 – 6.55	**4.90**	3.75 – 4.76

20. DEFERRED TAX LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At the beginning of the financial year	**(597,254)**	-	**-**	-
Acquisition of a subsidiary company	**-**	(597,254)	**-**	-
Recognised in profit or loss	**4,048**	-	**-**	-
At the end of the financial year	**(593,206)**	(597,254)	**-**	-

Presented after appropriate offsetting as follows:-

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Deferred tax assets	**2,111,827**	2,111,827	**60,882**	60,882
Deferred tax liabilities	**(2,705,033)**	(2,709,081)	**(60,882)**	(60,882)
	(593,206)	(597,254)	**-**	-

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

Group	Freehold land and building	Capital allowance in excess of depreciation	Total
	RM	RM	RM
Deferred tax liabilities			
At 1 July 2021	-	(2,734,752)	(2,734,752)
Recognised in profit or loss	-	622,925	622,925
Acquisition of a subsidiary company	(597,254)	-	(597,254)
At 30 June 2022	(597,254)	(2,111,827)	(2,709,081)
Recognised in profit or loss	**4,048**	**-**	**4,048**
At 30 June 2023	**(593,206)**	**(2,111,827)**	**(2,705,033)**

	Unutilised capital allowance	Other deductible temporary differences	Total
	RM	RM	RM
Deferred tax assets			
At 1 July 2021	879,672	1,855,080	2,734,752
Recognised in profit or loss	(316,000)	(306,925)	(622,925)
At 30 June 2022/30 June 2023	**563,672**	**1,548,155**	**2,111,827**

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20. DEFERRED TAX LIABILITIES *(cont'd)*

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:- *(cont'd)*

Company	Capital allowance in excess of depreciation RM	Total RM
Deferred tax liabilities		
At 1 July 2021	(7,068)	(7,068)
Recognised in profit or loss	(53,814)	(53,814)
At 30 June 2022/ 30 June 2023	**(60,882)**	**(60,882)**

	Other deductible temporary differences RM	Total RM
Deferred tax assets		
At 1 July 2021	7,068	7,068
Recognised in profit or loss	53,814	53,814
At 30 June 2022/ 30 June 2023	**60,882**	**60,882**

21. TRADE PAYABLES

(a) The normal trade credit term granted to the Group ranged from 30 to 90 days (2022 – 30 to 90 days).

(b) Included in the trade payables of the Group are retention sum amounted to RM6,254,466 (2022 – RM5,468,198).

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22. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from Contracts with Customers				
Sale of goods	**90,583,008**	85,862,161	**-**	-
Construction contracts	**40,937,089**	41,293,346	**-**	-
Sale of properties	**365,000**	707,000	**-**	-
Project management fee	**159,454**	566,830	**-**	-
	132,044,551	128,429,337	**-**	-
Revenue from Other Sources				
Management fees from subsidiary companies	**-**	-	**5,778,222**	4,942,815
Rental income	**-**	-	**264,000**	264,000
	-	-	**6,042,222**	5,206,815
	132,044,551	128,429,337	**6,042,222**	5,206,815

23. OTHER OPERATING INCOME

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Bargain purchase from acquisition of a subsidiary company	**-**	2,383,883	**-**	-
Foreign exchange gain:-				
- Realised	**5,077**	6,349	**-**	6,349
- Unrealised	**761,444**	1,513,412	**-**	763,770
Gain on disposal of property, plant and equipment	**92**	-	**-**	-
Gain on lease modification	**17,340**	-	**17,340**	-
Interest income	**363,973**	460,404	**147,263**	404,823
Interest income from subsidiary companies	**-**	-	**2,260,907**	1,751,981
Overprovision of agent fees	**-**	5,723,834	**-**	1,243,883
Project income	**3,281**	-	**-**	-
Rental income	**4,250**	-	**-**	-
Reversal of inventories written off	**8,581**	56,889	**-**	-
Reversal of inventories written down	**25,260**	134,601	**-**	-
Sundry income	**257,926**	371,624	**223**	40,352
	1,447,224	10,650,996	**2,425,733**	4,211,158

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24. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Impairment losses on:-				
- trade receivables	**146,247**	16,407,873	**-**	731,086
- other receivables	**19,778,428**	8,914,425	**14,450,000**	32,684
- contract assets	**36,168**	1,862,205	**-**	-
- amount due from subsidiary companies	**-**	-	**413,474**	12,230,178
Reversal of impairment losses on:-				
- trade receivables	**(876,277)**	(2,349,872)	**-**	-
- other receivables	**(9,702)**	-	**-**	-
	19,074,864	24,834,631	**14,863,474**	12,993,948

25. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expense on financial liabilities that are not at fair value through profit or loss:-				
- Amount due to subsidiary companies	**-**	-	**6,492**	35,230
- Bank overdrafts	**3,306**	1,114	**-**	-
- Bankers' acceptances	**706,770**	532,554	**-**	-
- Lease liabilities	**149,013**	119,963	**39,815**	18,013
- Revolving credits	**-**	63,173	**-**	-
- Term loans	**1,214,975**	1,125,843	**-**	-
	2,074,064	1,842,647	**46,307**	53,243

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30 June 2023
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26. LOSS BEFORE TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
This is arrived at after charging:-				
Auditors' remuneration:-				
(a) Statutory audit				
- Kreston John & Gan	**315,000**	-	**85,000**	-
- Other auditors				
- current year	**15,881**	312,000	**-**	102,000
- prior year	**47,977**	50,000	**-**	20,000
(b) Non-audit services	**13,000**	-	**13,000**	-
Consultancy fee for software and hardware integration *	**-**	1,039,000	**-**	1,039,000
Depreciation of property, plant and equipment	**3,663,285**	3,366,153	**191,745**	144,890
Depreciation of investment properties	**12,083**	-	**-**	-
Depreciation of right-of-use assets	**2,011,379**	1,566,503	**839,772**	369,168
Directors' remuneration (Note 28)	**2,178,030**	1,996,607	**1,663,374**	1,436,006
Feasibility studies and consultation expense on Hydropower Projects *	**-**	23,744,800	**-**	12,744,800
Impairment losses on:-				
- property, plant and equipment	**267,716**	-	**-**	-
- investment in an associate	**-**	300,000	**-**	-
Inventories written down	**11,592**	137,646	**-**	-
Property, plant and equipment written off	**392,311**	938	**388,298**	-
Realised loss on foreign exchange	**12,127**	9,251	**-**	-
Rental expense on:-				
(a) short-term lease				
- land and buildings	**-**	966,835	**-**	720,000
- plant and machineries	**319,407**	263,525	**-**	-
(b) low value assets				
- office equipment	**70,265**	116,416	**29,779**	24,573
Employee benefits expense (Note 27)	**15,753,072**	13,896,695	**3,766,599**	3,363,584
Share of loss of equity-accounted associate	**-**	2,548	**-**	-
Tender and consultation expense*	**-**	660,400	**-**	-
Unrealised loss on foreign exchange	**283**	-	**283**	-
Visibility study expense for 3D printer*	**-**	1,000,000	**-**	-

* Included in the above was an aggregate amount of RM26,444,200 and RM13,783,800 of the Group and of the Company which have been expensed off to profit or loss in the financial year ended 30 June 2022, which included expenses related to secure tendered projects or investments, feasibility studies and consultant fees for project related advisory services.

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30 June 2023
(CONT'D)

26. LOSS BEFORE TAXATION *(cont'd)*

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
And crediting:-				
Bargain purchase arising from acquisition of a subsidiary company	-	(2,383,883)	-	-
Gain on disposal of property, plant and equipment	**(92)**	-	-	-
Gain on lease modification	**(17,340)**	-	**(17,340)**	-
Interest income on financial assets measured at amortised cost:-				
- amount due from subsidiary companies	-	-	**(2,260,907)**	(1,751,981)
- bank balances	**(60,183)**	(52,423)	**(45)**	-
- fixed deposits with licensed bank	**(183,499)**	(407,981)	**(147,218)**	(404,823)
- trade receivables	**(120,291)**	-	-	-
Overprovision of agent fees relating to EPCC projects	-	(5,723,834)	-	(1,243,883)
Realised gain on foreign exchange	**(5,077)**	(6,349)	-	(6,349)
Rental income	**(4,250)**	-	**(264,000)**	(264,000)
Reversal of inventories written down	**(25,260)**	(134,601)	-	-
Reversal of inventories written off	**(21,803)**	-	-	-
Unrealised gain on foreign exchange	**(761,444)**	(1,513,412)	-	(763,770)

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries, wages, bonuses and allowances	**13,530,787**	11,956,148	**3,192,080**	2,844,770
Employment Insurance System	**20,624**	18,594	**3,872**	3,625
Employees Provident Fund	**1,474,638**	1,317,559	**354,386**	318,367
Social security cost	**182,063**	163,420	**34,626**	31,706
Other benefits	**544,960**	440,974	**181,635**	165,116
	15,753,072	13,896,695	**3,766,599**	3,363,584

Included in employee benefits expense of the Group and of the Company are compensation of key management personnels excluding benefits-in-kind, amounting to RM1,385,108 and RM1,104,141 (2022 – RM1,355,130 and RM1,073,170) respectively, as disclosed in Note 39 to the financial statements.

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30 June 2023
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28. DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fees	**321,377**	310,800	**321,377**	310,800
Salaries, allowances and bonus	**1,667,120**	1,521,117	**1,207,709**	1,020,689
Employment Insurance System	**403**	285	**213**	95
Employees Provident Fund	**185,596**	161,918	**132,204**	103,593
Social security cost	**3,534**	2,487	**1,871**	829
	2,178,030	1,996,607	**1,663,374**	1,436,006

29. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Income tax:-				
- Current year	**1,753,178**	326,622	**289,476**	-
- Prior year	**(189,389)**	(10,008,645)	**(38,497)**	(3,448,144)
	1,563,789	(9,682,023)	**250,979**	(3,448,144)
Deferred tax	**(4,048)**	-	**-**	-
Income tax expense/(credit)	**1,559,741**	(9,682,023)	**250,979**	(3,448,144)

Income tax is calculated at the Malaysian statutory tax rates of 24% (2022 – 24%) of the estimated assessable income for the financial year.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows:-

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Applicable tax rate	**(24)**	(24)	**(24)**	(24)
Non-allowable expenses	**31**	20	**26**	18
Non-taxable income	**(1)**	(4)	*	(2)
Deferred tax asset not recognised	**7**	11	**-**	8
Utilisation deferred tax asset not recognised in previous year	**(5)**	(2)	**-**	-
Over provision of taxation in previous financial year	**(1)**	(19)	*	(12)
Effective tax rate	**7**	(18)	**2**	(12)

* *Less than 1 %*

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29. INCOME TAX EXPENSE/(CREDIT) *(cont'd)*

As at 30 June 2023, the Group and the Company have the following temporary differences which are not recognised as deferred tax assets in the financial statements as it is not probable that future taxable income will be available to allow the assets to be utilised:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unabsorbed capital allowances	**16,595,237**	15,404,006	**852,249**	676,196
Unutilised tax losses:-				
- expires YA2028	**4,653,145**	4,653,145	**-**	-
- expires YA2029	**960,466**	3,867,576	**-**	-
- expires YA2030	**560,052**	932,427	**-**	-
- expires YA2031	**3,972,014**	4,234,471	**870,476**	870,476
- expires YA2032	**4,828,193**	5,007,591	**8,768**	8,768
- expires YA2033	**5,711,616**	-	**-**	-
Other temporary differences	**24,476,875**	88,656,706	**182,250**	12,781,025
	61,757,598	122,755,922	**1,913,743**	14,336,465

Based on the current legislation, the unutilised tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unutilised tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

30. LOSS PER SHARE

	Group	
	2023	2022
Loss attributable to owners of the Company (RM)	**(24,330,339)**	(43,599,366)
Weighted average number of ordinary shares at the end of the financial year	**588,358,183**	559,247,892
Basic loss per share (Sen)	**(4.14)**	(7.80)
Diluted loss per share (Sen)	**(4.14)**	(7.80)

The warrants are anti-dilutive and hence, the diluted earnings per share is equal to the basic earnings per share.

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31. ADDITION OF RIGHT-OF-USE ASSETS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Addition on right-of-use assets (Note 6)	**480,028**	3,889,781	**369,074**	1,852,761
Financed by way of lease arrangement (Note 32)	**(480,028)**	(3,605,361)	**(369,074)**	(1,852,761)
Cash payment on addition of right-of-use assets	**-**	284,420	**-**	-

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

a. The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows:-

	At 1 July	Net change from financing cash flows	Acquisition of new lease	Derecognition due to lease modification	At 30 June
	RM	RM	RM	RM	RM
Group					
2023					
Term loans	**25,851,283**	**(2,561,258)**	**-**	**-**	**23,290,025**
Bankers' acceptances	**19,072,568**	**(1,411,547)**	**-**	**-**	**17,661,021**
Lease liabilities	**4,092,261**	**(1,348,240)**	**480,028**	**(943,721)**	**2,280,328**
	49,016,112	**(5,321,045)**	**480,028**	**(943,721)**	**43,231,374**
2022					
Term loans	16,479,621	9,371,662	-	-	25,851,283
Bankers' acceptances	14,926,000	4,146,568	-	-	19,072,568
Revolving credit	11,195,989	(11,195,989)	-	-	-
Lease liabilities	1,433,366	(946,466)	3,605,361	-	4,092,261
	44,034,976	1,375,775	3,605,361	-	49,016,112
Company					
2023					
Lease liabilities	**1,655,830**	**(740,840)**	**369,074**	**(943,721)**	**340,343**
2022					
Lease liabilities	61,981	(258,912)	1,852,761	-	1,655,830

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES *(cont'd)*

b. Cash outflows for leases as a lessee:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Included in net cash from operating activities:-				
Payment relating to short-term leases	**319,407**	1,230,360	**-**	720,000
Payment relating to low-value assets	**70,265**	116,416	**29,779**	24,573
Interest paid in relation to lease liabilities	**149,013**	119,963	**39,815**	18,013
Included in net cash from financing activities:-				
Payment of lease liabilities	**1,348,240**	946,466	**740,840**	258,912
	1,886,925	2,413,205	**810,434**	1,021,498

33. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	**29,688,089**	20,347,004	**1,690,456**	320,513
Fixed deposits with licensed banks	**10,420,927**	15,888,607	**5,214,458**	15,717,441
Bank overdrafts	**(5,672,171)**	-	**-**	-
	34,436,845	36,235,611	**6,904,914**	16,037,954
Less: Fixed deposits pledged to licensed banks (Note 14)	**(10,420,927)**	(5,687,102)	**(5,214,458)**	(5,515,936)
	24,015,918	30,548,509	**1,690,456**	10,522,018

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Senior Management as its chief operating decision maker in order to allocate resources to segments and to access their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 4 main reportable segments as follows:-

- Corporate Segment – involved in the provision of management services and investment holding
- Manufacturing Segment – involved in the manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products as well as the manufacturing, supplying and installations of prefabricated Lightweight Systems products.
- Property Trading Segment – involved in the business of investing, developing, dealing and trading of properties.

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(CONT'D)

34. OPERATING SEGMENTS *(cont'd)*

The Group is organised into 4 main reportable segments as follows:- *(cont'd)*

- Construction/EPCC Segment/Project Management Segment – involved in the supply and installation of industrialised building system components, construction contracts, engineering, procurement, construction and commissioning ("EPCC") which includes, among others, piping system, process control and instrumentation, equipment installation, road construction, road maintenance and other related services.

(a) The Group Senior Management assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segments transactions are eliminated on consolidation.

34.1 Business Segments

	Corporate	Manufacturing	Property trading	Construction/ EPCC/ project management	Consolidation adjustments and elimination	Group
	RM	RM	RM	RM	RM	RM
2023						
Revenue						
External revenue	-	90,583,008	365,000	41,096,543	-	132,044,551
Inter-segment revenue	6,042,222	1,529,883	-	2,452,713	(10,024,818)	-
	6,042,222	92,112,891	365,000	43,549,256	(10,024,818)	132,044,551
Represented by:-						
Revenue recognised at a point of time						
- Sale of goods	-	92,112,891	-	-	(1,529,883)	90,583,008
- Sale of properties	-	-	365,000	-	-	365,000
Revenue recognised over time						
- Construction services	-	-	-	40,937,089	-	40,937,089
- Project management fee	-	-	-	159,454	-	159,454
Revenue from other sources						
- Management fees from subsidiaries	5,778,222	-	-	2,452,713	(8,230,935)	-
- Rental income	264,000	-	-	-	(264,000)	-
	6,042,222	92,112,891	365,000	43,549,256	(10,024,818)	132,044,551

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30 June 2023
(CONT'D)

34. OPERATING SEGMENTS *(cont'd)*

34.1 Business Segments *(cont'd)*

	Corporate	Manufacturing	Property trading	Construction/ EPCC/ project management	Consolidation adjustments and elimination	Group
	RM	RM	RM	RM	RM	RM
2023						
Results						
Segment loss	(214,381)	6,035,345	(65,654)	(7,124,187)	(2,969,969)	(4,338,846)
Finance costs	(74,220)	(1,995,324)	-	(3,630,692)	3,626,172	(2,074,064)
	(288,601)	4,040,021	(65,654)	(10,754,879)	656,203	(6,412,910)
Corporate expenses						(15,669,033)
Consolidated loss before taxation						(22,081,943)
Segment loss includes the followings:-						
Depreciation of property, plant and equipment	191,745	2,980,229	-	586,735	(95,424)	3,663,285
Depreciation of investment properties	-	12,083	-	-	-	12,083
Depreciation of right-of-use assets	839,772	687,924	-	573,368	(89,685)	2,011,379
Gain on disposal of plant and equipment	-	-	-	(92)	-	(92)
Gain on lease modification	(17,340)	-	-	-	-	(17,340)
Impairment losses on : -						
- property, plant and equipment	-	-	-	267,716	-	267,716
- investment in a subsidiary company	-	-	-	90,000	(90,000)	-
- trade receivables	-	80,665	-	65,582	-	146,247
- other receivables	-	-	-	19,778,428	-	19,778,428
- contract assets	-	-	-	36,168	-	36,168
- amount due from subsidiary companies	413,474	65,141	-	908,078	(1,386,693)	-

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30 June 2023
(CONT'D)

34. OPERATING SEGMENTS *(cont'd)*

34.1 Business Segments *(cont'd)*

	Corporate	Manufacturing	Property trading	Construction/ EPCC/ project management	Consolidation adjustments and elimination	Group
	RM	RM	RM	RM	RM	RM
2023						
Results *(cont'd)*						
Segment loss includes the followings:- *(cont'd)*						
Interest expense	34,405	1,947,175	-	3,417,346	(3,473,875)	1,925,051
Interest expense on lease liabilities	39,815	48,149	-	213,346	(152,297)	149,013
Interest income	(2,408,170)	(281,572)	-	(1,266,254)	3,592,023	(363,973)
Inventories written down	-	11,592	-	-	-	11,592
Inventories written back	-	(21,803)	-	-	-	(21,803)
Property, plant and equipment written off	388,298	4,013	-	-	-	392,311
Reversal of impairment losses on:-						
- trade receivables	-	(876,277)	-	-	-	(876,277)
- other receivables	-	-	-	(9,702)	-	(9,702)
Reversal of inventories written down	-	(25,260)	-	-	-	(25,260)
Unrealised loss/(gain) on foreign exchange	283	-	-	(761,444)	-	(761,161)
Assets						
Segment assets	166,219,287	111,076,156	700,461	77,638,178	(166,887,013)	188,747,069
Additions to non-current assets other than financial instruments are:-						
Property, plant and equipment	70,444	335,386	-	25,950	(21,780)	410,000
Right-of-use assets	369,074	1,218,176	-	-	(1,107,222)	480,028
Liabilities						
Segment liabilities	2,824,190	71,803,482	-	134,158,041	(103,561,486)	105,224,227

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34. OPERATING SEGMENTS *(cont'd)*

34.1 Business Segments *(cont'd)*

	Corporate	Manufacturing	Property trading	Construction/ EPCC/ project management	Consolidation adjustments and elimination	Group
	RM	RM	RM	RM	RM	RM
2022						
Revenue						
External revenue	-	85,862,161	707,000	41,860,176	-	128,429,337
Inter-segment revenue	5,206,815	86,403	-	2,498,650	(7,791,868)	-
	5,206,815	85,948,564	707,000	44,358,826	(7,791,868)	128,429,337
Represented by:						
Revenue recognised at a point of time						
- Sale of goods	-	85,948,564	-	-	(86,403)	85,862,161
- Sale of properties	-	-	707,000	-	-	707,000
Revenue recognised over time						
- Construction services	-	-	-	41,293,346	-	41,293,346
- Project management fee	-	-	-	566,830	-	566,830
Revenue from other sources						
- Management fees from subsidiaries	4,942,815	-	-	2,498,650	(7,441,465)	-
- Rental income	264,000	-	-	-	(264,000)	-
	5,206,815	85,948,564	707,000	44,358,826	(7,791,868)	128,429,337

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34. OPERATING SEGMENTS *(cont'd)*

34.1 Business Segments *(cont'd)*

	Corporate	Manufacturing	Property trading	Construction/ EPCC/ project management	Consolidation adjustments and elimination	Group
	RM	RM	RM	RM	RM	RM
2022						
Results						
Segment (loss)/profit	(11,357,730)	1,539,699	19,456	(49,184,935)	12,669,152	(46,314,358)
Finance costs	(74,444)	(1,770,908)	-	(2,713,130)	2,715,835	(1,842,647)
Share of loss in equity accounted associate	-	-	-	-	(2,548)	(2,548)
	(11,432,174)	(231,209)	19,456	(51,898,065)	15,382,439	(48,159,553)
Corporate expenses						(5,279,738)
Consolidated loss before taxation						(53,439,291)
Segment (loss)/ profit includes the followings:-						
Bargain purchase arising from acquisition of a subsidiary company	-	-	-	-	(2,383,883)	(2,383,883)
Depreciation of property, plant and equipment	144,890	3,113,708	-	305,362	(197,807)	3,366,153
Depreciation of right-of-use assets	369,168	576,546	-	433,668	187,121	1,566,503
Gain on disposal of property, plant and equipment	-	-	-	-	-	-
Impairment losses on:-						
- trade receivables	-	637,502	-	15,770,371	-	16,407,873
- other receivables	-	-	-	8,914,425	-	8,914,425
- contract assets	-	-	-	1,862,205	-	1,862,205
- amount due from subsidiary companies	12,230,178	-	-	567,157	(12,797,335)	-
Interest expenses	56,431	1,737,429	-	2,612,433	(2,683,609)	1,722,684
Interest expense on lease liabilities	18,013	33,479	-	100,697	(32,226)	119,963
Interest income	(2,156,804)	(208,423)	-	(811,012)	2,715,835	(460,404)
Inventories written down	-	137,646	-	-	-	137,646

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30 June 2023
(CONT'D)

34. OPERATING SEGMENTS *(cont'd)*

34.1 Business Segments *(cont'd)*

	Corporate	Manufacturing	Property trading	Construction/ EPCC/ project management	Consolidation adjustments and elimination	Group
	RM	RM	RM	RM	RM	RM
2022						
Results *(cont'd)*						
Segment (loss)/ profit includes the followings:- *(cont'd)*						
Property, plant and equipment written-off	-	938	-	-	-	938
Reversal of inventories written down	-	-	(134,601)	-	-	(134,601)
Reversal of impairment losses on trade receivables	-	(1,303,227)	-	(1,046,645)	-	(2,349,872)
Share of loss in equity accounted associate	-	-	-	-	2,548	2,548
Unrealised foreign exchange gain	-	-	-	(1,513,412)	-	(1,513,412)
Assets						
Segment assets	163,520,565	107,296,514	1,509,135	104,154,470	(182,884,891)	193,595,793
Additions to non-current assets other than financial instruments are:-						
Property, plant and equipment	250,233	1,769,433	-	454,806	(1,382)	2,473,090
Right-of-use assets	1,852,761	-	-	2,037,020	-	3,889,781
Liabilities						
Segment liabilities	4,377,495	71,557,667	456,674	141,332,314	(119,294,509)	98,429,641

34. OPERATING SEGMENTS *(cont'd)*

34.2 Geographical Information

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amount of non-current assets do not include financial instruments.

	Revenue		Non-current assets	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia	**132,044,551**	128,426,486	**49,262,694**	55,645,914
Indonesia	-	2,851	-	-
	132,044,551	128,429,337	**49,262,694**	55,645,914

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At a point in time		Over time		Group	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Malaysia	**90,948,008**	86,569,161	**41,096,543**	41,857,325	**132,044,551**	128,426,486
Indonesia	-	-	-	2,851	-	2,851
	90,948,008	86,569,161	**41,096,543**	41,860,176	**132,044,551**	128,429,337

34.3 Major Customers

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2023	2022	
	RM	RM	
Customer #1	**26,614,424**	25,663,093	Construction services

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35. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

(i) Financial assets measured at amortised cost ("FAAC"); and,
(ii) Financial liabilities measured at amortised cost ("FLAC").

	Carrying amount RM	FAAC RM	FLAC RM
Group			
2023			
Financial assets			
Trade receivables	**44,757,364**	**44,757,364**	-
Other receivables and deposits	**16,917,726**	**16,917,726**	-
Fixed deposits with licensed banks	**10,420,927**	**10,420,927**	-
Cash and bank balances	**29,688,089**	**29,688,089**	-
	101,784,106	**101,784,106**	-
Financial liabilities			
Trade payables	**(48,716,100)**	-	**(48,716,100)**
Other payables and accruals	**(5,249,267)**	-	**(5,249,267)**
Borrowings	**(46,623,217)**	-	**(46,623,217)**
Lease liabilities	**(2,280,328)**	-	**(2,280,328)**
	(102,868,912)	-	**(102,868,912)**
2022			
Financial assets			
Trade receivables	41,282,534	41,282,534	-
Other receivables and deposits	26,615,326	26,615,326	-
Fixed deposits with licensed banks	15,888,607	15,888,607	-
Cash and bank balances	20,347,004	20,347,004	-
	104,133,471	104,133,471	-
Financial liabilities			
Trade payables	(43,322,474)	-	(43,322,474)
Other payables and accruals	(4,584,704)	-	(4,584,704)
Borrowings	(44,923,851)	-	(44,923,851)
Lease liabilities	(4,092,261)	-	(4,092,261)
	(96,923,290)	-	(96,923,290)

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30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS *(cont'd)*

a) Categories of financial instruments *(cont'd)*

The table below provides an analysis of financial instruments categorised as follows:- *(cont'd)*

	Carrying amount RM	FAAC RM	FLAC RM
Company			
2023			
Financial assets			
Other receivables and deposits	**320,872**	**320,872**	**-**
Amount due from subsidiary companies	**73,455,789**	**73,455,789**	**-**
Fixed deposits with licensed banks	**5,214,458**	**5,214,458**	**-**
Cash and bank balances	**1,690,456**	**1,690,456**	**-**
	80,681,575	**80,681,575**	**-**
Financial liabilities			
Other payables and accruals	**(1,469,865)**	**-**	**(1,469,865)**
Amount due to subsidiary company	**(97,000)**	**-**	**(97,000)**
Lease liabilities	**(340,343)**	**-**	**(340,343)**
	(1,907,208)	**-**	**(1,907,208)**
2022			
Financial assets			
Other receivables and deposits	8,295,761	8,295,761	-
Amount due from subsidiary companies	59,523,712	59,523,712	-
Fixed deposits with licensed banks	15,717,441	15,717,441	-
Cash and bank balances	320,513	320,513	-
	83,857,427	83,857,427	-
Financial liabilities			
Other payables and accruals	(645,637)	-	(645,637)
Amount due to subsidiary company	(1,253,837)	-	(1,253,837)
Lease liabilities	(1,655,830)	-	(1,655,830)
	(3,555,304)	-	(3,555,304)

35. FINANCIAL INSTRUMENTS *(cont'd)*

b) Gains and losses arising from financial instruments

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net losses on:-				
Financial assets measured at amortised cost	**(17,364,403)**	(17,071,688)	**(12,455,587)**	(10,073,374)
Financial liabilities measured at amortised cost	**(2,667,025)**	115,324	**(46,307)**	(46,894)
	(20,031,428)	(16,956,364)	**(12,501,894)**	(10,120,268)

c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

i) Credit risk

Credit risk is the risk of a financial loss to the Group or to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and advances to subsidiary companies.

<u>Trade receivables and contract assets</u>

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At each reporting date, the Group assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

i) Credit risk *(cont'd)*

Trade receivables and contract assets *(cont'd)*

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Concentration of credit risk

As at 30 June 2023, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM24,907,765 due from five trade receivables which represents 56% of the total trade receivable of the Group. However, the directors are of the opinion that these amounts outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure the expected credit losses ("ECL") of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables have been grouped based on credit risk and day past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

i) Credit risk *(cont'd)*

Trade receivables and contract assets *(cont'd)*

Recognition and measurement of impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2023 and 30 June 2022 respectively which are grouped together as they are expected to have similar risk nature:-

	Gross RM	Loss allowance RM	Net RM
Group			
2023			
Trade receivables:-			
Not past due	**26,050,404**	**-**	**26,050,404**
1-30 days past due	**2,934,170**	**-**	**2,934,170**
31-60 days past due	**1,121,193**	**-**	**1,121,193**
61-90 days past due	**752,927**	**-**	**752,927**
Past due over 90 days	**36,344,831**	**(210,523)**	**36,134,308**
	67,203,525	**(210,523)**	**66,993,002**
Individual impairment	**-**	**(22,235,638)**	**(22,235,638)**
	67,203,525	**(22,446,161)**	**44,757,364**
Contract assets	**8,091,914**	**-**	**8,091,914**
Individual impairment	**-**	**(1,898,373)**	**(1,898,373)**
	8,091,914	**(1,898,373)**	**6,193,541**
2022			
Trade receivables:-			
Not past due	23,207,965	(65,019)	23,142,946
1-30 days past due	12,604,071	(31,355)	12,572,716
31-60 days past due	2,391,695	(38,769)	2,352,926
61-90 days past due	934,887	(23,853)	911,034
Past due over 90 days	83,697,087	(51,527)	83,645,560
	122,835,705	(210,523)	122,625,182
Individual impairment	-	(81,342,648)	(81,342,648)
	122,835,705	(81,553,171)	41,282,534
Contract assets	7,511,949	-	7,511,949
Individual impairment	-	(1,862,205)	(1,862,205)
	7,511,949	(1,862,205)	5,649,744

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
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35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

i) Credit risk *(cont'd)*

Trade receivables and contract assets *(cont'd)*

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:-

	Lifetime ECL RM	Credit impaired RM	Total RM
Group			
2023			
Trade receivables			
At 1 July	**210,523**	**81,342,648**	**81,553,171**
Addition	**-**	**146,247**	**146,247**
Effects of foreign exchange differences	**-**	**1,678,528**	**1,678,528**
Reversal of impairment loss no longer required	**-**	**(876,277)**	**(876,277)**
Written off	**-**	**(60,055,508)**	**(60,055,508)**
At 30 June	**210,523**	**22,235,638**	**22,446,161**
Contract assets			
At 1 July	**-**	**1,862,205**	**1,862,205**
Addition	**-**	**36,168**	**36,168**
At 30 June	**-**	**1,898,373**	**1,898,373**
2022			
Trade receivables			
At 1 July	1,182,125	62,468,806	63,650,931
Addition	-	16,407,873	16,407,873
Effects of foreign exchange differences	-	3,893,865	3,893,865
Reversal of impairment loss no longer required	(971,602)	(1,378,270)	(2,349,872)
Written off	-	(49,626)	(49,626)
At 30 June	210,523	81,342,648	81,553,171
Contract assets			
At 1 July	-	-	-
Addition	-	1,862,205	1,862,205
At 30 June	-	1,862,205	1,862,205

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

i) Credit risk *(cont'd)*

Other receivables

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

The identified allowance for impairment losses of other receivables of the Group and the Company are disclosed in Note 11 to the financial statements.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

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 statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

Generally, the Company considers loans and advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary companies are not able to pay when demanded. The Company considers a subsidiary company's loan or advance to be credit impaired when:-

(a) The subsidiary company is unlikely to repay its loan or advance to the Company in full;

(b) The subsidiary company's loan or advance is overdue for more than 365 days; or

(c) The subsidiary company is continuously loss making and is having a deficit shareholders' funds.

The Company determines the probability of default for these loans and advances individually using internal information available.

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

i) Credit risk *(cont'd)*

Inter-company loans and advances *(cont'd)*

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment in respect of amount due from subsidiary companies during the financial year are shown below:-

	Lifetime ECL RM	Credit impaired RM	Total RM
Company			
2023			
At 1 July	**-**	**15,609,790**	**15,609,790**
Addition	**-**	**413,474**	**413,474**
At 30 June	**-**	**16,023,264**	**16,023,264**
2022			
At 1 July	-	3,379,612	3,379,612
Addition	-	12,230,178	12,230,178
At 30 June	-	15,609,790	15,609,790

Financial guarantee

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 subsidiary companies. The Company monitors on an ongoing basis the results of subsidiary companies and repayments made by the subsidiaries companies.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM42,265,950 (2022 – RM47,665,525) representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

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(CONT'D)

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

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

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
Group							
2023							
Non-derivative financial liabilities							
Trade payables	**48,716,100**	**-**	**48,716,100**	**48,716,100**	**-**	**-**	**-**
Other payables and accruals	**5,249,267**	**-**	**5,249,267**	**5,107,291**	**12,866**	**57,990**	**71,120**
Bank overdrafts	**5,672,171**	**7.70 – 7.95**	**6,110,761**	**6,110,761**	**-**	**-**	**-**
Term loans	**23,290,025**	**4.50 – 5.70**	**27,334,370**	**3,771,842**	**3,771,842**	**11,315,525**	**8,475,161**
Bankers' acceptances	**17,661,021**	**5.00 – 5.20**	**18,553,204**	**18,553,204**	**-**	**-**	**-**
Lease liabilities	**2,280,328**	**2.12 – 6.51**	**2,514,599**	**653,352**	**653,352**	**1,175,245**	**32,650**
	102,868,912		**108,478,301**	**82,912,550**	**4,438,060**	**12,548,760**	**8,578,931**
2022							
Non-derivative financial liabilities							
Trade payables	43,322,474	-	43,322,474	43,322,474	-	-	-
Other payables and accruals	4,584,704	-	4,584,704	4,432,575	15,432	69,369	67,328
Term loans	25,851,283	4.00 – 5.20	31,047,324	3,766,646	3,766,646	11,299,937	12,214,095
Bankers' acceptances	19,072,568	4.50 – 4.70	19,939,327	19,939,327	-	-	-
Lease liabilities	4,092,261	2.12 – 6.55	4,439,453	1,635,163	1,312,965	1,344,368	146,957
	96,923,290		103,333,282	73,096,185	5,095,043	12,713,674	12,428,380

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

ii) Liquidity and cash flow risk *(cont'd)*

Maturity analysis (cont'd)

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

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
Company							
2023							
Non-derivative financial liabilities							
Other payables and accruals	**1,469,865**	**-**	**1,469,865**	**1,461,128**	**-**	**-**	**8,737**
Amount due to a subsidiary company	**97,000**	**3.50**	**100,395**	**100,395**	**-**	**-**	**-**
Lease liabilities	**340,343**	**4.90**	**363,000**	**132,000**	**132,000**	**99,000**	**-**
Corporate guarantee given to licensed banks for credit facilities granted to subsidiary companies	**-**	**-**	**42,265,950**	**42,265,950**	**-**	**-**	**-**
	1,907,208		**44,199,210**	**43,959,473**	**132,000**	**99,000**	**8,737**
2022							
Non-derivative financial liabilities							
Other payables and accruals	645,637	-	645,637	638,219	-	-	7,418
Amount due to a subsidiary company	1,253,837	3.50	1,297,526	1,297,526	-	-	-
Lease liabilities	1,655,830	3.75 – 4.76	1,707,655	987,655	720,000	-	-
Corporate guarantee given to licensed banks for credit facilities granted to subsidiary companies	-	-	47,665,525	47,665,525	-	-	-
	3,555,304		51,316,343	50,588,925	720,000	-	7,418

iii) Market risk

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

Currency risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in a currency other than the functional currency of the Group and of the Company. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Euro.

The management monitors the foreign currency exposure on an ongoing basis.

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(CONT'D)

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

iii) Market risk *(cont'd)*

Currency risk *(cont'd)*

Exposure to foreign currency risk

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

	Denominated in		
Balance recognised in the statement of financial position:	**USD RM**	**Euro RM**	**MYR RM**
Group			
2023			
Trade receivables	-	-	**44,757,364**
Other receivables and deposits	-	-	**16,917,726**
Fixed deposits with licensed banks	-	-	**10,420,927**
Cash and bank balances	**49,267**	**5,168**	**29,633,654**
Trade payables	-	-	**(48,716,100)**
Other payables and accruals	**(16,329)**	-	**(5,232,938)**
Borrowings	-	-	**(46,623,217)**
Lease liabilities	-	-	**(2,280,328)**
	32,938	**5,168**	**(1,122,912)**
2022			
Trade receivables	-	-	41,282,534
Other receivables	-	-	26,615,326
Fixed deposits with licensed banks	-	-	15,888,607
Cash and bank balances	48,388	4,702	20,293,914
Trade payables	-	-	(43,322,474)
Other payables and accruals	(61,563)	-	(4,523,141)
Borrowings	-	-	(44,923,851)
Lease liabilities	-	-	(4,092,261)
	(13,175)	4,702	7,218,654

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

iii) Market risk *(cont'd)*

Currency risk *(cont'd)*

Exposure to foreign currency risk (cont'd)

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

	Denominated in		
Balance recognised in the statement of financial position:-	**USD RM**	**Euro RM**	**MYR RM**
Company			
2023			
Other receivables and deposits	-	-	**320,872**
Amount due from subsidiary companies	-	-	**73,455,789**
Fixed deposits with licensed banks	-	-	**5,214,458**
Cash and bank balances	-	-	**1,690,456**
Other payables and accruals	-	-	**(1,469,865)**
Amount due to a subsidiary company	-	-	**(97,000)**
Lease liabilities	-	-	**(340,343)**
	-	-	**78,774,367**
2022			
Other receivables and deposits	-	-	8,295,761
Amount due from subsidiary companies	-	-	59,523,712
Fixed deposits with licensed banks	-	-	15,717,441
Cash and bank balances	-	-	320,513
Other payables and accruals	-	-	(645,637)
Amount due to a subsidiary company	-	-	(1,253,837)
Lease liabilities	-	-	(1,655,830)
	-	-	80,302,123

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

iii) Market risk *(cont'd)*

Currency risk *(cont'd)*

Exposure to foreign currency risk (cont'd)

A 10% (2022 – 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	2023		2022	
	Equity	(Loss)/ Profit for the financial year	Equity	(Loss)/ Profit for the financial year
	RM	RM	RM	RM
Group				
USD				
Increase/(Decrease)	**2,503**	**2,503**	1,001	1,001
Euro				
Increase/(Decrease)	**393**	**393**	357	357

A 10% (2022 – 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

35. FINANCIAL INSTRUMENTS *(cont'd)*

c) Financial risk management *(cont'd)*

iii) Market risk *(cont'd)*

Interest rate risk *(cont'd)*

Exposure to interest rate risk

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fixed rate instruments				
Lease liabilities	**2,280,328**	4,092,261	**340,343**	1,655,830
Floating rate instruments				
Bankers' acceptance	**17,661,021**	19,072,568	**-**	-
Bank overdrafts	**5,672,171**	-	**-**	-
Term loans	**23,290,025**	25,851,283	**-**	-

Interest rate risk sensitivity analysis:-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any 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.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower /higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM354,337 (2022 – RM341,422) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk_

The operational risk arises from the daily activities of the Group and of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS *(cont'd)*

d) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings reasonably approximate their fair value due to the relatively short-term nature of these financial instruments. As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy is not presented.

36. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	Group		Company	
	2023	2022	2023	2022
Total borrowings (RM)	**46,623,217**	44,923,851	**-**	-
Lease liabilities (RM)	**1,821,617**	2,463,580	**-**	27,149
	48,444,834	47,387,431	**-**	27,149
Less : Cash and bank balances (RM)	**(29,688,089)**	(20,347,004)	**(1,690,456)**	(320,513)
Less : Fixed deposits with licensed banks (RM)	**(10,420,927)**	(15,888,607)	**(5,214,458)**	(15,717,441)
	8,335,818	11,151,820	**(6,904,914)**	(16,010,805)
Total equity (RM)	**83,522,842**	95,166,152	**126,355,735**	129,826,403
Debt-to-equity ratio (times)	**0.10**	0.12	**NA**	NA

NA = Not applicable

There was no change in the Group's and the Company's approach to capital management during the financial year.

37. CAPITAL COMMITMENT

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Approved and contracted for:-				
- purchase of property, plant and equipment	**2,270,836**	491,436	**45,935**	36,697

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

38. CONTINGENT LIABILITIES

	Company 2023 RM	Company 2022 RM
Secured		
Corporate guarantee granted for:-		
- subsidiary companies *	**42,265,950**	47,665,525

* *Based on the maximum amount that can be called for under the corporate guarantee given to licensed banks for credit facilities granted to the subsidiary companies.*

39. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have 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 and 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 Company either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company, and certain members of the senior management of the Group and of the Company.

Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 13 to the financial statements.

a) Related party transactions:-

	Company 2023 RM	Company 2022 RM
Transaction with subsidiary companies:-		
SCIB Concrete Manufacturing Sdn. Bhd.		
- Management fees	**3,428,088**	2,960,071
- Rental income	**264,000**	264,000
- Interest expense	**(6,492)**	(33,899)
SCIB Properties Sdn. Bhd.		
- Management fee	**1,318,277**	1,159,105
- Interest income	**916,468**	407,775
- Interest expense	**-**	(1,331)

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

39. RELATED PARTIES *(cont'd)*

Significant related party transactions *(cont'd)*

a) Related party transactions:- *(cont'd)*

	Company 2023 RM	Company 2022 RM
SCIB Holdings Sdn. Bhd.		
- Management fees	**53,624**	46,418
- Interest income	**27,913**	21,201
SCIB Industrialised Building System Sdn. Bhd.		
- Management fees	**722,079**	684,385
- Interest income	**410,534**	281,055
SCIB Infraworks Sdn. Bhd.		
- Management fees	**53,624**	46,418
- Interest income	**56,891**	11,980
SCIB LW System Sdn. Bhd.		
- Management fees	**74,453**	-
- Interest income	**176**	5
SCIB Building Solutions Sdn. Bhd.		
- Management fees	**74,453**	-
- Interest income	**653**	-
- Lease rental	**(33,000)**	-
SCIB International (Labuan) Ltd.		
- Management fees	**53,624**	46,418
- Interest income	**848,272**	1,029,965

	Group 2023 RM	Group 2022 RM
Transaction with an associate company:-		
Edaran Kencana Sdn. Bhd.		
- Consultation fees	**-**	(200,000)
- Purchase of safety personal protective equipment	**(4,115)**	(18,138)
- Purchase of signage	**(10,600)**	-
- Sub-contractor charges	**(57,128)**	-
- Transport charges	**(900)**	-

39. RELATED PARTIES *(cont'd)*

Significant related party transactions *(cont'd)*

a) Related party transactions:- *(cont'd)*

	Group 2023 RM	Group 2022 RM
Transaction with a related party:-		
Transnational Insurance Brokers (M) Sdn. Bhd.		
- Insurance premium	**(605,547)**	(562,342)

	Company 2023 RM	Company 2022 RM
Transnational Insurance Brokers (M) Sdn. Bhd.		
- Insurance premium	**(84,858)**	(101,984)

b) Key management personnel compensation

The key management personnel of the Group and the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

i) Directors

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Directors of the Company				
Short-term employee benefits:				
- fees	**321,377**	310,800	**321,377**	310,800
- salaries, bonuses and other benefits	**1,207,709**	1,020,689	**1,207,709**	1,020,689
- Employees Provident Fund	**132,204**	103,593	**132,204**	103,593
- Employment Insurance System	**213**	95	**213**	95
- Social security cost	**1,871**	829	**1,871**	829
	1,663,374	1,436,006	**1,663,374**	1.436,006

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

39. RELATED PARTIES *(cont'd)*

Significant related party transactions *(cont'd)*

b) Key management personnel compensation *(cont'd)*

i) Directors *(cont'd)*

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the subsidiary companies				
Short-term employee benefits:				
- salaries, bonuses, and other benefits	**459,411**	500,428	**-**	-
- Employees Provident Fund	**53,392**	58,325	**-**	-
- Employment Insurance System	**190**	190	**-**	-
- Social security cost	**1,663**	1,658	**-**	-
	514,656	560,601	**-**	-
Total directors' remuneration (Note 28)	**2,178,030**	1,996,607	**1,663,374**	1,436,006
Estimated monetary value of benefits-in-kind	**8,800**	8,800	**-**	-

Save from the above, no other director has received or become entitled to receive any benefit from the Group to receive any benefit from the Group.

ii) Key management personnel

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short-term employee benefits				
- salaries, bonuses and other benefits	**1,236,368**	1,209,032	**985,968**	957,732
- Employees Provident Fund	**144,195**	142,404	**114,747**	112,668
- Employment Insurance System	**459**	380	**344**	285
- Social security cost	**4,086**	3,314	**3,082**	2,485
Total compensation for key management personnel	**1,385,108**	1,355,130	**1,104,141**	1,073,170
Estimated monetary value value of benefits-in-kind	**17,600**	17,600	**17,600**	17,600

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

40. MATERIAL LITIGATION

(a) Kabaz Sdn. Bhd vs Sarawak Consolidated Industries Berhad – Sepang Sessions Court (Suit No. BK-B52-5-05/2023)

On 26 May 2023, Kabaz Sdn. Bhd. filed in Sepang Sessions Court Suit No. BK-B52-5-05/2023 against the Company for the outstanding rental sum of RM320,000.

On 14 July 2023, the Company counterclaimed against Kabaz Sdn. Bhd. in the same suit for the return of the Earnest Deposit Sum of RM450,000.

Kabaz filed Reply to Defence & Defence to Counterclaim on 3 August 2023. The Company filed Reply to Defence to Counterclaim on 25 August 2023.

The pleading was closed on 25 August 2023. The Court has directed the parties to go for mediation. The mediation session is scheduled on 6 November 2023 at Shah Alam Mediation Centre.

(b) Kencana Healthcare Sdn. Bhd. ("Kencana Healthcare") vs Sarawak Consolidated Industries Berhad – Shah Alam High Court (Suit No. BA-22NCvC-221-06/2023)

On 9 June 2023, the Company filed in Shah Alam High Court Suit No. BA-22NCvC-221-06/2023 against Kencana Healthcare for the return of the commitment fee of RM1,650,000 which was paid by SCIB Properties Sdn. Bhd., a wholly owned subsidiary company of the Company, to Kencana Healthcare pursuant to a Letter of Award dated 13 August 2021.

On 25 July 2023, Kencana Healthcare counterclaimed against the Company in the same suit for, amongst other, the alleged outstanding commitment fee of RM3,350,000. Kencana Healthcare alleged that SCIB has to pay the balance commitment fee in the sum of RM3,350,000 to them.

The Company had pleaded in their Defence to Counterclaim that there is no obligation on part of the Company to pay the balance commitment fee of RM3,350,000 and neither is Kencana Healthcare entitled to retain the said RM1,650,000 paid to them by the Company since the parties had agreed that the RM1,650,000 is to be returned to the Company following the mutual withdrawal of the Letter of Award.

On 29 August 2023, the Company filed Reply to Defence and Defence to Counterclaim. Kencana Healthcare is to obtain the Court's direction on the filing of Reply to Defence to Counterclaim in the coming case management scheduled on 18 October 2023.

The pleading is still not closed, and trial date has not been fixed.

(c) NCX Capital Berhad ("NCX") vs Sarawak Consolidated Industries Berhad – Sessions Court of Shah Alam Case No. BA-B52NCVC-103-06/2023)

On 28 June 2023, the Company filed Writ of Summons and Statement of Claim against NCX Capital Berhad ("NCX").

The Company had appointed NCX as a tender services consultant for projects namely *Kerja-kerja Naiktaraf Jalan Rancangan Suan Lembah Peringkat 2 Kinabatangan Sabah* and Projek *Menaik Taraf Jalan Pantu/ Keranggas/Jalan Engkeranji Pantu Bahagian Sri Aman Sarawak*. According to terms of the appointment, the Company was to pay an engagement fee amounting to RM200,000 for each project respectively to NCX.

Nevertheless, after a series of payments made, NCX had failed to enter tender for both projects. The Company also believes that NCX had fraudulently misrepresented their ability to obtain both projects.

Hence, the Company is claiming for a declaration of the appointment to be void and the total sum of RM400,000 being the total payment of engagement fee for both projects is to be returned to the Company.

40. MATERIAL LITIGATION *(cont'd)*

(c) NCX Capital Berhad ("NCX") vs Sarawak Consolidated Industries Berhad – Sessions Court of Shah Alam Case No. BA-B52NCVC-103-06/2023) *(cont'd)*

Writ of Summons and Statement of Claim dated 28 June 2023 were served to NCX on 4 July 2023. However, until todate NCX has yet to enter an appearance.

The case management had been fixed on 1 September 2023. The case management was postponed to 13 September 2023 wherein the Company had been given approval from the Court to file the Certificate of Non-Appearance and Draft Judgment in Default (JID) since the Defendant had failed to enter any appearance and the Court had given a short date for the next case management on 27 September 2023 to record the JID.

The sealed copy of JID is yet to be released by the Court.

(d) Bismark Capital Sdn. Bhd. ("Bismark Capital") vs Sarawak Consolidated Industries Berhad – Sessions Court of Kuala Lumpur Case No. WA-B52NCVC-276-06/2023

On 28 June 2023, the Company filed Writ of Summons and Statement of Claim against Bismark Capital.

By way of a Letter of Award ("LOA") dated 1 March 2022, the Company was awarded a project namely "Project of Engineering Services for Maxis Installations and Fixed Monopole New Site Project Penisular Malaysia 300 units of Monopoles for Phase 1 – 50 poles" from Bismark Capital. According to the terms of LOA, SCIB Properties Sdn. Bhd., a wholly owned subsidiary company of the Company, was required to pay a Security Deposit of RM350,000 to Bismark Capital and the payment was duly made on 29 April 2022.

However, by way of Cancellation Letter dated 22 June 2022, Bismark Capital informed that the project was discontinued due to an internal problem by Maxis and the security deposit will be returned to the Company within 30 days from the date of the Cancellation letter.

Until the filing of this action, the Company has yet to receive the security deposit from Bismark Capital. Therefore, the Company initiates this action to claim for the security deposit of RM350,000.

Writ of Summons and Statement of Claim dated 28 June 2023 were served to Bismark Capital on 4 July 2023 to Bismark Capital. However, NCX has failed to enter an appearance.

Thereafter, the Company filed the Certificate of Non-Appearance and a draft Judgement in Default of Appearance. The Court granted Judgement In Default ("JID") of appearance against Bismark Capital via case management on 23 August 2023. Currently, the case is pending filing of fair JID.

The JID against Bismark Capital was recorded on 21 August 2023 and we received the Sealed JID from Court on 23 August 2023.

The Sealed JID was served to the Defendant on the 30 August 2023 and it was duly received as per the Acknowledgement Receipt for the service letter dated 29.08.2023.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

40. MATERIAL LITIGATION *(cont'd)*

(e) Dynamic Prestige Consultancy Sdn. Bhd. ("Dynamic Prestige") vs Sarawak Consolidated Industries Berhad – Shah Alam High Court Civil Suit No. BA-22NCC-83-07/2023

On 6 July 2023, the Company ("the Plaintiff") filed in Shah Alam High Court (Civil Suit No. BA-22NCC-83-07/2023) against Dynamic Prestige ("Defendant") for:-

i) Writ and Statement of Claim to, among others, claim for the payment or refund of the sum of RM14,000,000 pursuant to the Defendant's undertaking that it would return the sum of RM14,000,000 paid by the Company to the Dynamic Prestige in the event the Company decides not to proceed with the Redeemable Convertible Preference Shares scheme offered by Dynamic Prestige ("Main Suit").

ii) Ex-parte Notice of Application for an injunction to prevent the Defendant from dissipating its assets pending the hearing and disposal of the Main Suit. ("Injunction Application")

On 1 August 2023, the High Court granted an ad-interim injunction to the Company and directed the parties file their respective cause papers and pleadings.

An application for recusal ("Recusal Application") was filed on 7 September 2023 against the solicitors for the Defendant.

The High Court has fixed 1 November 2023 for the case management of the Main Suit and the hearing for the Injunction Application.

The High Court has fixed the hearing for the Recusal Application on 6 November 2023.

41. SIGNIFICANT EVENTS

(a) Acquisition of remaining equity shareholdings in a subsidiary company

On 21 June 2022, the Company's wholly-owned subsidiary company, SCIB Industrialised Building System Sdn. Bhd. ("SIBS") acquired the remaining 30% equity shareholdings in an existing subsidiary company, SCIB LW System Sdn. Bhd. ("SCIBLWS") for a cash consideration of RM90,000.

The registration of shares transfer was completed on 6 July 2022. Upon the completion of the proposed acquisition, SCIBLWS became a wholly-owned subsidiary company of the Company.

(b) Acquisition of a subsidiary company with non-controlling interest

On 28 July 2022, SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd. ("SSJV") has increased its issued and paid-up share capital from 100 ordinary shares to 750,100 ordinary shares. SIBS, a wholly-owned subsidiary company of the Company, has subscribed 525,000 ordinary shares in SSJV for a total consideration of RM525,000 by way of cash.

Consequential thereof, SSJV remains as 70% owned subsidiary company of SIBS.

(c) Incorporation of a subsidiary company

On 30 December 2022, the Company incorporated a 100% owned subsidiary company, namely SCIB Trading Sdn. Bhd. under the Companies Act, 2016 as private company limited by shares with 100,000 ordinary shares for total consideration of RM100,000.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
(CONT'D)

42. SUBSEQUENT EVENTS

(a) Settlement Agreement and Termination of Contract in relation to Muallim Project

On 6 July 2023, the Company and its wholly owned subsidiary company, SCIB Properties Sdn. Bhd. ("SCIBP") entered into a settlement agreement with their client who is also the project owner of the abovementioned project that has been awarded to the Group on 7 May 2021, to mutually terminate the Contract and confirm the obligation on the full and final settlement of debts and establish the term and payment schedule for the amount due between the parties after taking into consideration of protecting the Group's interests in mitigating the risks arising from the non-movement of project progress.

The key salient terms of the said agreements included that the said parties acknowledged and confirmed their obligations on the settlement of the debt of RM18,715,250 only ("Debt") and it shall assume the sole obligation and responsibility to reimburse the Debt to SCIBP in accordance with Schedule A in the said agreement.

The first payment which amounted to RM75,000 has been received by SCIBP on 21 August 2023.

43. COMPARATIVE FIGURES

The comparative figures were audited by another firm of auditors who expressed qualified opinion on those statements on 14 October 2022.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Ku Chong Hong and Chin Choon Wei, being two of the directors of Sarawak Consolidated Industries Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 131 to 223 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 state of affairs of the Group and of the Company at 30 June 2023 and of the results 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 dated 11 October 2023.

Ku Chong Hong

Chin Choon Wei

Kuala Lumpur,
Date : 11 October 2023

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Chiew Jong Wei, MIA No. 38656, being the officer primarily responsible for the financial management of Sarawak Consolidated Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 131 to 223, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovementioned
at Kuching in the State of Sarawak
on this 11 October 2023

Chiew Jong Wei

Before me

Phang Dah Nan
Commissioner For Oaths
No.55, 1st Floor,
Jalan Chan Bee Kiew,
Off Jalan Padungan,
93100 Kuching, Sarawak

6 ADDITIONAL INFORMATION

LIST OF PROPERTIES

Properties held by the Group as at 30 June 2023

Properties acquired by the Group

Tenure	Description/ Location	Approximate Area	Age of Building (Years)	Existing Use	Net Book Value @ 30.06.2023 (RM'000)	Date of Acquisition
60 years leasehold land expiring year 2053	Leasehold land at Lot No. 830, Block No. 7, Sejingkat Industrial Park, Kuching, Sarawak	27,930 sq m (6.9 acres)	16	Factory Building & Office Premises	8,281	22 November 2019
Freehold	Freehold land at Lot No. 16024, Jalan Nilam 4, Kawasan Perindustrian Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus	10,035 sq m (2.48 acres)	4	Office premises	7,414	10 December 2021
60 years leasehold expiring 2064	Leasehold land at Lot No. 1166, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	40,470 sq m (10 acres)	17	Factory Building & Office Premises	6,253	24 August 2004
60 years leasehold expiring 2069	Leasehold land at Lot No. 2351, Jalan Utama, 93450 Kuching, Sarawak (Amalgamation of land at lot 1167 and land at lot 1258, Jalan Utama, 93450 Kuching, Sarawak)	44,760 sq m (11 acres)	43	Factory Building & Office Premises	5,764	12 May 1975 (Land lot 1258) 1 March 1995 (Land lot 1167) 14 January 2009 (Land lot 2351, Amalgamated Land lot 1258 and Land lot 1167)
60 years leasehold expiring 2070	Leasehold land at Lot No. 1541, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	12,500 sq m (3 acres)	10	Factory Building & Inventory Storage	1,939	26 July 2010
Yet to be determined *	Shophouse at Sublot 13, Lot 4871, Block 18, Salak Land District	564 sq m (0.139 acres)	7	Commercial Building	1,313	29 April 2014
Yet to be determined *	Shophouse at Sublot 24, Lot 4871, Block 18, Salak Land District	459 sq m (0.113 acres)	7	Commercial Building	1,067	22 January 2019

Remarks:

* *The Sales & Purchase Agreements were concluded in respect to the acquisition of the properties by the subsidiary of SCIB with the Vendor; and the individual land titles of the said properties are yet to be issued by the Land Office.*

ANALYSIS OF SHAREHOLDINGS
As at 3 October 2023

SHARE CAPITAL

Number of Ordinary Shares	:	640,241,285
Share Capital	:	RM166,791,018
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 3 OCTOBER 2023

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	131	0.82	3,626	0.00
100 to 1,000	2,898	18.20	1,754,476	0.28
1,001 to 10,000	7,943	49.89	40,228,715	6.28
10,001 to 100,000	4,252	26.71	134,721,615	21.04
100,001 to 32,012,064 (*)	698	4.38	463,532,853	72.40
32,012,064 AND ABOVE (**)	0	0.00	0	0.00
TOTAL	**15,922**	**100.00**	**640,241,285**	**100.00**

*Remarks : * - Less than 5% of Issued Holdings*
*** - 5% and above of Issued Holdings*

INFORMATION OF SUBSTANTIAL SHAREHOLDERS AS AT 3 OCTOBER 2023 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Nil	Nil	Nil	Nil	Nil

INFORMATION ON DIRECTORS' SHAREHOLDINGS AS AT 3 OCTOBER 2023 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	0	0	0	0
Encik Shamsul Anuar Bin Ahamad Ibrahim	0	0	0	
Encik Sr. Mohd Nazri Bin Mat Noor	0	0	0	0
Mr. Ku Chong Hong	1,156,000	0.18	0	0
Mr. Chin Choon Wei	3,707,500	0.58	0	0
Ms. Toh Beng Suan	0	0	0	0
Mr. Liaw Way Gian	3,910,100	0.61	0	0
Mr. Kang Wei Luen	0	0	0	0
Dr. Dang Nguk Ling	0	0	0	0

ANALYSIS OF SHAREHOLDINGS

As at 3 October 2023

(CONT'D)

LIST OF TOP 30 SHAREHOLDERS AS AT 3 OCTOBER 2023

No	Name	Holdings	%
1.	Huang Tiong Sii	27,013,500	4.22
2.	Kejaya Kaya Sdn. Bhd. *Pledged Securities Account for Chan Yok Peng*	20,000,000	3.12
3.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lee Chee Hoon*	17,511,200	2.74
4.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chor Sek Choon*	10,000,000	1.56
5.	Waiko Engineering Works Sdn. Bhd.	10,000,000	1.56
6.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Hau Yang*	9,721,500	1.52
7.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Keh Chuan Seng*	8,750,000	1.37
8.	Phillip Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Gan Sheng Yih*	7,500,000	1.17
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teo En Chie*	6,552,800	1.02
10.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teh Bak Sim*	5,500,000	0.86
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chiau Beng Teik*	5,100,000	0.80
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Jason Koh Jian Hui*	5,000,000	0.78
13.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chiau Haw Choon*	5,000,000	0.78
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lee Chee Hoon*	4,818,800	0.75
15.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Jason Koh Jian Hui*	4,400,000	0.69
16.	Sivanandam A/L Narayanasamy	4,100,000	0.64
17.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ungguh Holdings Sdn. Bhd.*	4,050,000	0.63
18.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Liaw Way Gian*	3,910,100	0.61
19.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chin Choon Wei*	3,707,500	0.58
20.	Dato' Sri Gan Chow Tee	3,700,000	0.58
21.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ang Sok Kiang*	3,450,000	0.54
22.	Wong Siik Wei	3,400,000	0.53
23.	Gan Sheng Yih	3,000,000	0.47
24.	Key Jaya Sdn. Bhd.	3,000,000	0.47
25.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ungguh Holdings Sdn. Bhd.*	3,000,000	0.47
26.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Roy Soon*	2,900,000	0.45
27.	Ong Sow Hong	2,800,000	0.44
28.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Cheong Kai Meng*	2,500,000	0.39
29.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Keh Chuan Choon*	2,500,000	0.39
30.	Tok Joo Hong	2,500,000	0.39
	Total	**195,385,400**	**30.52**

ANALYSIS OF WARRANT HOLDINGS

As at 3 October 2023

Number of Total Warrant	:	245,184,997
Issue date	:	16 February 2021
Maturity date	:	8 February 2024

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 3 OCTOBER 2023

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	1,371	15.22	65,216	0.03
100 to 1,000	2,010	22.31	1,030,044	0.42
1,001 to 10,000	3,102	34.44	15,473,313	6.31
10,001 to 100,000	2,079	23.08	72,257,774	29.47
100,001 to 12,259,248 (*)	446	4.95	156,358,650	63.77
12,259,249 AND ABOVE (**)	0	0	0	0
TOTAL	**9,008**	**100.00**	**245,184,997**	**100.00**

*Remarks : * - Less than 5% of Issued Shares*
*** - 5% and above of Issued Shares*

INFORMATION OF SUBSTANTIAL WARRANT HOLDERS AS AT 3 OCTOBER 2023
(As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Nil	Nil	Nil	Nil	Nil

INFORMATION ON DIRECTORS' WARRANT HOLDINGS AS AT 3 OCTOBER 2023
(As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	0	0	0	0
Mr. Ku Chong Hong	0	0	0	0
Mr. Chin Choon Wei	0	0	0	0
Mr. Liaw Way Gian	0	0	0	0
Encik Sr. Mohd Nazri Bin Mat Noor	0	0	0	0
Encik Shamsul Anuar Bin Ahamad Ibrahim	0	0	0	0
Ms. Toh Beng Suan	0	0	0	0
Mr. Kang Wei Luen	0	0	0	0
Dr. Dang Nguk Ling	0	0	0	0

Remarks:

(a) Based on total warrants exercise of 245,184,997 shares

ANALYSIS OF WARRANT HOLDINGS

As at 3 October 2023

(CONT'D)

LIST OF TOP THIRTY (30) WARRANT HOLDERS AS AT 3 OCTOBER 2023

No	Name	No. of Shares	%
1.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Boon Huat*	6,925,200	2.82
2.	Khoo Kah Choon	4,299,900	1.75
3.	Wong Yoon Chee	4,077,400	1.66
4.	Mohd Yazid B Ariffin @ Mohd Aripen	3,300,000	1.35
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Boon Tiong*	2,500,000	1.02
6.	Mohd Khalid Bin Mohamed Latiff	2,280,000	0.93
7.	Md Fisal Bin Ahmad	2,200,000	0.90
8.	Gwee Ang Keong	2,000,000	0.82
9.	Kong Oon Chee	2,000,000	0.82
10.	Saifuddin Bin Awang @ Muhamad	1,900,000	0.77
11.	Yeoh Seng Pin	1,859,800	0.76
12.	Khoo Kah Choon	1,800,700	0.73
13.	Au Yang Keat	1,500,000	0.61
14.	Lim Peng Seng	1,500,000	0.61
15.	Muhamad Amirul Hakimi Bin Saiful Hazmi	1,500,000	0.61
16.	Azhar Bin Basirun	1,262,700	0.51
17.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Hock Guan*	1,167,800	0.48
18.	Tan Yew Din	1,101,000	0.45
19.	Mincheol Song	1,097,000	0.45
20.	Mohamad Amin Bin Ahmad Zahidi	1,040,000	0.42
21.	Ng Koo Meng	1,030,000	0.42
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Rakuten Trade Sdn. Bhd. for Suriani Binti Yusoff*	1,000,000	0.41
23.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Sii Toh Ping*	1,000,000	0.41
24.	Tan Gia Lung	1,000,000	0.41
25.	SJ Sec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for P. Prem Anand Pillai*	950,000	0.39
26.	Chung Swee Wah @ Chung Bee Hua	900,000	0.37
27.	Mohd Afizul Bin Che Abdullah	900,000	0.37
28.	HLIB Nominees (Tempatan) Sdn. Bhd. *Hong Leong Bank Bhd for Low Teck Wong*	881,700	0.36
29.	Khong Tzeh Ming	860,000	0.35
30.	Ahmad Razali Bin Nordin	823,500	0.34
	Total	**54,656,700**	**22.30**

NOTICE OF ANNUAL GENERAL MEETING

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

NOTICE OF FORTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh ("**47th**") Annual General Meeting ("**AGM**") of Sarawak Consolidated Industries Berhad ("**SCIB**" or "**the Company**") will be conducted on a virtual basis at the Broadcast Venue at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities at https://scib-agm.digerati.com.my (Domain registration number D1A119533) provided by Digerati Technologies Sdn. Bhd. in Malaysia on Monday, 11 December 2023 at 2:00 p.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

(1)	To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors' and Auditors' thereon.	**Please refer to Explanatory Note (i)**
(2)	To approve the payment of the Directors' Fees of an amount up to RM713,177.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024;	**Ordinary Resolution 1**
(3)	To approve the payment of the Directors' Benefits of an amount up to RM232,223.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024;	**Ordinary Resolution 2**
(4)	To re-elect Encik Sr. Mohd Nazri Bin Mat Noor, the Director who retires by rotation in accordance with Article 122(1) of the Company's Constitution and being eligible, has offered himself for re-election.	**Ordinary Resolution 3**
(5)	To re-elect the following Directors retiring in accordance with Article 127 of the Company's Constitution and being eligible, have offered themselves for re-election:	
	(i) Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	**Ordinary Resolution 4**
	(ii) Mr. Kang Wei Luen	**Ordinary Resolution 5**
	(iii) Mr. Liaw Way Gian	**Ordinary Resolution 6**
	(iv) Dr. Dang Nguk Ling	**Ordinary Resolution 7**
	(v) Mr. Chin Choon Wei	**Ordinary Resolution 8**
(6)	To re-appoint Messrs. Kreston John & Gan as the Auditors of the Company to hold office until the conclusion of the next AGM and to authorize the Directors to fix their remuneration.	**Ordinary Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

SPECIAL BUSINESSES

To consider and, if thought fit, pass the following resolutions:

(7) **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and subject always to the approval of the relevant regulatory authorities (if any), the Directors be and are hereby empowered to issue and allot shares in the Company from time to time and 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, when aggregated with the total number of such shares issued during the preceding 12 months, does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being **AND THAT** the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND FURTHER THAT** such authority shall continue in force until the conclusion of the next annual general meeting of the Company. **Ordinary Resolution 10**

AND THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Article 8 of the Constitution of SCIB, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders of SCIB and empowered the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 without offering to the existing shareholders to maintain their relative voting and distribution right and such new ordinary shares shall rank pari passu in all respects with the existing ordinary shares."

(8) **RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

"**THAT** approval be and is hereby given to Encik Shamsul Anuar Bin Ahamad Ibrahim, who has served as an Independent Non-Executive Director of the Company for a cumulative of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Ordinary Resolution 11**

(9) To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482) (SSM PC No. 202208000250)
THIEN LEE MEE (LS0010621) (SSM PC No. 201908002254)
Company Secretaries

Dated: 31 October 2023

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes:

i) **Item 1 of the Agenda – Audited Financial Statements**

The Audited Financial Statements is meant for discussion only as provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

ii) **Ordinary Resolutions 1 and 2 – Payment of Directors' Fees and Benefits**

Pursuant to Section 230(1) of the Companies Act, 2016, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Payment of the Directors fees and benefits payable will be made by the Company on a monthly basis and / or as and when incurred if the proposed Resolutions 1 and 2 are passed at the AGM of the Company. The Board is of the view that the payments thereof are just and equitable, as the Directors standing as of the date of this notice have diligently discharged their responsibilities and rendered their services to the Company throughout the relevant period.

Hence, the Proposed Ordinary Resolutions 1 and 2 are to facilitate the payment of Directors' Fees and Benefits to the Directors from 28 February 2022 until the next AGM of the Company to be held in the year 2024 in accordance with Section 230(1) of the Companies Act, 2016.

iii) **Ordinary Resolutions 3 to 8 – Re-election of Directors**

The Remuneration and Nomination Committee had assessed the performance and contribution of each of the retiring Directors seeking for re-election and was satisfied therewith. The Board had endorsed the Remuneration and Nomination Committee's recommendation to seek shareholders' approval for the re-election of the retiring Directors at the forthcoming 47th AGM of the Company. The retiring Directors had abstained from deliberations and decisions on their respective re-election at the Remuneration and Nomination Committee and Board meetings. The details and profiles of the Directors who are standing for re-election at the forthcoming 47th AGM are provided in the Company's Annual Report 2023.

iv) **Retirement of Director**

Ms. Toh Beng Suan who is retiring pursuant to Article 127 of the Company's Constitution at the forthcoming 47th AGM of the Company, has expressed her intention not to seek re-election at the forthcoming 47th AGM of the Company. Hence, she will retain office until the conclusion of the 47th AGM and will retire as the Director of the Company until the conclusion of the 47th AGM.

v) **Ordinary Resolution 9 – Re-appointment of Auditors**

The Audit Committee and the Board had considered the re-appointment of Messrs. Kreston John & Gan as Auditors of the Company. The Audit Committee and the Board collectively agreed and are satisfied that Messrs. Kreston John & Gan meets the relevant criteria prescribed in Paragraph 15.21 of the MMLR of Bursa Securities.

vi) **Ordinary Resolution 10 – Authority To Issue And Allot Shares Pursuant To Sections 75 And 76 Of The Companies Act, 2016 And Waiver of Pre-Emptive Rights**

The proposed Ordinary Resolution 10, if passed, will empower the Directors to issue and allot shares up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for the time being, for such purposes as the Board of Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company ("**General Mandate**").

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

The purpose of the General Mandate is to provide flexibility to the Company to issue new shares and/or to carry out fund raising exercises including but not limited to further placement of shares in financing current and/or future investment projects, working capital and/or acquisitions, without the need to convene separate general meeting(s) which will incur additional time and cost to obtain its shareholders' approval.

This General Mandate is a renewal of the mandate that was approved by the shareholders at the Company's 46th Annual General Meeting held on 8 December 2022.

As at the date of this notice, the Company had issued and allotted 58,203,753 new ordinary shares with total proceeds raised of RM12,759,058 pursuant to the previous General Mandate. Details and status of the utilisation of proceeds are as follows:

Purposes	*Proposed Utilisation Based on Actual Proceeds (RM'000)*	*Actual Utilisation (RM'000)*	*Balance unutilised (RM'000)*
Working capital	3,753	3,753	-
Repayment of bank borrowings	8,859	8,859	-
Estimated expenses for the Proposed Private Placement	147	147	-
Total proceeds	***12,759***	***12,759***	***-***

vii) **Ordinary Resolution 11 – Retention of Independent Non-Executive Director**

The proposed Ordinary Resolution 11, if passed, will allow Encik Shamsul Anuar Bin Ahamad Ibrahim ("Encik Shamsul") to continue in office as an Independent Non-Executive Director of the Company. Encik Shamsul was appointed as an Independent Non-Executive Director on 1 September 2015 and retired on 28 February 2022. Subsequently, he rejoined back the Company as the Independent Non-Executive Director on 17 March 2022. He would reach his nine (9) years term as Independent Non-Executive Director of the Company on 17 September 2024. In line with the spirit of the Malaysian Code on Corporate Governance that shareholders' approval be sought through two-tier voting process if the Board intends to retain an independent director beyond nine (9) years, the Company is proposing the resolution for his retention.

The Remuneration and Nomination Committee conducted an annual performance evaluation and assessment of Encik Shamsul, who has served the Company for a cumulative term of more than nine (9) years of the Company and recommended Encik Shamsul to be retained as the Independent Non-Executive Director based on the following justifications:

- he has met the independence guidelines set out in the MMLR,
- he continues to be independent as he has no circumstances and relationships that create threats to his independence,
- he has actively participated in board meetings and possesses the appropriate competencies to enable him to apply professional judgment, and
- he has contributed sufficient time and effort and exercised due care in all undertakings of the Company and has acted and carried out his fiduciary duties in the interest of the Company during his tenure as an Independent Director. Pursuant to the Malaysian Code on Corporate Governance 2017, the Company would use a two-tier voting process in seeking annual shareholders' approval to retain Encik Shamsul, who served the Company as an Independent Director for a cumulative term of more than nine (9) years.

Notes:

(1) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Article 82 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 47th AGM.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(2) *Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at the 47th AGM via the RPV facilities provided by Digerati Technologies Sdn. Bhd. via its website at https://scib-agm.digerati.com.my ("Digerati Portal"). Please read the Administrative Details for the 47th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 47th AGM of the Company.*

(3) ***Appointment of Proxy***

(a) *A member of the Company is entitled to attend, participate, posing questions to the Board via real time submission of typed texts and vote and is entitled to appoint not more than two (2) proxies to attend, participate, posing questions to the Board via real time submission of typed texts) and vote instead of him. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

(b) *A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(c) *Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*

(d) *Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.*

(e) *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to speak at the meeting.*

(f) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.*

(g) *The appointment of a proxy may be made in a physical copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote:*

(i) *In physical copy form*
In the case of an appointment made in physical copy form, the proxy form must be deposited to Aldpro Corporate Services Sdn. Bhd.'s office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.

(ii) *By electronic form*
The proxy form can be electronically lodged via the Digerati Portal at https://scib-agm.digerati.com.my

(h) *For the purpose of determining a member who shall be entitled to attend and vote at the meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 4 December 2023 and only a member whose name appears on the Record of Depositors on that date shall be entitled to attend the meeting via RPV or appoint proxies to attend and vote in his stead.*

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(i) ***Details of persons who are standing for election as Directors (excluding Directors standing for re-election)***

Pursuant to Para 8.27(2) of the MMLR of Bursa Malaysia Securities Berhad, no individual is standing for election as Director of the Company at the 47th AGM of the Company.

(ii) ***General mandate for issue of securities***

The proposed general mandate for issuing new securities under Ordinary Resolution 10 is a renewal of previous mandate obtained at the preceding 46th AGM of the Company held on 8 December 2022. Details of the issuance and status of utilisation of proceeds pursuant to the previous General Mandate are disclosed on page 234 of the Annual Report under item (vi) of the explanatory notes.

FORM OF PROXY

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

I/We ____ [Full Name in Block Letters]

NRIC No. ______________________ of ______________________________________

____ [Full Address]

being a member(s) of **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**, hereby appoint

Proxy 1		
Full Name in Block Letters		Proportion of shareholdings to be presented %
NRIC No.		
Full Address		
Tel No.		
Email Address		

and/ or failing him/ her

Proxy 2		
Full Name in Block Letters		Proportion of shareholdings to be presented %
NRIC No.		
Full Address		
Tel No.		
Email Address		
		Total 100%

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the **47th Annual General Meeting** of the Company to be conducted on a virtual basis at the Broadcast Venue at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities at https://scib-agm.digerati.com.my (Domain registration number D1A119533) provided by Digerati Technologies Sdn. Bhd. in Malaysia on **Monday**, **11 December 2023** at **2.00 p.m.** and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Resolutions		FOR	AGAINST
1.	To approve the payment of the Directors' Fees of an amount up to RM713,177.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024;	Ordinary Resolution 1		
2.	To approve the payment of the Directors' Benefits of an amount up to RM232,223.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024;	Ordinary Resolution 2		
3.	To re-elect Encik Sr. Mohd Nazri Bin Mat Noor as a Director	Ordinary Resolution 3		
4.	To re-elect Encik Abang Abdillah Izzarim Bin Tan Sri Datuk Patinggi Abang Haji Abdul Rahman Zohari as a Director	Ordinary Resolution 4		
5.	To re-elect Mr. Kang Wei Luen as a Director	Ordinary Resolution 5		
6.	To re-elect Mr. Liaw Way Gian as a Director	Ordinary Resolution 6		
7.	To re-elect Dr. Dang Nguk Ling as a Director	Ordinary Resolution 7		
8.	To re-elect Mr. Chin Choon Wei as a Director	Ordinary Resolution 8		
9.	To re-appoint Messrs. Kreston John & Gan as the Auditors of the Company to hold office until the conclusion of the next AGM and to authorize the Directors to fix their remuneration.	Ordinary Resolution 9		
10.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 and waiver of pre-emptive rights	Ordinary Resolution 10		
11.	Retention of an Independent Non-Executive Director, Encik Shamsul Anuar Bin Ahamad Ibrahim	Ordinary Resolution 11		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Dated this .... day of 2023

No. of shares held	CDS Account No.

....
Signature of Shareholder

Fold This Flap For Sealing

Notes:

(1) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Article 82 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 47th AGM.

(2) Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at the 47th AGM via the RPV facilities provided by Digerati Technologies Sdn. Bhd. via its website at https://scib-agm.digerati.com.my ("Digerati Portal"). Please read the Administrative Details for the 47th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 47th AGM of the Company.

(3) **Appointment of Proxy**

(a) A member of the Company is entitled to attend, participate, posing questions to the Board via real time submission of typed texts and vote and is entitled to appoint not more than two (2) proxies to attend, participate, posing questions to the Board via real time submission of typed texts) and vote instead of him. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(b) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(c) Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

(d) Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

(e) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to speak at the meeting.

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(f) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

(g) The appointment of a proxy may be made in a physical copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote:

(i) In physical copy form
In the case of an appointment made in physical copy form, the proxy form must be deposited to Aldpro Corporate Services Sdn. Bhd.'s office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.

(ii) By electronic form
The proxy form can be electronically lodged via the Digerati Portal at https://scib-agm.digerati.com.my

(h) For the purpose of determining a member who shall be entitled to attend and vote at the meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 4 December 2023 and only a member whose name appears on the Record of Depositors on that date shall be entitled to attend the meeting via RPV or appoint proxies to attend and vote in his stead.

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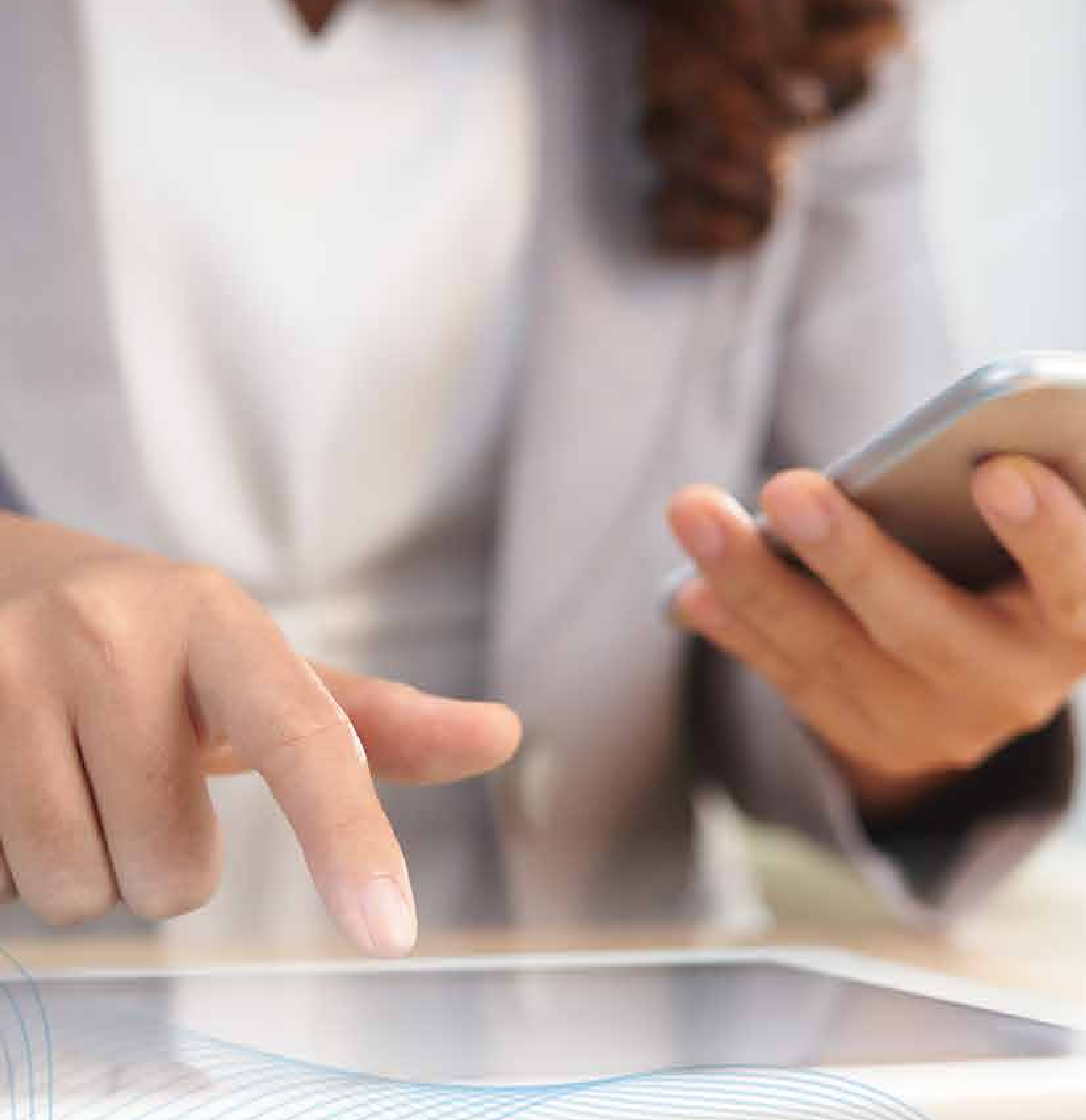
AFFIX
STAMP

The Share Registrar of Sarawak Consolidated Industries Berhad

Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan



7 CONTACT INFORMATION

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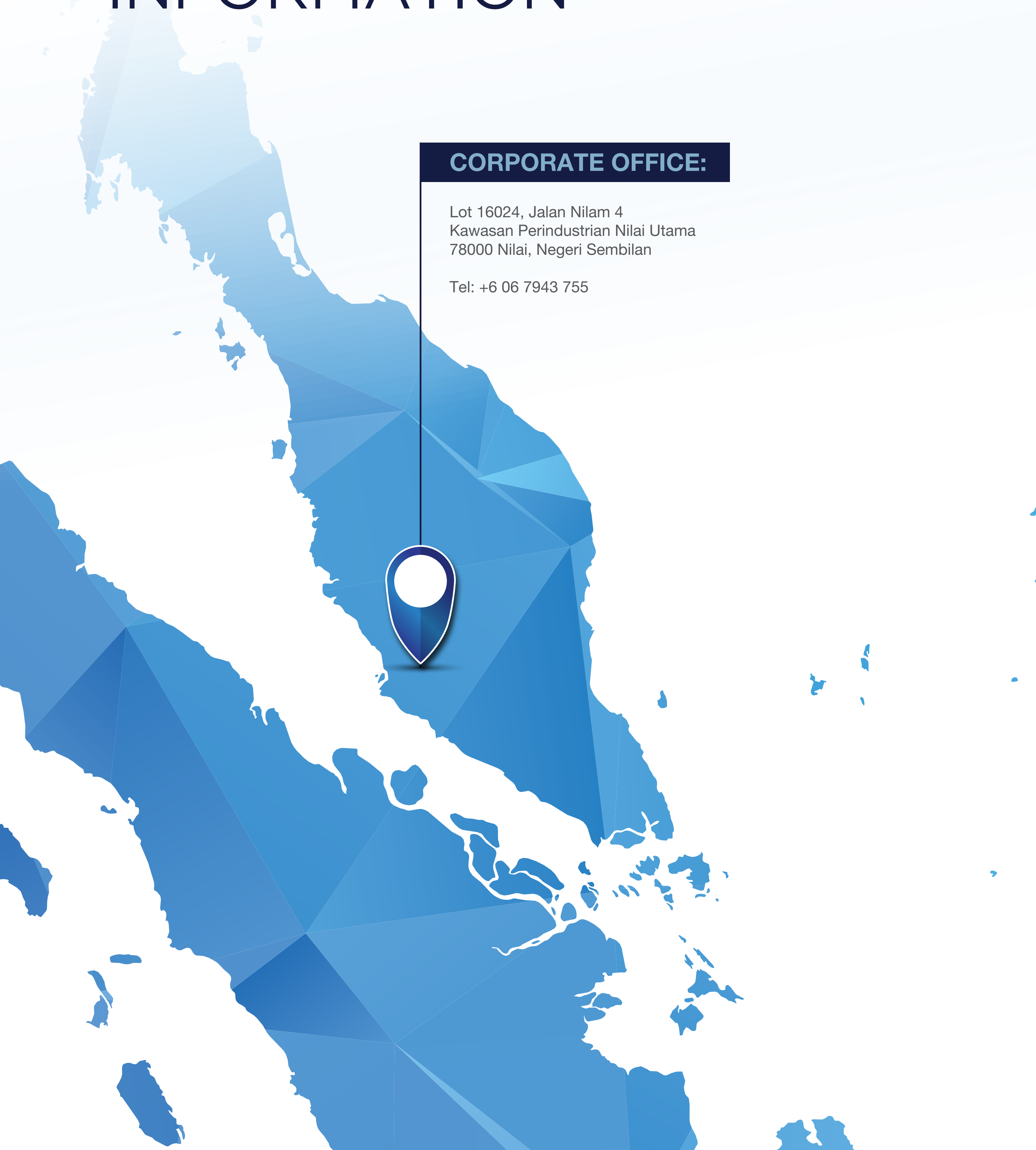

CORPORATE OFFICE:

Lot 16024, Jalan Nilam 4
Kawasan Perindustrian Nilai Utama
78000 Nilai, Negeri Sembilan

Tel: +6 06 7943 755

CONTACT INFORMATION
(CONT'D)

HEADQUARTERS:

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching, Sarawak

Tel: +60 82 334 485

www.scib.com.my

SARAWAK
CONSOLIDATED
INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)

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