



ANNUM BERHAD
SINCE 1997

Registration No: 199701030432 (445931-U)



ANNUM BERHAD Registration No: 199701030432 (445931-U)

ANNUAL REPORT 2023



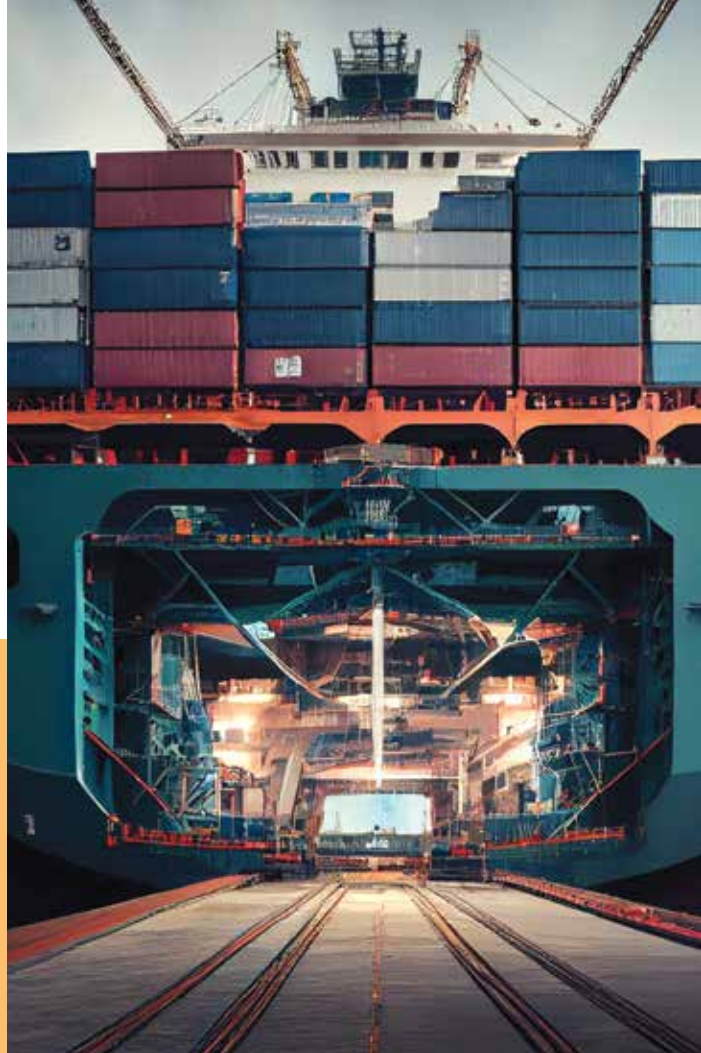
Go paperless to help our environment. Instantly access an online copy of this Annual Report through your mobile device by scanning this QR code.

www.annumberhad.com

2023 ANNUAL REPORT

TABLE OF CONTENTS

Vision & Mission	2
Corporate Information	3
Directors' Profile	4
Chairman's Statement	6
Management Discussion and Analysis Overview	8
Sustainability Statement	11
Corporate Governance Overview Statement	15
Audit Committee Report	27
Statement on Risk Management and Internal Control	30
Additional Compliance Information	33
Director's Responsibility Statement	35
Financial Statements	36
List of Properties	143
Analysis of Shareholdings	144



VISION & MISSION



VISION

To be a leading-edge integrated provider for our business.



MISSION

To continuously creating value for customers with engineering innovation and solutions to their supply chain whilst striving for long term business sustainability and maintaining good practices that benefits customers, employees, and stakeholders.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Muhammad Adib Bin Ariffin
Independent Non-Executive Chairman

Lim Yun Nyen
Executive Director

Dato' Baharon Bin Talib
Executive Director

Khor Chin Meng
Independent Non-Executive Director

Noor Amalina Binti Ali
Independent Non-Executive Director

AUDIT COMMITTEE

Khor Chin Meng
Chairman, Independent Non-Executive Director

Muhammad Adib Bin Ariffin
Member, Independent Non-Executive Chairman

Noor Amalina Binti Ali
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Muhammad Adib Bin Ariffin
Chairman, Independent Non-Executive Chairman

Khor Chin Meng
Member, Independent Non-Executive Director

Noor Amalina Binti Ali
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Muhammad Adib Bin Ariffin
Chairman, Independent Non-Executive Chairman

Khor Chin Meng
Member, Independent Non-Executive Director

Noor Amalina Binti Ali
Member, Independent Non-Executive Director

COMPANY SECRETARY

Tan Tong Lang
(MAICSA 7045482/SSM PC NO. 202208000250)

REGISTERED OFFICE

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: +6(03) 9770 2200
Fax: +6(03) 2201 7774
Email : boardroom@boardroom.com.my

CORPORATE OFFICE

No. 6-3, Kiara Plaza
Jalan Semenyih
43500 Semenyih, Selangor
Tel: +6016 935 5828
Email: contact@annumberhad.com
Website: www.annumberhad.com

AUDITORS

Messrs. SBY PARTNERS PLT
(LLP0026726-LCA & AF0660)
9-C, Jalan Medan Tuanku
Medan Tuanku
50350 Kuala Lumpur

SHARE REGISTRAR

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
Tel: +6(03) 9770 2200
Fax: +6(03) 2201 7774
Email : admin@aldpro.com.my

PRINCIPAL BANKER

CIMB Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Short Name: ANNUM
Stock Code: 5082

DIRECTORS' PROFILE

Muhammad Adib Bin Ariffin ("Encik Muhammad Adib")

(Independent Non-Executive Chairman)

Male, Aged 60, Malaysian

Chairman of Nomination Committee and Remuneration Committee, Member of Audit Committee

Encik Muhammad Adib had served over 30 years at several corporations, holding various positions in finance, operations, investments and corporate development. His industry involvement includes financial services, construction, manufacturing, property and agriculture.

Previously, he was an Independent Non-Executive Director of Transocean Holdings Bhd and Epicon Berhad (*formerly known as Konsortium Transnasional Berhad*). He has resigned from both the public listed companies in February 2023 and May 2023 respectively.

Save for Annum Berhad, Encik Muhammad Adib does not hold directorship in any other public companies or public listed companies. He does not have any family relationship with any other Director and/or any major shareholder of the Company.

Encik Muhammad Adib does not have any conflict of interest or potential conflict of interest with the Company and subsidiaries and he has no conviction for any offences within the past 5 years other than traffic offences, if any. There is no any public sanction or penalty by the relevant regulatory bodies on Encik Muhammad Adib.

Dato' Baharon Bin Talib ("Dato' Baharon")

(Executive Director)

Male, Aged 71, Malaysian

Dato' Baharon graduated with a Bachelor of Arts (Hons) from University of Malaya in 1975.

In October 1975, he began his career as an Assistant District Officer in Kuala Pilah, Negeri Sembilan where he was tasked to assist the district officer to administer the office. In October 1980, he was then posted to State Administrative Secretary Office in Negeri Sembilan as an Assistant Director of EPU to assist the Director of EPU.

In May 1981, he was transferred to Ministry of Home Affairs as Assistant Secretary of Registration, Immigration and Publication Department. During his tenure as an Assistant Secretary in Ministry of Home Affairs, he was involved in handling matters relating to national registration and immigration. In August 1985, he was seconded to Immigration Department as a Director Immigration of Kelantan where he oversaw the issuance of passport, matters related to border and checkpoint. Thereafter, he was transferred back to the Ministry of Home Affairs as Principal Assistant Secretary of Foreign Worker Task Force in February 1998 where he took on responsibilities to assist to formulate policy for foreign workers.

In June 2003, he was seconded again to Department of Immigration as a Director of Immigration in Sabah. Between 2006 and 2012, he was Chairman of Koperasi Imigresen Malaysia Berhad. In 2009, he received Excellence Service Award by Ministry of Home Affairs and in 2010, he retired from government service.

Dato' Baharon is the Independent Non-Executive Chairman of Mercury Securities Group Berhad.

Currently, he does not have any family relationship with any other Director and/or any major shareholder of the Company.

Dato' Baharon does not have any conflict of interest or potential conflict of interest with the Company and subsidiaries and he has no conviction for any offences within the past 5 years other than traffic offences, if any. There is no any public sanction or penalty by the relevant regulatory bodies in Dato' Baharon.

DIRECTORS' PROFILE

(cont'd)

Lim Yun Nyen ("Mr. Lim")

(Executive Director)

Male, Aged 52, Malaysian

Mr. Lim upon obtaining his Diploma in Business Studies in 1990, he joined Ernst & Young as an Audit Assistant for 4 years. In 1995, he joined Aturmaju (Sabah) Holding Sdn Bhd as an Accounts Supervisor and was subsequently promoted to Finance and Administrative Manager in 1997. He has over 20 years of experiences in the timber industry and involved in the co-ordination and day-to-day operations of the mills.

Save for Annum Berhad, Mr Lim does not hold directorship in any other public companies or public listed companies. He does not have any family relationship with any other Director and/or any major shareholder of the Company.

Mr Lim does not have any conflict of interest or potential conflict of interest with the Company and subsidiaries and he has no conviction for any offences within the past 5 years other than traffic offences, if any. There is no any public sanction or penalty by the relevant regulatory bodies on Mr Lim.

Khor Chin Meng ("Mr Khor")

(Independent Non-Executive Director)

Male, Aged 51, Malaysian

Chairman of Audit Committee, Member of Remuneration Committee and Nomination Committee

Mr Khor Chin Meng has over 21 years of experience in Tax services and Audit Services. He joined Singam & Yong in July 1996 to October 1997 as Audit Senior. Then, he joined Weld Corporate Services Sdn Bhd in November 1997 as a Partner of Company.

Currently he is the owner of Weld Asia Tax Advisory Sdn Bhd and also the Independent Non-Executive Director of ARB Berhad. He does not have any family relationship with any other Director and/or any major shareholder of the Company.

Mr Khor does not have any conflict of interest or potential conflict of interest with the Company and subsidiaries and he has no conviction for any offences within the past 5 years other than traffic offences, if any. There is no any public sanction or penalty by the relevant regulatory bodies on Mr Khor.

Noor Amalina Binti Ali ("Cik Amalina")

(Independent Non-Executive Director)

Female, Aged 34, Malaysian

Member of Audit Committee, Nomination Committee and Remuneration Committee

Cik Amalina started her career as an Audit Junior with JF & S Consultancy in year 2011. She then joined Messrs. Zailan & Associates in August 2012 to practice corporate taxation and served a wide range of clients with diverse industries until August 2017.

Subsequently, she joined PKF Malaysia as an Accounts Manager in September 2017 and also further exposed herself in both accounting and taxation practices in the professional firm, up to May 2020.

She is currently operating Amalina Ali & Co, which is her own professional firm mainly providing accounting, payroll, taxation and company secretarial services.

Save for Annum Berhad, Cik Amalina does not hold directorship in any other public companies or public listed companies. She does not have any family relationship with any other Director and/or any major shareholder of the Company.

Cik Amalina does not have any conflict of interest or potential conflict of interest with the Company and subsidiaries and she has no conviction for any offences within the past 5 years other than traffic offences, if any. There is no any public sanction or penalty by the relevant regulatory bodies on Cik Amalina.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Annum Berhad ("Annum" or "Company") and its subsidiaries ("Group") for the financial period ended 30 June 2023.

The world economy has experienced multitude of challenges in this financial period 2023. We have encountered geopolitical uncertainties, high inflation and global economic uncertainty. The challenging and uncertain market environment includes supply chain pressures and significant cost inflation. The Malaysian economy continues to recover from the effects of the COVID-19 pandemic, albeit at a slower pace.

According to Bank Negara Malaysia ("BNM"), the Malaysian economy for 2023 is expected to continue to expand amid slower external demand. Growth will be driven by domestic demand, supported by improving labour market conditions, higher tourism activity and further progress of multi-year investment projects. Domestic financial conditions also remain conducive to financial intermediation.

The Financial Period 2023 ("FP2023") was yet another challenge for the Group. The Group registered total 18 months revenue of RM369.932 million in FP2023 as compared to RM264.483 million in financial year ended 31 December 2021 ("FY2021"). The revenue was mainly derived from general trading business. The Group recorded a loss before tax of RM71.097 million in FP2023 as compared to RM55.591 million in FY2021. This was mainly attributable to allowance of impairment loss on intangible assets, amortisation of intangible assets and accretion of financial instrument.

BUSINESS OUTLOOK AND OPERATIONAL STRATEGIES

In the October 2023 released World Economic Report, the International Monetary Fund (IMF) had forecasted global economic growth to slow from 3.0% in 2023 and 2.9% in 2024. The global economic landscape is confronted by formidable challenges arising from the ongoing repercussions of the pandemic, the impact of higher interest rates aimed at combating elevated inflation levels, weaker-than-expected rebound in China's economy, the Russia Ukraine war and the Gaza war. The persistence of inflationary pressures and the implementation of stringent monetary measures are expected to exert substantial constraints on economic activities.

The momentum of Malaysia's economic growth is expected to ease in 2023 due to the influence of high base year effects and a slowdown in export growth. In the face of a challenging global environment, Bank Negara Malaysia has maintained the country's GDP growth outlook at between 4.0% and 5.0% for 2023, supported by macroeconomic stability, firm domestic demand, tourism sector recovery and ongoing multiyear infrastructure projects. The World Bank's East Asia and Pacific (EAP) Economic Update released in October 2023, indicated that Malaysia's economic growth is expected to moderate to 3.9% in 2023 from an earlier projection of 4.3% in April this year amid a substantial deceleration of external demand. However, the domestic demand would continue to support Malaysia's economic resilience this year.

In FP2023, a labour shortage, as well as rising raw material costs and the weaker ringgit have continued to weigh on the local property development and construction sector despite the economy rebounding post-pandemic. The economic stimulus packages introduced by the Malaysian Government are anticipated to aid local businesses to recoup earnings as the economy recovers. The property development and construction industry is currently in the process of recovering from the impact of the pandemic. Several challenges persist, including the rise in the prices of certain building materials, a shortage of workers and increased minimum wage for workers.

Moving ahead, the Group will continue to focus on its core business in general trading and the newly embarked smart farming businesses. Furthermore, the Group will also focus on introduce any other potential business that are able to generate value to Annum Group.

The Group is optimistic that the current business strategies will yield positive outcomes, leading to an overall improvement in its financial performance in the foreseeable future.

CHAIRMAN'S STATEMENT

(cont'd)

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to extend our appreciation to members of our management team and employees of the Group. Your effective execution of our business strategies through hard work, focus and determination are very much appreciated and continue to contribute to Annum's perseverance and success.

Our sincere gratitude also to our shareholders, customers, business associates, suppliers, bankers and relevant government authorities for their confidence and support to the Board and Management.

Stay safe and thank you.

MUHAMMAD ADIB BIN ARIFFIN

Independent Non-Executive Chairman

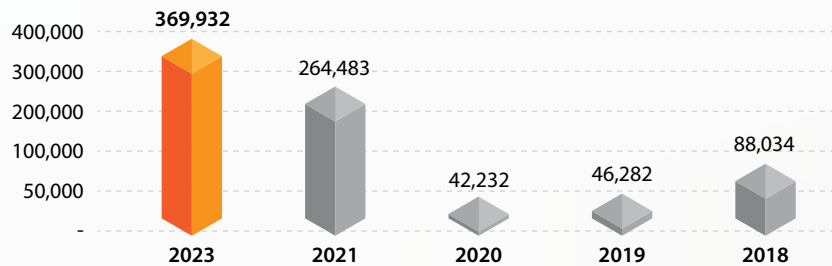
MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

HIGHLIGHTS OF GROUP'S FINANCIAL INFORMATION FOR THE PAST 5 FINANCIAL PERIODS/ YEARS

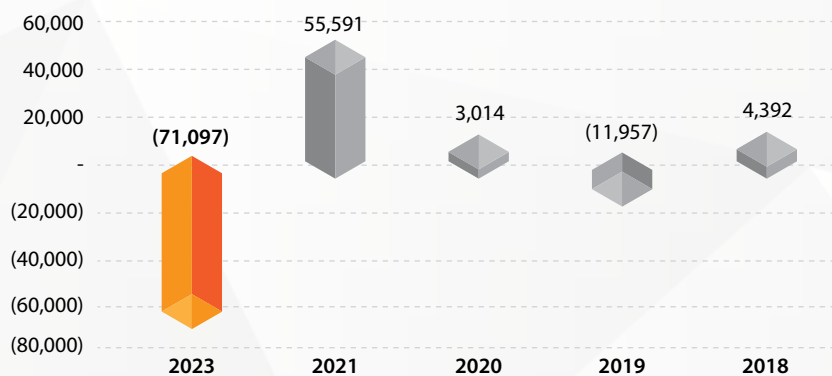
	2023 (18 MONTHS) (RM'000)	2021 (RM'000)	2020 (RM'000)	2019 (RM'000)	2018 (RM'000)
Turnover	369,932	264,483	42,323	46,282	88,034
Profit/(Loss) before tax	(71,097)	55,591	3,014	(11,957)	(4,392)
Tax	565	233	-	854	105
Profit/(Loss) after tax	(70,532)	55,824	3,955	(11,104)	(4,287)
Share Capital	144,839	93,464	92,374	92,374	92,374
Net Assets	90,131	108,726	51,118	47,162	58,266

FINANCIAL OVERVIEW

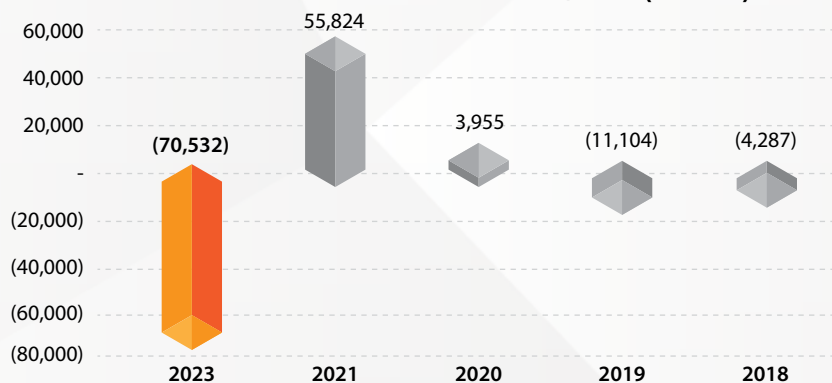
REVENUE (RM'000)



PROFIT BEFORE TAXATION (RM'000)



PROFIT FOR THE FINANCIAL PERIOD/YEAR (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

(cont'd)

Group Business and Operation

Annum Group is incorporated in Malaysia for over 26 years. Currently, the Group is engaged in the general trading business. The Group has ventured into smart farming business after obtaining the shareholders' approval on 29 December 2022.

Despite a myriad of local and global challenges, the Financial Period Ended 30 June 2023 ("FY 2023") continued to be a challenge to us even though there was an improvement in the COVID-19 pandemic. The Group's revenue for 18-months financial period ended 30 June 2023 has substantially increased from RM264.483 million to RM369.932 million. The revenue was derived from general trading business, RM334.523 million and construction activity, RM35.408 million.

The Group continues to benefit from demand arising from the nation's construction industry and the implementation of various government and private sector projects. Towards this, the Group remain focused on its competitiveness through strategic improvements and we are optimistic these will enable the Group to overcome the challenging business circumstances and continue to deliver positive results.

Strategies In Creating Values

The Group has benefited from its strategic businesses and it's poised to capitalise on this move in the future. We strive to adopt organic growth strategies in our business segments to maximising profitability, increasing returns on shareholders' equity and enhancing market shares despite the challenging economic environment.

In view of the above as well as our Group's business strategies to improve our financial condition, our Board believes that it will gradually improve our Group's operations and financial performance in the near future.

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

The Group's revenue for 18-month financial period ended 30 June 2023 has substantially increased from RM264.483 million to RM369.932 million. The higher revenue was mainly due to longer period of 6 months and general trading business.

The Group recorded a Gross Profit ("GP") of RM43.705 million as compared to RM47.230 million in the previous financial year. The drop of GP was due to cessation of trading of the plywood.

The Group has also recorded a Loss After Tax ("LAT") of RM70.532 million as compared to a Profit After Tax of RM55.824 million in the previous financial year. The LAT was mainly contributed by the following:-

(a) Allowance of impairment loss on intangible assets	RM 64.579 million
(b) Amortisation of intangible assets	RM 38.232 million
(c) Accretion of financial instrument	RM 9.852 million

Financial Position

Total assets of the Group decreased from RM236.928 million to RM122.050 million during the financial period mainly due to the allowance of impairment loss on intangible assets and amortization of intangible assets. The Group's shareholders Equity as at 30 June 2023 stood at RM91.131 million, a reduction of RM18.863 million from the preceding year, mainly due to the current financial period losses of RM70.238 million and an increase of paid-up capital of RM51.375 million. In short, the Group has financed its operation through issuance of ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

(cont'd)

Review of Business Activities

Risks and its measures

Competitive Risk

The key risk prevalent to the Group's business is competition. All the sectors that the Group engaged in are highly competitive with many players. The Group will strive to maintain its market share with proper cost control and improve operation efficiency, while focus on delivering high quality services to meet customers' requirements.

Cash Flow Liquidity Risk

Cash flow will remain challenging through to the next year but the Group is confident as the Group's currently is at a nil gearing level and the expected recovery of economy activities as the country enters the endemic stage of the pandemic. Throughout FYE 2023, the Group's primary concern has been to ensure its cash flows could sustain business continuity in the long term.

Covid-19 Pandemic

The prolonged pandemic has impact on the global supply chain and customers' spending power, which could finally affect the Group's business continuity. This impact has been mitigated by the collective global effort to vaccinate and immunize the population against the Covid-19 pandemic, which looks to be yielding results as border reopen and cross border trade grows.

MOVING FORWARD - Forward Looking Statement

The Malaysian economy is projected to expand moderately in the year 2024, as external demand is expected to remain low, while domestic demand is expected to continue to drive economic growth in 2024, with a GDP anticipated to register a growth of approximately 4% to 5% in 2024. Nevertheless, construction sector is expected to record better performance supported by the recovery of the labour market, and acceleration of ongoing infrastructure and utilities projects domestic demand will continue to drive growth (*source: Economic Outlook 2024, Ministry of Finance, Malaysia*).

The Group will continue to focus on its core business in general trading segment to further enhance our business the profitability moving forward. Moving forward, the Group will continue to expand the business operation based on the forthcoming opportunities.

SUSTAINABILITY STATEMENT

The Board of Directors (“the Board”) of Annum Berhad (“Annum or “the Group”) is pleased to present this Sustainability Statement for the financial period ended 30 June 2023 (“FYE 2023”). The Sustainability Statement has set out what the Board considers as material sustainability risks and opportunities (collectively known as “Material Sustainability Matters”) to our Group’s operations. As a responsible corporation with diverse business interests, the Group integrates sustainability strategies into our business, ensure high standards of governance across Annum’s entire operations, promote responsible business practices within the Group, manage the environmental impact of our businesses and provide a safe and caring workplace for our employees.

We recognize the business impact on economic, environment, society and governance (“EESG”). Hence, the Group is committed to operate its businesses in an economically, environmentally, socially and governmentally sustainable manner, balancing business opportunities and risks and further create value to its stakeholders in the long-term. Sustainability and responsibility remain as key pillar to grow our business.

We will strive to meet our stakeholders’ expectations and aim to improve the execution of our sustainability agenda through various strategies, targets and measures.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Annum is responsible for the oversight of embedding sustainability strategies into our business strategies and ensures that adequate resources, systems and processes are in place for managing Material Sustainability Matters. The Board is supported by the management in overseeing the implementation of sustainability strategy and considers input of all business divisions in sustainability processes.

STAKEHOLDERS ENGAGEMENT

We believe that maintaining a good degree of communication and understanding with our internal and external stakeholders is important in our journey to be a sustainable business entity. We identify our stakeholders as any party that is impacted by Annum’s business practices, directly or indirectly or who can influence Annum and its decisions.

The following table represents the stakeholder engagement methods which the Group adopts in its sustainability practices to meet the EES requirements.

Stakeholder	Areas of Interest	Initiatives
Customers	<ul style="list-style-type: none"> Quality and reliability of products Product quality and performance Compliance with International Quality Standards 	<ul style="list-style-type: none"> Regular customer engagement Customer visit Customer retention and brand recognition Customer feedback channel
Shareholders/Investors	<ul style="list-style-type: none"> Provide timely and regular updates on financial performance Business transparency and good corporate governance to address shareholder requirements Sustainable operation that achieves long term sustainable growth 	<ul style="list-style-type: none"> Annual general meeting Press Release Company website Quarterly reports Annual reports
Suppliers	<ul style="list-style-type: none"> Ethics and integrity of supplier and contractor Service delivery Timely payment Services/products quality 	<ul style="list-style-type: none"> Comparative quotes Purchasing contract Tender evaluation Correspondences / Site Visits Supplier meetings
Employees	<ul style="list-style-type: none"> Career development Employee welfare and health & safety Working environment Business performance Non-discrimination and gender diversity 	<ul style="list-style-type: none"> Training and development Meeting/staff communication sessions and talks In house health and safety related talks Annual Performance Review
Government and Regulators	<ul style="list-style-type: none"> Regular Consultations Labour practices Environmental emissions 	<ul style="list-style-type: none"> Compliance to statutory requirements and regulations Active engagement with agencies/ associations
Community/Association	<ul style="list-style-type: none"> Community living issue Corporate social responsibilities 	<ul style="list-style-type: none"> Donations Charitable events

SUSTAINABILITY STATEMENT

(cont'd)

OUR MATERIALITY ASSESSMENT

The management has reviewed key Economic, Environment, Social and Governance issues for potential financial, operational and reputational impacts that these issues may have on the Group. We have identified numerous key material issues that are of utmost concern to the stakeholders and of high significance for our Group in year 2023. These material issues have been prioritized through our materiality assessment process. Material issues identified are then assessed to establish if proper policies and procedures are implemented to manage and monitor these issues.

The table below provides an overview of the material subjects and their grouping under the four sustainability pillars namely, the Economic, Environmental, Social and Governance:

Areas of Impact	Material Sustainability Matters
Economic	<ul style="list-style-type: none"> • Economic Performance • Research and Development • Supply Chain Management • Distribution Network and Customers • Business Conduct
Environmental	<ul style="list-style-type: none"> • Compliance to Environmental Impact at construction sites • Waste Management and Recycling
Social	<ul style="list-style-type: none"> • Occupational Health and Safety • Employee Training and Talent Development • Diversity and Equal Opportunity • Employee Welfare and Benefits
Governance	<ul style="list-style-type: none"> • Commitment of Corporate Governance and Business Ethics (incl. Anti-bribery and Anti-corruption)

MANAGING SUSTAINABILITY

ECONOMIC

The Group is committed to achieving economic sustainability growth for our shareholders. We conduct our business in compliance with applicable laws and regulations and in accordance with high ethical business practices and good corporate governance. The Group places the utmost importance on the approaches to achieve a sustainable business that will grow constantly during changes and challenges in the current global economic environment.

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis Overview section of this Annual Report.

Despite the challenging economic and business environment, the Group continues to enhance product quality and efficiency of the manufacturing process in order to comply with the buyers' quality requirements. We are customer centric and aim to provide products/services which meet customers satisfaction. We encourage our customers' feedback and input. These are then reviewed and relevant follow-up actions are performed to improve customer satisfaction. While meeting our customers' satisfaction and requirements, the Group is also mindful that an equilibrium needs to be achieved with the appropriate strategies in sustaining our business. In managing our customers, the Group has implemented policies to ensure that credit sales of products and services are made to customers with an appropriate credit standing or with an appropriate credit history.

The Group is committed to good corporate governance and ethical practices at the workplace. The governance practices are guided by the recommendations of the Malaysian Code on Corporate Governance 2021 ("MCCG"), Bursa Malaysia's Listing Requirements and other regulatory requirements. Management and staff are made aware to observe and comply with all relevant legislation, regulations and codes of practice and inculcate good ethical standards in business dealings.

SUSTAINABILITY STATEMENT

(cont'd)

ENVIRONMENT

Annum commits to undertake responsible sustainability practices to mitigate direct and indirect environmental impacts of its business. To this end, environmental protection measures and considerations have long been embedded in our day-to-day operations.

We remain committed towards our responsibility on environmental issues in the conduct of our business. It combines our responsibility with our business objectives for long-term sustainable development.

i. Compliance

We have always sought to protect the natural environment of the areas that we develop and are committed to creating more liveable environments for our communities. We strive to avoid any possible pollution to our environment, with strict rules being imposed to our site for violating the rules.

ii. Waste Management

Disposing of waste in an environmentally-friendly manner is crucial to our environment. We are mindful by doing our part by encouraging our employees and contract site workers to rethink recycling.

The Group has also began recycling office waste (such as printed paper, shred paper and non-food waste from office) and reduced usage of single used plastics (such as mineral water packing, lunch box and disposable utensils), reducing carbon footprint and reducing waste to landfill.

SOCIAL

Social sustainability is the ability to develop processes and structures which not only meet the need of the Group's employees, customers and local communities but also supporting the future generations to maintain a healthy community.

HEALTH AND SAFETY

Occupational Safety and Health (OSH) is our utmost priority. To safeguard the health, wellbeing and safety of our employees, the Group has placed a high level of emphasis on maintaining a safe, clean and healthy working environment for the employees through awareness programme and improved facilities such as fire prevention and emergency rescue facilities. On-going trainings and briefing sessions such as firefighting trainings and Health and Safety awareness talks are organised regularly to educate all the employees on safety issues.

WORKPLACE

We believe our employees are our greatest asset. The health of our employees is directly linked to their productivity and satisfaction at work. We believe clear engagement with employees coupled with career development opportunities will improve personal performance, business productivity and product quality. We recognise the potential in each employee and the benefits of a diverse workforce.

i. Recruitment and Equal Opportunity

The Group encourages diversity in employment to ensure that the Company has an appropriate mix of skills and talent to conduct its business and achieve the Group's goals.

The Group supports the principal of equal opportunities in respect to employment including hiring, training and career advancement with the aims of not discriminating the employees in terms of gender, age, ethnicity, cultural background or other personal factors by adopting a diversity policy within the Group.

ii. Employees' Engagement and Development

The Group encourages employees to acquire new or advanced skills and knowledge through various training programs as well as organising indoor and outdoor activities regularly for team building and leadership skills development. The Group believes that employees' development would promote loyalty among the employees. We focus on attracting and retaining talent and then helping them to develop their skills to drive our Group's success. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs.

SUSTAINABILITY STATEMENT

(cont'd)

COMMUNITY WELL BEING

The Group continues to support the local communities associated with our operations through the offering of job opportunities, fair pay and minimise all environmental and social impacts.

GOVERNANCE

We believe in good corporate governance is fundamental in maintaining the trust of our stakeholders and guides our corporate strategy, risk management and business conduct. We are guided by the MCCG in ensuring that the principles and best practices of good corporate governance are applied throughout our Group. We also ensured that we are in compliance with applicable laws and regulations, as well as adherence to various recognised international standards and certifications.

COMMITMENT TO GOVERNANCE AND BUSINESS ETHICS

Our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in this Annual Report. Our commitment to fostering a culture of responsibility and ethical behaviour is cascaded to all our stakeholders.

All stakeholders are required to adhere to the corporate codes and policies that adopted by our Company which sets prescribes the principles, rules and guidelines that define our Group's ethical behaviour. They are also required to adhere the law of Malaysia and the law of any country that they conduct business in.

Individual who found to be breached of any applicable laws, whatsoever, is subject to the disciplinary action including, but not limited to dismissal of employment and termination of business relationship.

SUSTAINABLE JOURNEY - MOVING FORWARD

The Group will continue to uphold our commitment towards sustainability in our policies and business practices. All stakeholders will be adequately addressed to ensure everyone mutually benefited from the sustainability initiatives implemented.

With better understanding the impact and importance of sustainability initiatives, the Group will continuously refine and improve on sustainability issues and matters. The Group will further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

CONCLUSION

Notwithstanding the Material Sustainability Matters disclosed in this Statement, our Group also consider other aspects of sustainability risks and opportunity and has invested resources and efforts in managing these sustainability matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("**Board**") of Annum Berhad ("**the Company**" or "**Annum**") remains steadfast in upholding a high standard of corporate governance ("**CG**") across the Company and its subsidiaries. This commitment involves adhering to the principles and best practices outlined in the Malaysian Code on Corporate Governance 2021 ("**MCCG**") and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**"). By embracing these standards, the Board sets a precedent for management and all employees to diligently manage the Company's operations and affairs in a manner that serves the best interests of all stakeholders.

The Board is delighted to provide an overview of how the principles outlined in the MCCG have been applied and the level of compliance achieved by both the Company and its subsidiaries ("**the Group**") throughout the financial period under review. This overview will focus on the extent to which the Group has adhered to the three (3) key principles of the MCCG as below:-

Principle A: Board leadership and effectiveness;

Principle B: Effective audit and risk management; and

Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This statement should be read together with the CG Report 2023 of the Company which is available on the Company's website at www.annumberhad.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Leadership

Strategic Aims, Values and Standards

The Board holds the overarching responsibility for steering the Group towards achieving its objectives and long-term goals. These responsibilities, along with the Group's values and standards, are delineated in the Board's Charter. Corporate strategies and the annual plan are subject to the Board's ongoing review and monitoring process, aligning closely with the Group's core values and standards as articulated through its vision and mission.

The Board primarily focuses on strategic management, performance monitoring and evaluation, risk management, internal controls, upholding standards of conduct, facilitating shareholder communication, and making critical business decisions. The matters requiring collective decision-making by the Board are clearly outlined in the Board Charter, which is readily accessible on the corporate website.

The Board oversees the implementation of a strategy planning process to delegate responsibilities to Management and verify that the goals and targets align with the Company's strategic plan and long-term objectives.

The key responsibilities of the Board include:

- reviewing and adopting the overall strategic plan for the Company and Group;
- overseeing the conduct of the Company's and Group's business operations;
- monitoring Board composition, processes and performance including establishment of Board committees and delegate authorities;
- monitoring and ensuring the compliance with regulatory requirements and ethical standards;
- supervision of the overall risk management functions, ensuring adequate risks identification and mitigation of principal risks through the existence of adequate internal controls and risk management systems;
- overseeing the succession planning of senior management;
- overseeing the development and implementation of a shareholders' communication policy; and
- reviewing and ratifying the internal control systems to ensure its effectiveness to mitigate the business risks.

The Board recognizes the importance of ensuring that the Group's strategies prioritize sustainability and actively safeguard the interests of its stakeholders. To efficiently fulfill its duties, the Board delegates certain authorities and discretion to Executive Directors and appropriately constituted Committees composed of Non-Executive Directors, all operating within clearly defined terms of reference. This framework establishes a crucial system of checks and balances within the Board's decision-making process, thereby safeguarding the interests of shareholders and stakeholders and ensuring the consistent application of high standards of corporate governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board's Leadership (Cont'd)

Chairman

The Chairman of the Company plays a pivotal role in leading the Board with a strong emphasis on governance and compliance. Acting as a facilitator during Board meetings, the Chairman ensures active participation from all Directors on matters under consideration, while preventing any single Board member from dominating discussions. Collaborating closely with other Independent Non-Executive Directors, the Chairman leads discussions on strategies and policies proposed by Management. Additionally, the Chairman presides over both Board and shareholder meetings, fostering effective communication with shareholders and other pertinent stakeholders.

The Board acknowledges the potential risk associated with having the same individual serve as both Chairman of the Board and a member of other Board Committees, which could lead to self-review and compromise the objectivity of both the Chairman and the Board when considering observations and recommendations from these committees. However, it's important to note that the Chairman does not engage in management or operational matters of the Company. Instead, he consistently offers constructive ideas and opinions to the Board and its committees from distinct perspectives, both as the Board Chairman and as a member of these committees.

Furthermore, the presence of two (2) Independent Directors among the total of three (3) committee members provides adequate checks and balances to ensure the objectivity of the Chairman and the Board when deliberating on observations and recommendations brought forth by the Board committees.

Separate Position of the Board Chairman and Executive Director

The Company maintains a clear distinction between the roles of Chairman and Executive Directors, with separate individuals occupying these positions. This separation ensures a balanced distribution of power, authority, and accountability within the Board.

The Chairman's primary role is to lead the Board, ensuring its effective functioning as a collective body. This involves fostering active participation among Board members and promoting good corporate governance practices throughout the Group.

On the other hand, the Executive Directors play a crucial role in operational management. They are responsible for translating strategic plans into actionable operations, closely monitoring performance on a weekly basis, and making necessary adjustments to ensure alignment with objectives. Additionally, they oversee the implementation of Board policies and decisions, as well as the development and execution of business and corporate strategies.

All decisions made by the Board are reached either unanimously or by consensus, ensuring that no individual or group of Directors possesses unchecked decision-making authority that could lead to potential conflicts of interest. The Board's overarching responsibility is to supervise the Company's business and affairs on behalf of its shareholders, in accordance with the Company's Constitution, the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Securities, and relevant rules, laws, and regulations.

Qualified and Competent Secretary

The Board is supported by highly qualified and competent Company Secretary, whom meet the requirements stipulated in Section 235 of the Act and are capable of fulfilling the role of company secretary. Every Director having unrestricted access to the advice and services provided by the Company Secretary.

The Company Secretary fulfill an advisory role to the Board, particularly concerning the Company's Constitution, Board policies and procedures, corporate governance matters, and Directors' responsibilities in adhering to regulatory requirements, codes, guidance, and legislation. He keep the Board informed about changes in statutory and regulatory requirements, advising on any potential impacts to the Company and the Board.

Attending all Board and Board Committee meetings, as well as meetings of members, the Company Secretary ensure that discussions and decisions are carefully documented and retained. Subsequently, they communicate these deliberations and decisions to relevant Management, facilitating appropriate actions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board's Leadership (Cont'd)

Access to Information and Advice

The Board acknowledges that the quality of information provided significantly influences the decision-making process. Consequently, the Board expects and receives sufficient, timely, and high-quality information to effectively fulfill its duties. Management updates the Board on the Group's operations, performance, and the status of policy and decision implementation during Board meetings. Ahead of meetings, formal agendas, proposal papers, and supporting documents are distributed to Board members no less than seven (7) business days or a shorter period before relevant meetings, ensuring sufficient time for review, deliberation, and seeking clarification on agenda items.

Directors have direct access to Senior Management and unrestricted access to all relevant information concerning the Group's business and affairs, whether collectively as a full Board or individually. They may, when necessary, seek independent professional advice at the Company's expense to aid in fulfilling their duties.

2. Demarcation of Responsibilities

Board Charter

As part of governance process, the Board has adopted a Board Charter which sets out the composition and balance, roles and responsibilities, operation and processes of the Board. The details of the Board Charter is available for reference at the Company's website at www.annumberhad.com.

3. Promoting Good Business Conduct and Corporate Structure

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Company has established the Code of Conduct and Ethics, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The details of the Code of Conduct and Ethics is available for reference at the Company's website at www.annumberhad.com.

Whistleblowing Policy

The Company has established the Whistleblowing Policy, with the aim to provide an avenue for its employees and stakeholders to report genuine concerns on unethical behaviour and improper conduct within the Group without fear of retaliation. The details of the Whistleblowing Policy is available for reference at the Company's website at www.annumberhad.com.

Anti-Bribery and Anti-Corruption Policy

The Company has in place an Anti-Bribery and Corruption Policy to incorporate the policies and procedures on anti-bribery and corruption to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption. The details of the Anti-Bribery and Corruption Policy is available for reference at the Company's website at www.annumberhad.com.

Directors' Fit and Proper Policy

The Company has in place a Directors' Fit and Proper Policy to assist the Nomination Committee and the Board in the assessment and evaluation of potential candidates for appointment as new Director as well as existing Director who are seeking for re-election in the Group. This Directors' Fit and Proper Policy is to ensure that the Directors possess the character, integrity, competence, experience and time commitment to carry out their roles and responsibilities effectively. A copy of the Directors' Fit and Proper Policy is available for reference at the Company's website at www.annumberhad.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

4. Strengthen Board's Objectivity

Board Composition

Members of the Board	Designation
Muhammad Adib Bin Ariffin (Appointed on 18 September 2023)	Independent Non-Executive Chairman
Lim Yun Nyen	Executive Director
Dato' Baharon Bin Talib (Appointed on 14 July 2023)	Executive Director
Khor Chin Meng	Independent Non-Executive Director
Noor Amalina Binti Ali (Appointed on 18 August 2023)	Independent Non-Executive Director
Kenneth Chai Chuan Teong (Resigned on 18 September 2023)	Independent Non-Executive Chairman
Evelyn Lui Ming Foong (Appointed on 7 July 2023 and Resigned on 4 September 2023)	Independent Non-Executive Director
David Wong You King (Resigned on 6 July 2023)	Executive Director
Yan Ying Chieh (Appointed on 13 July 2022 and Resigned on 7 July 2023)	Independent Non-Executive Director
Syed Amir Syakib Arsalan Bin Syed Ibrahim (Resigned on 13 July 2022)	Independent Non-Executive Director

The Board members possess diverse backgrounds and experiences across various fields, collectively contributing a wide range of skills, experience, and knowledge to steer and oversee the Group's businesses. Through the annual performance appraisal of the Board, its Board Committees, and individual directors, the Board ensures that its current composition reflects a balanced mix of expertise, skills, and experience necessary to effectively fulfill its duties and responsibilities.

The current composition of the Board adheres to Paragraph 15.02 of the MMLR and the MCCG, as more than half of its members are Independent Directors.

Tenure of Independent Director

Currently, none of the Independent Directors' tenure exceeded nine (9) years.

Policy of Tenure of Independent Director

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years as recommended by the MCCG, and should not surpass a cumulative term of twelve (12) years, as stipulated in the MMLR. Upon completing nine (9) years, an Independent Director may continue to serve on the Board, subject to being re-designated as a Non-Independent Director and the Board must justify this decision and seek annual approval from shareholders through a two-tier voting process.

As per the MMLR, if the Board opts to retain the Independent Director beyond the cumulative period of twelve (12) years without observing the required three-year cooling period, the Company must provide justification for the re-appointment. Additionally, an explanation must be given as to why no other eligible candidate is available, as stated in an immediate announcement accompanying the notice of the Annual General Meeting ("AGM").

As of the date of this CG Overview Statement, none of the Independent Directors have served on the Board for more than nine (9) consecutive years. The Company's Board Charter specifies that an Independent Director who has served for more than nine (9) years may continue to serve on the Board as a Non-Independent Director, subject to assessment by the NC and approval from shareholders through two-tier voting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

4. Strengthen Board's Objectivity (Cont'd)

Diverse Board and Senior Management Team

The Board recognizes the significance of fostering diversity within both the Board and Senior Management. The Group upholds a strict policy of non-discrimination in all aspects, including race, age, religion, and gender, throughout the organization, including the selection of Board members.

The Board actively promotes a dynamic and diverse composition by cultivating suitable candidates who possess the requisite competency, skills, experience, character, time commitment, integrity, and other qualities necessary to meet the Company's future needs.

Efforts are made to ensure diversity at the Senior Management level, with the composition of the Group's Key Senior Management reflecting a blend of both genders.

Gender Diversity

The Board recognizes diversity, including gender diversity, as a crucial factor in determining board composition, as it brings a wide range of perspectives, experiences, and expertise necessary for effective stewardship and management of the Company and the Group. However, currently, the Board have one (1) female Director on Board and has not established formal targets and measures regarding gender diversity. Although no specific targets were set in the diversity policy, the Board intends to gradually work towards achieving at least 30% representation of women on the Board, aligning with the recommendation of the MCCG in near future, if there is a potential candidate.

To promote gender diversity in the boardroom, the Board, through its Nomination Committee, will take proactive steps. This includes actively seeking independent women candidates from various sources, such as professional bodies, as part of its recruitment efforts. Additionally, the Nomination Committee will consider candidates recommended by existing Board members, Management, major shareholders, former Directors, or Senior Management.

Nomination Committee

The Nomination Committee comprises three (3) Independent Non-Executive Directors as follows:

Name	Designation
Muhammad Adib Bin Ariffin (Appointed on 18 September 2023)	Chairman
Khor Chin Meng	Member
Noor Amalina Binti Ali (Appointed on 4 September 2023)	Member
Kenneth Chai Chuan Teong (Resigned on 18 September 2023)	Chairman
Syed Amir Syakib Arsalan bin Syed Ibrahim (Resigned on 13 July 2022)	Member
Yan Ying Chieh (Appointed on 13 July 2023 and Resigned on 7 July 2023)	Member
Evelyn Lui Ming Foong (Appointed on 7 July 2023 and Resigned on 4 September 2023)	Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

4. Strengthen Board's Objectivity (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee is tasked with identifying and recommending candidates for appointment to the Board and its Committees. If necessary, the Board may authorize the Nomination Committee to seek assistance from independent sources, such as directors' registries, industry and professional associations, or independent search firms, to identify qualified candidates for directorship.

The selection process for suitable director candidates involves evaluating the balance and composition of the Board, including the mix of skills, independence, experience, and diversity (including gender diversity). In making recommendations, the Nomination Committee considers various criteria, such as:

- skills, knowledge, expertise and experience;
- time commitment and contribution;
- honesty, integrity, professional conduct and business ethics/practices;
- number of directorships in other companies and other external obligations which may affect his/her commitment; and
- for position of independent non-executive directors, the candidate shall be evaluated at minimum in accordance with the definition of "Independent Director" as stipulated by the MMLR.

This process ensures that the composition of the Board accurately mirrors the Company's long-term strategic direction and requirements, as well as determines a skills matrix to support the Company's strategic direction and needs. The Company Secretary is responsible for ensuring that all appointment processes are meticulously recorded, relevant information about new directors is disclosed, and all legal and regulatory obligations are met. Additionally, the Nomination Committee ensures that all new directors participate in board induction and training programs as stipulated by the MMLR.

During the financial period ended 30 June 2023, the Nomination Committee fulfilled its duties in the following manner:

- Reviewed and assessed annual assessment of the performance and effectiveness of the Board as a whole, the committee of the Board, contribution of each individual director;
- Reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- Reviewed and assessed the independence of the Independent Non-Executive Directors;
- Reviewed and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the forthcoming AGM of the Company; and
- Reviewed the appointment of the new Directors on the Board.

5. Overall Board Effectiveness

Annual Evaluation

The Nomination Committee has established a formal assessment procedure to evaluate the effectiveness of the Board as a whole, the performance of its Committees, and the contribution of each individual Director annually, using customized self-assessment questionnaires. Led by the Chairman of the Nomination Committee and supported by the Company Secretary, this evaluation process ensures thoroughness and accountability. All assessments and evaluations conducted by the Nomination Committee are meticulously documented.

During the financial period ended 30 June 2023, the Board conducted the annual assessment based on a set of criteria including, but not limited to, the following:

- Board Performance Evaluation
- Board Committee's Performance Evaluation

Following the annual assessment, the Nomination Committee expressed satisfaction with the current Board composition. It concluded that each Director possesses the necessary competence to serve effectively and has demonstrated commitment to the Company through their time and active participation during the period under review. Consequently, the Nomination Committee recommended to the Board the re-election of retiring Directors at the Company's upcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

5. Overall Board Effectiveness (Cont'd)

Annual Evaluation (Cont'd)

The attendance record of the Directors at Board and Board Committee meetings for the financial period ended 30 June 2023 is set out as follows:

Meeting Attendance	Board	AC	NC	RC
Muhammad Adib Bin Ariffin (Appointed w.e.f on 18 September 2023)	N/A	N/A	N/A	N/A
Lim Yun Nyen	7/7	N/A	1/1	1/1
Dato' Baharon Bin Talib (Appointed w.e.f on 14 July 2023)	N/A	N/A	N/A	N/A
Khor Chin Meng	7/7	7/7	1/1	1/1
Noor Amalina Binti Ali (Appointed w.e.f on 18 August 2023)	N/A	N/A	N/A	N/A
Kenneth Chai Chuan Teong (Resigned w.e.f. on 18 September 2023)	7/7	7/7	1/1	1/1
David Wong You King (Resigned w.e.f. on 6 July 2023)	7/7	N/A	1/1	1/1
Yan Ying Chieh (Appointed w.e.f. on 13 July 2022 and Resigned w.e.f. on 7 July 2023)	3/3	4/4	N/A	N/A
Syed Amir Syakib Arsalan Bin Syed Ibrahim (Resigned w.e.f. on 13 July 2022)	2/2	2/2	1/1	1/1
Evelyn Lui Ming Foong (Appointed w.e.f. 7 July 2023 and resigned on 4 September 2023)	N/A	N/A	N/A	N/A

All Directors fulfilled the minimum attendance requirement of 50% for the Board of Directors' meetings during the financial period 30 June 2023, as mandated by Paragraph 15.05 of the MMLR.

The Board expresses satisfaction with the dedication shown by the Company's Directors in carrying out their duties and responsibilities.

Board meetings are held quarterly to review the Group's operations, financial performance, reports from various Board Committees, and other significant matters. In cases where urgent direction or decisions are needed between these regular meetings, special Board meetings may be convened by the Company Secretary in consultation with the Executive Directors. Furthermore, matters requiring Board approval in between meetings are handled through circular resolutions.

Proceedings and resolutions of each Board meeting are diligently recorded in the minutes, which are maintained in the Minutes Book at the Company's registered office.

To assist Directors in planning their schedules, tentative dates for Board and Board Committee meetings are communicated well in advance by the Company Secretary, ensuring that all Directors can attend these planned meetings, including any General Meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

5. Overall Board Effectiveness (Cont'd)

Directors' Training

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the developments in the economy, industry, technology and updates on regulations, amongst others to effectively carry out their duties and responsibilities as directors and to comply with continuous training as required by the MMLR.

During the financial period ended 30 June 2023, all the Directors have attended trainings, seminars, conferences, and exhibitions which they considered vital in keeping abreast with the changes in laws and regulation, business environment, and corporate government development, as detailed hereunder:

Name of Directors	Training/Seminar Attended
David Wong You King	<ul style="list-style-type: none"> Mandatory Accreditation Program (MAP)
Khor Chin Meng	<ul style="list-style-type: none"> Conflict of Interest (Col) and Governance of Col Management of Cyber Risk

Aside from the above-mentioned Directors, the remaining Directors did not attend any trainings during the financial period due to the busy work schedule. However, the Directors are being updated on the latest development of the rules or accounting standards by the Company Secretary or external auditors. The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to discharge their duties effectively.

6. Level and Composition of Remuneration

Remuneration Policy

The Board acknowledges the importance of establishing remuneration levels and compositions for Directors and senior management that align with the Company's objectives of attracting and retaining the appropriate talent to drive its long-term goals. Both the Remuneration Committee and the Board collaborate to ensure that the Company's remuneration policy remains consistent with its corporate objectives and is in line with shareholders' interests.

The Company has implemented policies and procedures to determine the remuneration of Directors and senior management, which include provisions for:

- periodic review;
- competitive compensation package for Executive Directors that reflects market rate, individual's performance, job responsibilities and at levels that are sufficient to attract and retain the Executive Directors needed to run the Group successfully; and
- Non-Executive Directors are paid a basic fee as ordinary remuneration and additional allowances for attendance at meetings. The Chairman of the Board and Chairmen of Committees are provided with additional fees.

The Remuneration Committee, chaired by an Independent Non-Executive Director and composed entirely of Independent Non-Executive Directors, is responsible for reviewing Directors' Fees and Remuneration annually, including those of Non-Executive Directors. This review ensures that the remuneration levels are commensurate with the responsibilities of Directors and senior management. The Committee also ensures that there are appropriate incentives in place to attract, nurture, and retain high-caliber Directors and senior management, while taking into consideration the interests of other stakeholders, including shareholders and employees. Furthermore, the remuneration policy and procedures are designed to be aligned with the business strategy and long-term objectives of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

7. Disclosure of Remuneration

Detailed Disclosure of Directors' Remuneration

The Board recognizes the importance of transparency in disclosing the remuneration of Directors and senior management on an individual basis. Such transparency enables stakeholders to assess whether the remuneration aligns with individual performance, considering the Company's overall performance. However, the Board also understands that disclosing remuneration at the employee level for senior management may impact internal workforce dynamics and potentially yield unintended outcomes among employees, who are also stakeholders of the Company. For this reason, the Board has not adopted any disclosure of such employees' remuneration.

Below are the details of remuneration for Directors for services rendered to the Company and the Group during the financial period ended 30 June 2023:-

Directors	Company			Total (RM)
	Directors' fees (RM)	Salaries (RM)	Meeting Allowance (RM)	
Executive Directors				
Lim Yun Nyen	54,000	-	-	54,000
Dato' Baharon Bin Talib <i>(Appointed on 14 July 2023)</i>	-	-	-	-
David Wong You King <i>(Resigned on 6 July 2023)</i>	-	-	-	-
Non-Executive Directors				
Muhammad Adib Bin Ariffin <i>(Appointed on 18 September 2023)</i>	-	-	-	-
Khor Chin Meng	54,000	-	1,800	55,800
Noor Amalina Binti Ali <i>(Appointed on 18 August 2023)</i>	-	-	-	-
Kenneth Chai Chuan Teong <i>(Resigned on 18 September 2023)</i>	54,000	-	1,800	55,800
Yan Ying Chieh <i>(Appointed on 13 July 2022 and Resigned on 7 July 2023)</i>	34,839	-	1,200	36,039
Syed Amir Syakib Arsalan Bin Syed Ibrahim <i>(Resigned on 13 July 2022)</i>	19,161	-	300	19,461
Total	216,000	-	5,100	221,100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

7. Disclosure of Remuneration (Cont'd)

Detailed Disclosure of Directors' Remuneration (Cont'd)

Directors	Group			
	Directors' fees (RM)	Salaries (RM)	Meeting Allowance (RM)	Total (RM)
Executive Directors				
Lim Yun Nyen	54,000	-	-	54,000
Dato' Baharon Bin Talib <i>(Appointed on 14 July 2023)</i>	-	-	-	-
David Wong You King <i>(Resigned on 6 July 2023)</i>	-	418,594	-	418,594
Amira Sarayati Binti Ahmad Dahalan <i>(Resigned on 21 March 2023)</i>	28,000	-	-	28,000
Joseph Wong Yok Sek @ Wong Kie Ing <i>(Appointed on 21 March 2023)</i>	8,000	-	-	8,000
Non-Executive Directors				
Muhammad Adib Bin Ariffin <i>(Appointed on 18 September 2023)</i>	-	-	-	-
Khor Chin Meng	54,000	-	1,800	55,800
Noor Amalina Binti Ali <i>(Appointed on 18 August 2023)</i>	-	-	-	-
Kenneth Chai Chuan Teong <i>(Resigned on 18 September 2023)</i>	54,000	-	1,800	55,800
Yan Ying Chieh <i>(Appointed on 13 July 2022 and Resigned on 7 July 2023)</i>	34,839	-	1,200	36,039
Syed Amir Syakib Arsalan Bin Syed Ibrahim <i>(Resigned on 13 July 2022)</i>	19,161	-	300	19,461
Total	252,000	418,594	5,100	675,694

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

8. Audit Committee

Effective and Independent Group Audit Committee

The Group's financial reporting and internal control system are scrutinized by the Audit Committee, comprising solely Independent Non-Executive Directors. The Chairman of the Audit Committee, also an Independent Non-Executive Director, does not hold the position of Board Chairman. Each member of the Audit Committee possesses financial literacy and a comprehensive understanding of the Group's operations. Operating within its clearly defined Terms of Reference, the Group Audit Committee executes its functions and exercises its authority effectively.

The Audit Committee convenes a minimum of four (4) times annually, always preceding Board Meetings to ensure timely communication of critical issues raised by internal and external auditors to the Board. The Chairman of the Audit Committee relays the key matters deliberated during Audit Committee meetings to the Board. A comprehensive overview of the Audit Committee's activities in fulfilling its functions and duties, including its responsibilities for the financial period 2023, is outlined in the Audit Committee Report within this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

8. Audit Committee (Cont'd)

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the Company's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with the Auditors.

The External Auditors are invited to attend the Audit Committee meetings at least twice a year to review the audit process and to discuss the Company's Annual Financial Statements, the audit findings, the audit plan as well as problems and reservations arising from the final audit. The Audit Committee also meets with the External Auditors whenever it deems necessary. In addition, the External Auditors are invited to attend the AGM of the Company and available to answer shareholders' questions relating to the conduct of the statutory audit and the preparation and contents of their audit report. The External Auditors will report to the Audit Committee and the Management on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention in the course of their audit.

The Audit Committee is tasked with the authority from the Board to review any matters concerning the appointment and re-appointment, audit fee, resignation or dismissal of External Auditors.

During the financial period under review, an evaluation was carried out on the External Auditors' performance and competency, the Audit Committee was satisfied with the External Auditors technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to the External Auditors. Details of statutory audit, audit-related and non-audit fees paid/payable in the financial period ended 30 June 2023 to the External Auditors are set out in the Additional Information of this Annual Report.

The Audit Committee, having satisfied itself with the performance and fulfilment of criteria as set out in the Non-Audit Services Policy as well as received the assurance from the External Auditors as stated above, recommended their reappointment as the External Auditors to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.

9. Risk Management and Internal Control Framework

Risk Management and Internal Control System

The Board is fully aware of its overarching responsibility to uphold a robust system of internal control, encompassing financial, operational, and compliance controls, as well as risk management, to safeguard shareholders' investments and Group assets. This internal control framework involves every key business unit and its management, including the Board, tailored to meet specific business unit needs and manage associated risks effectively. The Board integrates risk considerations into its decision-making process while retaining flexibility to navigate the Group's operations amidst evolving internal and external environments.

To assist in internal control assessment and internal audit functions, the Board has engaged GovernanceAdvisory.com Sdn Bhd, an external consultant, to provide professional services.

The Internal Auditors employ a risk-based approach to audit planning and execution, aligned with the Group's established framework for designing, implementing, and monitoring internal control systems. The activities undertaken by the Internal Auditors during the review period are detailed in the Audit Committee Report included in this Annual Report.

Furthermore, the Annual Report includes a Statement on Risk Management and Internal Control, offering an overview of the Company's risk management framework and internal control system within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

10. Communication with Shareholders and Investors

The Board acknowledges the significance of promptly and uniformly disseminating clear, relevant, and comprehensive information on significant developments within the Group to shareholders and investors. This is achieved through various means such as disclosures, press releases, and announcements to the stock exchange, while adhering to the legal and regulatory framework governing the release of material and price-sensitive information. The Group's performance is reported quarterly to the stock exchange, and annually through the publication of the Annual Report, which serves as a vital channel for providing shareholders and investors with insights into the Company's business, financial performance, and key activities.

Additionally, the Company engages in meetings and dialogues with investors and research or investment analysts as needed to convey information regarding the Group's progress, performance, and business strategies.

Moreover, the Group maintains an updated website at www.annumberhad.com, serving as a platform to provide shareholders and members of the public with current information and events relating to the Group.

11. Shareholder Participation at General Meetings

The AGM serves as the primary platform for dialogue and interaction between the Board and shareholders. Shareholders have the opportunity to raise questions or seek clarifications on relevant Company information during this meeting. The Chairman, Board members, and External Auditors are present to address shareholders' queries.

Notices of the AGM and the Annual Report are sent to shareholders at least twenty-one (21) days prior to the meeting, complying with the Companies Act, 2016 and MMLR.

Directors are expected to attend the AGM to engage directly with shareholders and be accountable for their stewardship of the Company. Both Directors and External Auditors are available during the AGM to respond to shareholders' queries.

To adhere to the MMLR, the Company implements poll voting for all proposed resolutions outlined in the AGM notice. Each item of special business includes an explanation of proposed resolutions. Shareholders or proxies are briefed on voting procedures prior to poll voting by the poll administrator. Independent scrutineers are appointed to validate votes cast at the AGM.

The outcome of resolutions passed at the AGM is released to Bursa Securities on the same meeting day.

CONCLUSION

The Board is mindful of the need to regularly review the Group's corporate governance practices against the principles in the MCGG with the view of ensuring that they remain relevant in meeting with the challenges of its business environment. The Board is satisfied that the Company has substantially applied the principles and best practices prescribed in the MCGG to date.

This CG Overview Statement was approved by the Board on 26 April 2024.

AUDIT COMMITTEE REPORT

The Board of Directors ("**the Board**") of Annum Berhad ("**the Company**") is pleased to present the Audit Committee ("**AC**") Report for the financial period ended 30 June 2023 ("**FPE2023**").

The primary objectives of the AC are to assist the Board in fulfilling its fiduciary duties, particularly concerning accounting, management controls, and financial reporting of the Company and the Group. Additionally, the AC serves as a communication hub between the Board, External Auditors, internal auditors, and management, providing an independent forum for discussion.

COMPOSITION AND ATTENDANCE

As of the report date, AC consists of three (3) members, all of whom are Independent Non-Executive Directors: -

Chairman	: Khor Chin Meng (Independent Non-Executive Director)
Members	: Cik Noor Amalina Binti Ali (Independent Non-Executive Director) (Appointed w.e.f. 4 September 2023) Encik Muhammad Adib Bin Ariffin (Independent Non-Executive Chairman) (Appointed w.e.f. 18 September 2023) Syed Amir Syakib Arsalan bin Syed Ibrahim (Independent Non-Executive Director) (Resigned on 13 July 2022) Yan Ying Chieh (Independent Non-Executive Director) (Appointed w.e.f. 13 July 2022; resigned on 7 July 2023) Evelyn Lui Ming Foong (Independent Non-Executive Director) (Appointed w.e.f. 7 July 2023; resigned on 4 September 2023) Kenneth Chai Chuan Teong (Independent Non-Executive Chairman) (Resigned on 18 September 2023)

Mr Khor Chin Meng, the AC Chairman has over 21 years of experience in corporate tax services as well as audit services. The current composition of the AC complies with Paragraph 15.09 of the Main Market Listing Requirements ("**Listing Requirement**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the AC members were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate who was an audit partner of the external auditors of the Group to be appointed as a member of AC.

MEETINGS AND ATTENDANCE

During FPE2023, AC held a total of seven (7) meetings. The attendance of the members of the AC as follows:

Names	No. of meetings attended	Percentage of attendance (%)
Khor Chin Meng	7/7	100%
Kenneth Chai Chuan Teong (Resigned on 18 September 2023)	7/7	100%
Syed Amir Syakib Arsalan bin Syed Ibrahim (Resigned on 13 July 2022)	3/3	100%
Yan Ying Chieh (Appointed w.e.f. 13 July 2022; resigned on 7 July 2023)	4/4	100%
Evelyn Lui Ming Foong (Appointed w.e.f. 7 July 2023; resigned on 4 September 2023)	N/A	N/A
Cik Noor Amalina Binti Ali (Appointed w.e.f. 4 September 2023)	N/A	N/A
Encik Muhammad Adib Bin Ariffin (Appointed w.e.f. 18 September 2023)	N/A	N/A

AUDIT COMMITTEE REPORT

(cont'd)

MEETINGS AND ATTENDANCE (CONT'D)

The Company invites Executive Directors, Internal Auditors, External Auditors, and relevant senior management to attend the AC meetings, as and when is necessary. Their presence allows for briefing the AC on pertinent matters and offering input and clarification on on audit issues and the operations of the Group.

The Company Secretary or the representatives were present at all the meetings, tasked with recording and maintaining minutes of the proceedings. The minutes of each AC meeting were recorded and tabled for confirmation at the subsequent AC meeting. The AC Chairman reported to the Board on the key matters deliberated during the AC meetings, for the Board's consideration and decision.

TERMS OF REFERENCE

The Terms of Reference of the AC is available on the Company's website at www.annumberhad.com.

FINANCIAL LITERACY OF THE AUDIT COMMITTEE MEMBERS

The AC members possess the necessary experience and expertise in finance and accounting, and have fulfilled their responsibilities in alignment with the Terms of Reference outlined for the AC. The qualifications and experience of each individual AC member are detailed in the Directors' Profiles within this Annual Report. Throughout the FPE2023, all AC members participated in relevant training programs to stay updated on the latest developments in accounting and auditing standards, statutory laws, regulations, and best practices. This ensured their ability to effectively carry out their duties.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The summary of the activities carried out by the AC during FPE2023 included, among others, the following:-

- (a) reviewed the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the Board's approval;
- (b) reviewed and confirmed the minutes of the AC meetings;
- (c) review the related party transactions/recurrent related party transactions;
- (d) reviewed the external auditors' reports on audit findings and the accounting issues arising from the audit before appropriate audit adjustments were made to the Group's financial statements for FPE2023;
- (e) discussed the Audit Planning Memorandum with external auditors;
- (f) reviewed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured there were management action plans established for the implementation of the recommendations made by internal auditors;
- (g) discussed the Internal Audit Planning Memorandum with internal auditors;
- (h) reviewed with the internal auditor, external auditors and the management, the adequacy of the existing policies, procedures and systems of internal control of the Group;
- (i) reviewed the re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval;
- (j) reviewed with the external auditors and internal auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;
- (k) reviewed the AC report, Corporate Governance Overview Statement together with Corporate Governance Report, Management Discussion and Analysis and Sustainability Statement for inclusion in the Annual Report; and
- (l) reviewed the annual audited financial statements of the Company and of the Group prior to the Board's consideration and approval.

AUDIT COMMITTEE REPORT

(cont'd)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional firm named GovernanceAdvisory.com Sdn Bhd ("**Internal Auditor**"). The Internal Auditor has sufficient audit staff deployed for the internal audit reviews.

Mr. Wong Tchen Cheg is the Lead Audit Manager took charge of the internal audit for the Group. He is, a Chartered Accountant of the Malaysian Institute of Accountants.

The primary responsibility of Internal Auditor is to provide independent and reasonable assurance that the Group's systems of internal controls are adequate and continue to operate satisfactorily and effectively. The internal auditor provides the AC with independent and objective reports on the state of internal controls of the Group, the extent of compliance with the established policies, procedures and relevant statutory requirements, the extent the Group's assets are accounted for and safeguarded, and improvements to operations, processes and control systems.

The Internal Auditors highlighted to the AC on their audit findings and requested formulation of management action plans by the management to ensure an adequate and effective internal control system within the Group, and to mitigate risks arising from any weaknesses in the Group's internal control system.

The total costs incurred by the Internal Auditor in discharging its functions and responsibilities in respect of the FPE2023 was RM10,000.

Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in page 30 to 32 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Annum Berhad (“Annum” or “the Group”) is pleased to present its Statement on Risk Management and Internal Control for the Financial Period Ended 30 June 2023. The disclosure in this statement is presented pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board is overall responsible in establishing a sound risk management and internal control system and reviewing the system adequacy and effectiveness to safeguard the shareholders’ interest and the Group’s assets.

The Board has via the Audit Committee (“AC”) obtained the necessary assurance on the adequacy and effectiveness of the Group’s Risk Management and Internal Control Systems through ongoing and independent reviews carried out by the internal audit function.

Nevertheless, the Board is aware that due to the limitations inherent in any such system, the Risk Management and Internal Control Systems can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss, as it is designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve the Group’s business objectives.

This statement does not cover associate companies which the Group does not have any direct control. Nevertheless, the Board appointed representatives in the board of associate companies to oversight the business and to update key matters and significant information to the Board.

KEY COMPONENTS OF INTERNAL CONTROL PROCESSES

Risk Management Framework

The Board has put in a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the profitable operation of the Group’s business. These include strategic risk, operational risk, financial risk and compliance risk. The following outlines the Group’s risk management objectives:-

- (a) to assess the principle risks faced, or potential risk exposure by the Group in its business operations and to implement appropriate internal control systems that will mitigate those risks;
- (b) to review the adequacy and integrity of the internal controls in compliance to guidelines, laws and regulations, and to respond to changes of business environment from time to time;
- (c) to weigh business decisions against the philosophy that business risks would be necessarily incurred if the associated rewards are expected to enhance the Group’s shareholder value;
- (d) to ensure risks which may have a significant impact upon the Group are identified in a manner which would result in their expeditious treatment;
- (e) to provide an assurance regarding the extent of the Group’s compliance with regulatory requirements and the policies and procedures which are in place.

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL CONTROL STRUCTURE

The internal control mechanisms established by the Board are embedded within the organisation structure in all its process. The Group has an established internal control structure and is committed to evaluating, enhancing, and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The key elements of the Group's internal control system include:

- (a) A clear and defined organisation structure that is aligned to the business and operational requirements of the core businesses of the Group which limits the respective levels of authority, accountability and responsibility of their job functions and specifications;
- (b) Documentation of standard operating procedures and ensuring that internal policies, processes and procedures are drawnup, reviewed and revised as and when required and necessary;
- (c) Regular operational and financial reporting to the senior management and/or the Board, highlighting their progress and variances from budgets. The Audit Committee and the Board review quarterly operational as well as financial results and reports;
- (d) Regular group management meetings are held as and when necessary to raise issues, discuss, review and monitor the business development and resolve operational and management issues and review financial performances against the business plans, the targets and the budgets, if any, for each operating unit and regular visits by the senior personnel or management team to each operating unit as and when necessary;
- (e) Board and Audit Committee meetings are scheduled regularly, that is at least four (4) times in a year and the respective meeting papers are distributed on a timely basis to enable members to have access to all relevant information for reviews and queries to be raised;
- (f) Audit Committee prepares the Audit Committee Report and also reviews the quarterly financial results and yearly Audited Financial Statements prior to the approval of the Board;
- (g) Management ensures that safety working regulations within the Group are being considered, implemented and adhered to accordingly;
- (h) As and when necessary, staff training and development programs may be provided to equip staff with the appropriate knowledge and skills to enable staff to carry out their job functions productively and effectively.

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Independent Non-Executive Chairman leads the presentation of board papers while the Executive Director, where applicable provides explanation of pertinent issues. Additionally, the Chief Executive Officer or Executive Director, where applicable updates the Board on key business and operational issues such as key products result and growth, business plan, corporate affairs and prospects. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite.

Internal Audit

The Group internal audit function is outsourced to an independent professional firm namely, GovernanceAdvisory.com Sdn Bhd. The AC is responsible to review and monitor the adequacy and effectiveness of the Group's system of internal control via the internal audit function. The internal audit function assists the AC to achieve the following objectives:

- assess and report on the effectiveness of the risk management and internal control systems;
- assess and report the reliability of systems and reporting information;
- assess and report on the operational efficiency of various business units and departments within the Group and identify cost saving potentials, where practical; and
- review on compliance with the Group policies, standing instructions and guidelines requested by Management, and applicable laws and regulations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL CONTROL STRUCTURE (Cont'd)

Internal Audit (Cont'd)

The Internal Auditor has reported to the AC that all internal control weaknesses identified during its audit assignment for the FY2023 have been, or are being, addressed and that none of the weaknesses have resulted in any material losses, contingencies or uncertainties that require disclosure in the Company's Annual Report.

The Board has received assurance that the Group's Risk Management and Internal Control System is operating adequately and effectively, in all material aspects, based on the Risk Management and Internal Control System of the Group.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities Berhad Listing Requirements, the External Auditor has reviewed this Statement for inclusion in the 2023 Annual Report. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

CONCLUSION

For the financial period under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate. The Board would continuously put in place adequate plans, where necessary, to improve the Group's system of risk management and internal control. The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group. This Statement is approved on 26 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The proceeds raised from corporate proposals during the financial period ended 30 June 2023 and its status of utilisation are as follows:-

Private Placement

On 7 January 2022, the Company has announced that the Company proposes to undertake a private placement of up to 22,500,000 new ordinary shares in the Company ("Annum Shares" or "Shares"), representing 30% of the existing total number of issued Shares ("Private Placement").

The Private Placement has been completed on 18 March 2022, following the listing and quotation of 22,500,000 Annum Shares at an issue price of RM0.5500 per Shares and raised a total of approximately RM12,375,000. The said proceeds have been utilised as follows as at 30 June 2023:-

	Details of the utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Re-allocation RM'000	Balance RM'000	Intended Timeframe for Utilisation
(i)	Part-financing the funding requirements of the Group for sub-contract works	11,645	(12,102)	457 ⁽¹⁾	-	Within 24 months from the date of listing
(ii)	Estimated expenses	730	(273)	(457) ⁽¹⁾	-	Immediate
	Total	12,375	(12,375)	-	-	

⁽¹⁾ The balances of RM0.45 million has been reallocated towards part financing the funding requirements of the Group for sub-contract works.

Renounceable Rights Issue with Free Detachable Warrants

On 3 October 2022, the Company has announced that the Company proposes to undertake the Renounceable Rights Issue of up to 130,000,000 new ordinary shares in the Company ("Annum Shares") ("Rights Shares") on the basis of 4 Rights Shares for every 3 Annum Shares together with up to 97,500,000 Free Detachable Warrants ("Warrants") on the basis of 3 Warrants for every 4 Rights Shares subscribed for ("Rights Issue").

The Rights Issue has been completed on 21 February 2023, following the listing and quotation of 129,998,598 Rights Shares together with 97,498,878 Warrants and raised a total of approximately RM39,000,000. The said proceeds have been utilised as follows as at 30 June 2023:-

	Details of the utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Intended Timeframe for Utilisation
(i)	Set-up of greenhouses and purchase and installation of its related facilities for the Smart Farming Business	35,000	(35,000)	-	Within 36 months from the date of listing
(ii)	Working capital for the Smart Farming Business	3,200	(328)	2,872	Within 12 months from the date of listing
(iii)	Estimated expenses	800	(800)	-	Within 1 month from the date of listing
	Total	39,000	(36,128)	2,872	

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

MATERIAL CONTRACTS

During the financial period, there were no material contracts entered into by the Company and its subsidiary involving Directors' and major shareholders' interests.

AUDIT FEE AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial period ended 30 June 2023 were as follows:

Type of fees	Group	Company
Audit fees	526,450	400,000
Non-audit fees	89,000	89,000
Total	615,450	489,000

RELATED PARTY TRANSACTIONS

The details of the recurrent related party transactions are disclosed under Note 27 of the financial statements for the financial period ended 30 June 2023 in this Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED
ENDED 30 JUNE 2023

Under the Companies Act 2016 ("the Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are mandated to prepare financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, and requirements outlined in the Act.

It is the responsibility of the Directors to ensure that the audited financial statements provide a true and fair view of the financial position, financial performance, and cash flows of both the Group and the Company for the financial period ending on 30 June 2023. Should there be any new accounting standards or policies coming into effect during the period, the impact of these changes will be disclosed in the notes to the financial statements accordingly.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed; and
- prepared financial statements on a "going concern" basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors bear the responsibility of ensuring that both the Group and the Company maintain accurate accounting records that reflect the financial position of each entity with reasonable accuracy. This enables them to ensure that the financial statements comply with the provisions of the Act.

Furthermore, the Directors hold overall responsibility for implementing measures within their means to safeguard the assets of both the Group and the Company, aiming to prevent and detect instances of fraud and other irregularities.

This Statement is approved on 26 April 2024.

FINANCIAL STATEMENTS

Directors' Report	37
Statement By Directors	42
Statutory Declaration	42
Independent Auditors' Report	43
Statements Of Profit Or Loss And Other Comprehensive Income	51
Statements Of Financial Position	52
Statements Of Changes In Equity	53
Statements Of Cash Flows	54
Notes To The Financial Statements	58



DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as set out in Note 16 to the financial statements. During the financial period, Annum Industries Sdn. Bhd. has changed its principal business from manufacturing of construction material, general trading and investment holding to smart farming for agriculture products, investment holding and other business activities. Apart from this, there have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

On 24 February 2023, the Company changed its financial year from 31 December to 30 June. The financial statements have, therefore, been made up for a period of eighteen (18) months from 1 January 2022 to 30 June 2023. The comparative figures are for previous twelve (12) months from 1 January 2021 to 31 December 2021.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial period	<u>(70,531,921)</u>	<u>(118,476,692)</u>
Attributable to:		
Owners of the Company	(70,620,282)	(118,476,692)
Non-controlling interests	<u>88,361</u>	<u>-</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

There were no dividend proposed, declared or paid by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial period.

MOVEMENTS ON RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

(cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company has issued the followings:

- a) the issuance of 129,998,598 ordinary shares of RM0.30 each arising from the exercise of right issue; and
- b) the issuance of 22,500,000 ordinary shares of RM0.55 each arising from the exercise of private placement.

The newly issues ordinary shares during the financial period rank pari passu in respects with the existing ordinary shares of the Company.

There was no issuance of debentures by the Company during the financial period.

WARRANTS

On 3 January 2023, the Company executed a deed poll pertaining to the creation and issuance of 97,498,878 of free detachable warrants on the basis of 3 warrants for every 4 rights shares subscribed for.

No warrants were exercised during the financial period and the total number of warrants that remain unexercised as at financial period was 97,498,878.

DIRECTORS

The directors of the Company in office during the financial period and since the beginning of the financial period to the date of this report are:

Lim Yun Nyen	
Khor Chin Meng	
Dato' Baharon Bin Talib	(Appointed on 14.07.23)
Noor Amalina Binti Ali	(Appointed on 18.08.23)
Muhammad Adib Bin Ariffin	(Appointed on 14.09.23)
Yan Ying Chieh	(Appointed on 13.07.22 & Resigned on 07.07.23)
Evelyn Lui Ming Foong	(Appointed on 07.07.23 & Resigned on 04.09.23)
Syed Amir Syakib Arsalan Bin Syed Ibrahim	(Resigned on 13.07.22)
David Wong You King	(Resigned on 06.07.23)
Kenneth Chai Chuan Teong	(Resigned on 18.09.23)

DIRECTORS' REPORT

(cont'd)

DIRECTORS OF SUBSIDIARIES

The directors of the subsidiaries in office during the financial period and up to the date of this report (not including directors who are also directors of the Company) are:

Joseph Wong Yok Sek @ Wong Kie Ing (Appointed on 21.03.2023)
 Amira Sarayati Bt Ahmad Dahalan (Appointed on 15.10.2021 & Resigned on 08.12.2023)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, none of the Directors who is in office at the end of the financial period held any interest in shares in the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as shown under Directors' Remuneration section below and Note 9 to the financial statements) 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, except as disclosed in Note 27 to the financial statements.

Neither during nor at the end of the financial period was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The directors' remuneration of the Group and of the Company for the financial period ended 30 June 2023 is as follows:

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Directors' remuneration				
- Fees	252,000	190,000	216,000	184,000
- Salaries and other emoluments	423,694	265,400	5,100	7,800
	<u>675,694</u>	<u>455,400</u>	<u>221,100</u>	<u>191,800</u>

DIRECTORS' REPORT

(cont'd)

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or liability insurance effected for any directors, officers and auditors of the Group and of the Company during the financial period.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

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

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statement of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

DIRECTORS' REPORT

(cont'd)

OTHER STATUTORY INFORMATION (CONTD.)

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due, except as disclosed in Note 29 to the financial statements.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial period in which this report is made.

SIGNIFICANT EVENTS AFTER THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 31 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

The significant events subsequent to the end of the financial period are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors' remuneration for the financial period ended 30 June 2023 of the Group and of the Company amounted to RM526,450 (31.12.2021: RM131,500) and RM400,000 (31.12.2021: RM74,000) respectively.

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

DATO' BAHARON BIN TALIB
Director

MUHAMMAD ADIB BIN ARIFFIN
Director

Kuala Lumpur
Date: 7 May 2024

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 51 to 142 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial period ended.

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

DATO' BAHARON BIN TALIB

Director

MUHAMMAD ADIB BIN ARIFFIN

Director

Kuala Lumpur

Date: 7 May 2024

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **DATO' BAHARON BIN TALIB**, being the director primarily responsible for the financial management of **ANNUM BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 51 to 142 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)
 abovenamed Dato' Baharon Bin Talib)
 in the state of Kuala Lumpur)
 on 7 May 2024)

DATO' BAHARON BIN TALIB

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Annum 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 of the Group and of the Company for the financial period ended 30 June 2023 and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 142.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis of Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Review of component audit working papers

The subsidiaries of the Company were audited by two firm of Chartered Accountants. We have reviewed the audit working papers of the component auditors for the subsidiaries of Annum Berhad in accordance to International Standards on Auditing 600 (Revised), Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors). However, we were unable to obtain sufficient appropriate audit evidences to provide a basis for an audit opinion on the following. Therefore, we, the Group Auditors had to perform additional audit procedures.

Initial Audit Engagements - Opening Balances of the Subsidiaries

In accordance with International Standards on Auditing 510 – Initial Audit Engagements – Opening Balances, the component auditors of the subsidiaries are required to determine on whether the opening balances contained misstatements that materially affect the current period's financial statements of the subsidiaries. However, we were unable to obtain sufficient appropriate audit evidences to provide a basis for an audit opinion upon the review of the component audit working papers. Therefore, we had to perform additional procedures and by performing additional procedures, we were unable to obtain sufficient appropriate audit evidences on the existence, completeness, accuracy and valuation of the Group's intangible assets amounted to RM153,617,163.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements (Contd.)

Basis for Disclaimer of Opinion (Contd.)

1. Review of component audit working papers (Contd.)

Initial Audit Engagements - Opening Balances of the Subsidiaries (Contd.)

Included in opening balances of deferred tax liabilities amounted to RM3,332,936 are deferred tax liabilities arising from acquisition of intangible assets via acquisition of subsidiaries amounted to RM2,708,119. Upon performing additional audit procedures and due to the matters as explained in the above paragraph, we were unable to obtain sufficient appropriate audit evidences on the existence and veracity of the deferred tax liabilities amounted to RM2,708,119.

Therefore, we could not determine whether any adjustments might have been necessary to the carrying amount of the intangible asset that may materially affect the financial statements of the Group for the financial period ended 30 June 2023.

2. Property, plant and equipment

The property, plant and equipment of the Group as at 30 June 2023 amounted to RM62,001,776.

a) Plant and machinery

Included in the property, plant and equipment is a Smart Agriculture IOT System (“SAIOT”) classified as plant and machinery amounted to RM53,617,667 which represents approximately 44% of the total assets. Upon performing additional audit procedure, we have not been able to obtain sufficient appropriate audit evidence on the existence, accuracy, completeness and valuation of the SAIOT.

Therefore, we could not determine whether any adjustments might have been necessary to the carrying amount of the plant and machinery that may materially affect the financial statements of the Group for the financial period ended 30 June 2023.

b) Land and buildings

During the asset sighting of the land and buildings, we noted that the long leasehold land and buildings with carrying amount of RM8,225,376 and RM8,451,948 respectively for the financial period ended 30 June 2023 has been vacant since the last financial year. We have not been able to obtain sufficient appropriate audit evidence on the classification and presentation of the land and buildings as the Group had departure MFRS 116 Property, Plant and Equipment considering that it was not probable that the future economic benefits associated with the land and buildings will flow to the Group.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements (Contd.)

Basis for Disclaimer of Opinion (Contd.)

2. Property, plant and equipment (Contd.)

b) Land and buildings (contd.)

In addition, we have assessed that the land and building as mentioned in above paragraph have indications of impairment as the land and building do not generate future economic benefits to the Group. We noted that there was no impairment provided for the financial period ended 30 June 2023. The Group was unable to estimate the recoverable amount of the assets and as such, we have not been able to obtain sufficient appropriate audit evidence on the accuracy and valuation of the mentioned land and buildings.

Therefore, we could not determine whether any adjustments might have been necessary to the carrying amount of the land and buildings that may materially affect the financial statements of the Group for the financial period ended 30 June 2023.

3. Intangible assets - Pacio Accounting Software

The intangible asset of the Group as at 30 June 2023 is a software known as Pacio Accounting Software ("PAS") with a carrying amount of RM23,633,333 which represents approximately 19% of the total assets.

During the financial period ended 30 June 2023, the Group has provided impairment amounted to RM10,751,863 on PAS based on the value in use methodology i.e. the cash flow projections. We were not satisfied with the cash flow projections that were provided by the Management to assess the recoverable amount of PAS. Therefore, we were unable to obtain sufficient appropriate audit evidences on accuracy and valuation of Group's PAS amounted to RM23,633,333.

Referring to item 1 above, we were also unable to obtain sufficient appropriate audit evidences on existence and completeness of PAS amounted to RM23,633,333.

Therefore, we could not determine whether any adjustments might have been necessary to the carrying amount of the intangible asset that may materially affect the financial statements of the Group for the financial period ended 30 June 2023.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements (Contd.)***Basis for Disclaimer of Opinion (Contd.)***

4. Revenue and cost of sales

The total revenue of the Group for the financial period ended 30 June 2023 amounted to RM369,931,546. The portion of the Group's recorded revenue and cost of sales from the trading of plywood and wholesale of trading goods are as below:

	Revenue RM	Cost of sales RM
Trading of plywood	197,344,640	160,285,440
Whole sale of trading goods	50,301,747	47,958,694
	<u>247,646,387</u>	<u>208,244,134</u>

We have not been able to obtain sufficient appropriate audit evidence on the Group's recognition of revenue on trading of plywood and wholesale of trading goods amounted to RM197,344,640 and RM50,301,747 respectively. We noted that the Group do not have inventory risk and as such it appears to be an agent i.e. middle man instead of principal as per MFRS 15 Revenue from Contract with Customers.

In addition, we were not able to obtain sufficient appropriate audit evidence on the veracity of revenue contributed from plywood amounted to RM197,344,640 as we were unable to satisfy on the existent/movement of inventory from one party to another party despite us performing additional audit procedures.

Therefore, we could not determine the effect of adjustments, if any, on the financial statements of the Group as at 30 June 2023 or on its financial performance for the period ended.

5. Operating Expenses – Security and Factory Maintenance Fee

Included in operating expenses of the Group for the financial period ended 30 June 2023 amounted to RM850,000 are expenses incurred for security and factory maintenances fee that were paid in cash. In the previous financial year, the Group has also incurred expenses on security fee amounted to RM650,000 that were paid in cash in the current financial period ended 30 June 2023 and as such, the Management has presented to reflect the amount as prior year adjustment in the financial statements for the financial period ended 30 June 2023.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements (Contd.)

Basis for Disclaimer of Opinion (Contd.)

5. Operating Expenses – Security and Factory Maintenance Fee (Contd.)

In response to the above payments that were made in cash, we undertook additional and extended audit procedures beyond the normal audit procedures and engaged with the Audit Committee of the Group which resulted us to question the veracity of the expenses incurred on security and factory maintenance fee amounted to RM1,500,000 that was paid in cash during the financial period ended 30 June 2023. As a result, we have not been able to obtain sufficient appropriate audit evidence on the accuracy and completeness of the security and factory maintenance fee amounted to RM1,500,000.

Therefore, we could not determine the effect of adjustments, if any, on the financial statements of the Group as at 30 June 2023 or on its financial performance for the period ended.

6. Management Accounts of the subsidiaries that form part of the financial statements of the Group for the financial period ended 30 June 2023

	Group RM
Revenue	102,601,705
Cost of Sales	101,063,748
Other operating Income	21,316,449
Operating expenses	32,331,930
Finance cost	8,176,268

We were unable to verify the above balances extracted from the consolidated worksheets of six subsidiaries i.e., Annum M3 Sdn. Bhd., Annum Builder Sdn. Bhd., Annum Land Sdn. Bhd., IJ Ventures Sdn. Bhd., Annum IBS Technology Sdn. Bhd., and Crystal Sentral Sdn. Bhd., which form part of the financial statements of the Group for the financial period ended 30 June 2023. The mentioned subsidiaries were disposed/deemed disposed during the financial period ended 30 June 2023.

Included in other operating expenses of the Group for the financial period ended 30 June 2023 is the loss on disposal/deemed disposal of a subsidiary and loss on derecognition of subsidiaries amounted to RM34,119 and RM 13,584,925 respectively. In view of the matter as explained in the above paragraph, we were unable to obtain sufficient appropriate audit evidence to ascertain the veracity of the loss on disposal in totality that amounted to RM13,619,044.

Therefore, we could not determine the effect of adjustments, if any, on the financial statements of the Group as at 30 June 2023 or on its financial performance for the period ended.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements (Contd.)

Basis for Disclaimer of Opinion (Contd.)

6. Management Accounts of the subsidiaries that form part of the financial statements of the Group for the financial period ended 30 June 2023 (Contd.)

During the financial period ended 30 June 2023, the Group had classified Crystal Sentral as investment in subsidiary based on the management control agreement dated 1 April 2022 and on 1 January 2023, the Group and Crystal Sentral mutually terminated the management control agreement. Consequently, the Group has deemed disposed the Crystal Sentral during the financial period ended 30 June 2023.

We noted that the Group has no voting rights via shares granted by Crystal Sentral i.e. there is zero percentage of ownership interest of the Group in Crystal Sentral. Based on these findings, we noted the Group has departure MFRS 10 Consolidated Financial Statements by recognising Crystal Sentral as the subsidiary of the Group during the financial period ended 30 June 2023.

Therefore, we could not determine the effect of adjustments, if any, on the financial statements of the Group as at 30 June 2023 or on its financial performance for the period ended.

7. Limitation of scope

On 30 April 2024, we sighted a Board resolution dated 26 April 2024 resolving that no further responses or documents shall be given to us for any additional audit queries raised by us on or after 26 April 2024.

Further to the Board resolution dated 26 April 2024, on 6 May 2024, we received an email from the Audit Committee Chairman ("AC Chairman") quoting that he, the AC Chairman, representing the Board of Directors, hereby concluding on the existence of limitation of scope.

On 7 May 2024, during the presentation of the Audit Completion Memorandum to the Board of Directors, we, have communicated to the Board of Directors on the matter as explained in the above paragraph.

As a result, we were only able to complete the audit to the best extent possible.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements (Contd.)

Basis for Disclaimer of Opinion (Contd.)

8. Financial Statements of Annum Berhad for the financial period ended 30 June 2023

International Standard on Auditing 700 (Revised) ("ISA 700 Revised") – Forming an Opinion and Reporting on Financial Statements states that the auditor shall form an opinion on whether the financial statements are prepared, in material respect, in accordance with the applicable financial reporting framework.

As such, in view of the limitation of scope as explained in item 7 above and in accordance with paragraph 10 and paragraph 13 (d)-(f) of ISA 700 Revised, we were unable to conclude that the financial statements of Annum Berhad for the financial period ended 30 June 2023 have been presented in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standard ("IFRS") due to the errors and non-compliance with MFRS.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF ANNUM BERHAD
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

- (i) the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements;
- (ii) the accounting and other records for the matters as described in the *Basis for Disclaimer of Opinion* section have not been properly kept by the Company in accordance with the provision of the Companies Act 2016 in Malaysia;
- (iii) in our opinion, we have not obtained all the information and explanations that we required; and
- (iv) in accordance with International Standard on Auditing 705 (Revised) (“ISA 705”) Modifications to the Opinion in the Independent Auditor’s Report paragraph A13, we have substantially completed the audit to the extent possible, disclaim an opinion and explain the scope limitation and thereafter we will not express our willingness to continue in office as we are required to withdraw from being the statutory auditors of Annum Berhad so as to ensure compliance to ISA 705 Revised.

Other Matters

- (i) The financial statements of the Group and of the Company for the financial year ended 31 December 2021 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 11 April 2022.
- (ii) 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 content of this report.

SBY PARTNERS PLT
202106000003(LLP0026726-LCA) & AF0660
Chartered Accountants

SEAH BOON CHIM
03782/08/2025 J
Chartered Accountants

Kuala Lumpur,
Dated: 7 May 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Revenue	5	369,931,546	264,483,176	-	-
Cost of sales		(326,226,252)	(217,252,694)	-	-
Gross profit		43,705,294	47,230,482	-	-
Other operating income	6	20,397,418	34,552,441	-	2,420,351
Other operating expenses	7	(64,586,814)	(13,606,089)	(116,395,253)	(247,276)
Operating expenses		(56,833,659)	(6,022,083)	(1,770,437)	(1,110,886)
Selling expenses		(235,900)	(64,329)	-	-
Administrative expenses		(3,038,501)	(2,091,020)	(311,002)	(236,932)
(Loss)/Profit from operations	10	(60,592,162)	59,999,402	(118,476,692)	825,257
Finance costs	11	(10,114,555)	(4,308,529)	-	-
Share of result of an associate company		(390,505)	(99,495)	-	-
(Loss)/Profit before taxation		(71,097,222)	55,591,378	(118,476,692)	825,257
Taxation	12	565,301	232,622	-	-
(Loss)/Profit for the financial period/year, representing total comprehensive (loss)/income for the financial period/year		<u>(70,531,921)</u>	<u>55,824,000</u>	<u>(118,476,692)</u>	<u>825,257</u>
(Loss)/Profit for the financial period/year attributable to:					
Owners of the Company		(70,620,282)	55,824,785	(118,476,692)	825,257
Non-controlling interests		88,361	(785)	-	-
		<u>(70,531,921)</u>	<u>55,824,000</u>	<u>(118,476,692)</u>	<u>825,257</u>
(Loss)/Earnings per share attributable to owners of the Company (sen per share):					
Basic	13	(56.22)	74.85		
Diluted	13	<u>(47.45)</u>	<u>74.85</u>		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Company	
		30.06.2023 RM	Restated 31.12.2021 RM	30.06.2023 RM	31.12.2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	62,001,776	10,746,614	-	-
Intangible assets	15	23,633,333	153,617,163	-	-
Investments in subsidiaries	16	-	-	1	44,998,637
Investment in an associate company	17	-	390,505	-	-
Other investment	18	1	-	-	-
		<u>85,635,110</u>	<u>164,754,282</u>	<u>1</u>	<u>44,998,637</u>
Current assets					
Trade and non-trade receivables	19	24,416,360	67,771,073	5,183	20,235,004
Non-current assets held for sales	20	1,038,837	-	-	-
Tax recoverable		60,725	250,000	-	-
Cash and cash equivalents	21	10,615,014	3,535,341	932	160,083
		<u>36,130,936</u>	<u>71,556,414</u>	<u>6,115</u>	<u>20,395,087</u>
TOTAL ASSETS		<u>121,766,046</u>	<u>236,310,696</u>	<u>6,116</u>	<u>65,393,724</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	144,838,838	93,464,258	144,838,838	93,464,258
(Accumulated losses)/ Retained profits		<u>(54,698,790)</u>	<u>15,262,246</u>	<u>(168,472,897)</u>	<u>(49,996,205)</u>
		90,140,048	108,726,504	(23,634,059)	43,468,053
Non-controlling interests		<u>(9,378)</u>	<u>(770)</u>	-	-
Total equity		<u>90,130,670</u>	<u>108,725,734</u>	<u>(23,634,059)</u>	<u>43,468,053</u>
Non-current liabilities					
Deferred tax liabilities	24	594,955	3,332,936	-	-
Trade and non-trade payables	25	-	95,148,384	-	-
		<u>594,955</u>	<u>98,481,320</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and non-trade payables	25	31,040,421	29,103,642	23,640,175	21,925,671
		<u>31,040,421</u>	<u>29,103,642</u>	<u>23,640,175</u>	<u>21,925,671</u>
Total liabilities		<u>31,635,376</u>	<u>127,584,962</u>	<u>23,640,175</u>	<u>21,925,671</u>
TOTAL EQUITY AND LIABILITIES		<u>121,766,046</u>	<u>236,310,696</u>	<u>6,116</u>	<u>65,393,724</u>

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Attributable to equity holders of the Company		Treasury shares RM	(Accumulated losses)/ Distributable retained profits RM	Non-controlling interest RM	Total equity RM
	Share capital RM	Non-distributable				
Group						
At 1 January 2021	92,374,387	(693,951)		(40,562,538)	-	51,117,898
Disposal of treasury shares	1,089,871	693,951		-	-	1,783,822
Acquisition of a subsidiary company	-	-		-	15	15
Total comprehensive income/(loss) for the financial year	-	-		57,092,507	(785)	57,091,722
As previously reported						
- Prior year adjustments (Note 32)	93,464,258	-		16,529,969	(770)	109,993,457
At 31 December 2021/1 January 2022, restated	-	-		(1,267,722)	-	(1,267,722)
Issuance of shares via private placement	93,464,258	-		15,262,247	(770)	108,725,735
Issuance of shares via rights issue	12,375,000	-		-	-	12,375,000
Acquisition of a subsidiary company	38,999,580	-		-	-	38,999,580
Accretion/(Dilution) arising from change in stake	-	-		-	562,277	562,277
Total comprehensive (loss)/income for the financial period	-	-		659,245	(659,246)	(1)
At 30 June 2023	144,838,838	-		(70,620,282)	88,361	(70,531,921)
				(54,698,790)	(9,378)	90,130,670
Company						
At 1 January 2021	92,374,387	(693,951)		(50,821,462)	-	40,858,974
Disposal of treasury shares	1,089,871	693,951		-	-	1,783,822
Total comprehensive income for the financial year	-	-		825,257	-	825,257
At 31 December 2021/1 January 2022	93,464,258	-		(49,996,205)	-	43,468,053
Issuance of shares via private placement	12,375,000	-		-	-	12,375,000
Issuance of shares via rights issue	38,999,580	-		-	-	38,999,580
Total comprehensive loss for the financial period	-	-		(118,476,692)	-	(118,476,692)
At 30 June 2023	144,838,838	-		(168,472,897)	-	(23,634,059)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Cash flows from operating activities				
(Loss)/Profit before taxation	(71,097,222)	55,591,378	(118,476,692)	825,257
<i>Adjustments for:</i>				
Amortisation of intangible assets	38,231,967	2,660,155	-	-
Depreciation of property, plant and equipment	2,160,850	1,238,567	-	-
Gain on disposal of property, plant and equipment	-	(45,058)	-	-
Gain on disposal/ deemed disposal of subsidiaries	(34,119)	(5,239,653)	-	(1)
Gain on derecognition of subsidiaries	(13,584,925)	-	-	-
Gain on disposal of an associate company	(490,000)	-	-	-
Loss on modification of lease	-	(78,844)	-	-
Impairment losses on :-				
- intangible assets	64,579,416	-	-	-
- investments	-	-	44,998,636	-
- amount due from subsidiaries	-	-	71,396,617	-
- receivables	-	6,841,154	-	-
Reversal of impairment on receivables	-	(4,039,315)	-	(2,410,350)
Other receivables written off	-	5,147,716	-	247,276
Property, plant and equipment written off	-	617,723	-	-
Interest expenses	260,558	24,824	-	-
Accretion of financial instrument	9,851,617	4,283,704	-	-
Interest income	(1,858)	(883)	-	-
Share of result of an associate company	390,505	99,495	-	-
Bargain purchase arising from business combination	(6,210,835)	(22,495,761)	-	-
Operating profit/(loss) before working capital changes	24,055,954	44,605,202	(2,081,439)	(1,337,818)
Change in receivables	69,930,958	(28,045,304)	(51,166,796)	(5,463,816)
Change in payables	(83,695,552)	(16,249,213)	343,220	(9,009,872)

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Cash flows from operating activities (Contd.)				
Cash generated from/(used in) operations	10,291,360	310,685	(52,905,015)	(15,811,506)
Income tax paid	(51,345)	(21,172)	-	-
Income tax refunded	249,767	250,000	-	-
Interest paid	(260,558)	(24,825)	-	-
Net cash generated from/ (used in) operating activities	10,229,224	514,688	(52,905,015)	(15,811,506)
Cash flows from investing activities				
Purchase of property, plant and equipment <i>(Note A)</i>	(54,452,320)	(147,445)	-	-
Acquisition/disposal of subsidiaries net of cash flow	(147,671)	(10,100)	-	1
Acquisition of additional interest in a subsidiary from non-controlling interest	(1)	-	-	-
Addition of investment in an associate company	-	(490,000)	-	-
Proceeds from disposal of an associate company	490,000	-	-	-
Interest received	1,858	883	-	-
Proceeds from disposal of property, plant and equipment	-	3,428,621	-	-
Net cash (used in)/generated from investing activities	(54,108,134)	2,781,959	-	1
Cash flows from financing activities				
Change in amounts due to subsidiaries	-	-	1,371,284	14,170,309
Ordinary share capital contributed by non-controlling interest of a subsidiary	25	-	-	-
Proceeds from disposal of treasury shares	-	1,783,822	-	1,783,822
Proceeds from issuance of ordinary shares	51,374,580	-	51,374,580	-

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Cash flows from financing activities (Contd.)				
Net repayment of bankers' acceptance	-	(1,950,000)	-	-
Repayment of hire purchase	-	(233,315)	-	-
Repayment of term loans	(416,022)	-	-	-
Net cash generated from/ (used in) financing activities	50,958,583	(399,493)	52,745,864	15,954,131
Net increase/(decrease) in cash and cash equivalents	7,079,673	2,897,154	(159,151)	142,626
Cash and cash equivalents at beginning of financial period/year	3,535,341	638,187	160,083	17,457
Cash and cash equivalents at end of financial period/year (Note B)	10,615,014	3,535,341	932	160,083

NOTES TO STATEMENTS OF CASH FLOWS

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
(A) Purchase of property, plant and equipment				
Aggregate cost	54,452,320	147,445	-	-
(B) Cash and cash equivalents comprise				
Cash in hand	18	5,688	1	1
Cash at banks	10,614,996	3,529,653	931	160,082
	10,615,014	3,535,341	932	160,083

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

(C) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	1 January 2022 RM	Cash flows RM	Non-cash movement RM	30 June 2023 RM
Term loans	-	(416,022)	416,022	-
	1 January 2021 RM	Cash flows RM	Non-cash movement RM	31 December 2021 RM
Bankers' acceptance	1,950,000	(1,950,000)	-	-
Hire purchase	233,315	(233,315)	-	-
Lease liability	1,616,667	-	(1,616,667)	-
	<u>3,799,982</u>	<u>(2,183,315)</u>	<u>(1,616,667)</u>	<u>-</u>
	1 January 2022 RM	Cash flows RM	Non-cash movement RM	30 June 2023 RM
Amounts due to subsidiaries	<u>21,602,518</u>	<u>1,371,284</u>	<u>-</u>	<u>22,973,802</u>
	1 January 2021 RM	Cash flows RM	Non-cash movement RM	31 December 2021 RM
Amounts due to subsidiaries	<u>7,432,209</u>	<u>14,170,309</u>	<u>-</u>	<u>21,602,518</u>

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

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2023

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

During the financial period, Annum Industries Sdn. Bhd. changed its principal business from manufacturing of construction material, general trading and investment holding to smart farming for agricultural products, investment holding and any other business activities.

On 24 February 2023, the Company changed its financial year from 31 December to 30 June. The financial statements have, therefore, been made up for a period of eighteen (18) months from 1 January 2022 to 30 June 2023. The comparative figures are for previous twelve (12) months from 1 January 2021 to 31 December 2021.

There were no significant changes in the nature of activities in other subsidiaries during the financial period.

The registered office is located at B-21-1 Level 21 Tower B, Northpoint Mid Valley City, No 1 Medan Syed Putra Utara 59200 Kuala Lumpur Malaysia.

The principal place of business is located at No. 6-3, Kiara Plaza, Jalan Semenyih, 43500 Semenyih, Selangor, Malaysia

These financial statements were authorised for issue by the directors in accordance with a resolution of the Board of Directors dated 7 May 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention, except as disclosed on Note 3 to the financial statements on significant accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is also the Group and the Company’s functional currency.

2.4 Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currency on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting year are translated at the exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

2.5 Adoption of Amendments to MFRSs

On 1 January 2022, the Group and the Company have adopted the following Amendment to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2022:-

	Effective for annual periods beginning on or after
MFRSs/Amendments to MFRSs	
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities And Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above standards and amendments has no material impact on the financial statements of the Company upon their initial application.

MFRSs and Amendments to MFRSs that have been issued and applicable to the Group and the Company but are not yet effective.

The MFRSs and amendments to MFRSs that have been issued and applicable to the Group and Company but are not yet effective up to the date of issuance of the Group and the Company’s financial statements are disclosed below. The Group and Company intend to adopt these standards when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

2.5 Adoption of Amendments to MFRSs (Contd.)

	Effective for annual periods beginning on or after
MFRSs and Amendments to MFRSs	
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	Deferred
Amendments to MFRS 112 International Tax Reform - Pillar Two Model Rules	Refer Paragraph 98M of MFRS 112
Amendments to MFRS 121 Lack of Exchangeability	1 January 2025
Amendments to MFRS 107 and MRFS 7 Supplier Finance Arrangements	1 January 2024

The adoption of these MFRSs and Amendments to MFRSs that have been issued but not yet effective and applicable to the Group and of the Company are not expected to have a material impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) **Basis of Consolidation**

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up for the end of the financial period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to the transactions and events in similar circumstances.

All intra group balances, revenue, expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) *Acquisition method of accounting for non-common control business combinations*

Acquisition method of accounting of non control business combinations. Acquisition of subsidiaries is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the years in which the costs are incurred and the service are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date, and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any), the fair value of the Group's previously held equity interest in the acquiree(if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Consolidation (Contd.)

(i) *Acquisition method of accounting for non-common control business combinations (Contd.)*

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtain control, and the time to be consolidated until the date that such control ceases.

(ii) *Non-controlling interest*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and statements of equity in the consolidated statement of financial position, separately from equity attributable to the owners of the

Changes in the Company's ownership interest in a subsidiaries that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amount of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(iii) *Changes in Ownership Interest in Subsidiaries Without Change of Control*

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(iv) *Loss of Control*

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Investment in Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to profit or loss.

(c) Disposal of Subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the sold subsidiaries.

(d) Investment in associates

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

Investments in associate are 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 the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Investment in associates (Contd.)

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

(e) Revenue Recognition

Revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Company and their customer have approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which the Group and the Company will be entitled to in exchange of those goods or services.

Recognition and Measurement

At the inception of each contract with customer, the Group and the Company assess the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and in the Company's customary business practices. A goods or services is distinct if:

- the customer can benefit from the goods or service either on its own or together with other resources that are readily available to the customer; and
- the Group's and the Company's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Revenue Recognition (Contd.)

Recognition and Measurement (Contd.)

If a goods or service is not distinct, the Group and the Company combine it with other promised goods or services until the Group and the Company identify a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured based on the consideration specified in contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group and the Company estimate the amount of consideration that they expect to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Company determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Controls over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performances create or enhance a customer-controlled asset; or
- the Group's and the Company's performances do not create an asset with alternative use to the Group and the Company and the Group and the Company have a right to payment for performance completed to date.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Revenue Recognition (Contd.)

The revenue recognition policies of the Group's and of the Company's major activities are described below:

(i) *Revenue from Sale of Goods*

Revenue is measured at the fair value of consideration received or receivables, net of returns and allowances, trade discounts and volume rebate. Revenue from sale is recognised when the transfer of significant risks and rewards of ownership of the goods to customers and there is no continuity management involvement with the goods.

(ii) *Revenue From Construction contracts*

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customers under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the end of the reporting period. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

(f) Interest Income

Interest income is recognised using the effective interest method.

(g) Management Income

Management income is recognised over time in the period in which the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Employee Benefits

(i) *Short Term Benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Provision is made for the estimated liability for leave as a result of service rendered by employee up to the end of the reporting period.

(ii) *Defined Contribution Plans*

The Company's and its subsidiaries' defined contribution plans are post-employment benefit plans under which the Company and its subsidiaries pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial year. Such contributions are recognised as an expense in the profit or loss as incurred.

As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Such contributions are recognised as an expenses in the profit or loss as incurred. Once the contribution had been paid, the Group and the Company have no further payment obligation.

(i) **Borrowing Costs**

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended years in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the year in which they incurred.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Leases

(i) *Defination 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 assesses 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 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 decisionmaking 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 is 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 allocates 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 is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Leases (Contd.)

(ii) *Initial Recognition and Measurement*

As a Lessee

The Group and the Company recognise right of use asset and lease liability at the commencement date of the lease.

The right of use asset is initially measured at cost, which comprises as follows:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- 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.

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 Group's and Company's incremental borrowing rate.

Variable lease payments that do not depend on an index or a rate are excluded from lease liability and right of use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group and the Company have elected not to recognise right of use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. 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.

If a lessee accounts for short-term leases applying paragraph 6, the lessee shall consider the lease to be a new lease for the purposes of this Standard if: (a) there is a lease modification; or (b) there is any change in the lease term (for example, the lessee exercises an option not previously included in its determination of the lease term).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Leases (Contd.)

(ii) *Initial Recognition and Measurement (Contd.)*

As a Lessee (Contd.)

The election for short-term leases shall be made by class of underlying asset to which the right of use relates. A class of underlying asset is a grouping of underlying assets of a similar nature and use in an entity's operations. The election for leases for which the underlying asset is of low value can be made on a lease-by-lease basis.

A lessee shall assess the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.

As a Lessor

The Company does not have any transactions where they have acted as a lessor.

(iii) *Subsequent Measurement*

As a Lessee

The right of use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right of use asset reflects that the Group and the Company will exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. In addition, the right of use asset is periodically reduced by impairment losses determined in accordance with Note 14 to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortized 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 insubstance 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 changes 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Income Tax

Income taxes for the financial period comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting year. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each end of the reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Earnings Per Share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held if any. 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, which comprise warrants and share options granted to the employees.

(m) Property, Plant and Equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses, where applicable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Leasehold land with lease period of equal or less than fifty (50) years is classified as short leasehold land whereas leasehold land with lease period of more than fifty (50) years is classified as long leasehold land. Leasehold land is amortised over the period of the lease term.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives.

The principal annual rates of depreciation used are as follows:

Buildings	2% - 10%
Renovation	10%
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the term of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation year for an intangible asset with a finite useful life is reviewed at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation year, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(o) Non-current assets held for sale

Non-current assets (or disposal group) classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Further, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one (1) year from the date that it is classified as held for sale.

(p) Financial Assets

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) *Classification of Financial Assets*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Financial Assets (Contd.)

(i) *Classification of Financial Assets (Contd.)*

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

(ii) *Amortised Cost and Effective Interest Method*

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Financial Assets (Contd.)

(iii) *Debt Instruments Classified as FVTOCI*

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements of gains or losses in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Accumulated OCI is reclassified from equity to profit or loss and recognised in other gains/losses upon derecognition of the financial assets. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss within other gains/losses in the year in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Financial Assets (Contd.)

(iv) *Equity Instruments*

The Group and the Company subsequently measure all equity instruments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instruments. Dividends from such instruments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gain/losses in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVTOCI are not reported separately from other changes in fair value.

(v) *Financial Assets at FVTPL*

This category comprises only in-the-money derivatives. They are carried in the statements of financial position at fair value with changes in fair value recognised in the profit or loss in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor do they voluntarily classify any financial assets as being at FVTPL.

(vi) *Impairment of Financial Assets*

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Any impairment gain or loss arising from such changes is to be recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(q) Financial Assets (Contd.)

(vi) *Impairment of Financial Assets (Contd.)*

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

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

(vii) *Derecognition of Financial Assets*

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expired, or the Group and the Company transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and the Group and the Company do not retain control of the financial asset.

In the event the Group and the Company enter into transactions whereby the Group and the Company transfer assets recognised in statements of financial position, but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) *Financial Liabilities At FVTPL*

This category comprises only out-of-the-money derivatives. They are carried in the statements of financial position at fair value with changes in fair value recognised in the profit or loss. The Group and the Company do not have any liabilities held for trading nor have the Group and the Company designated any financial liabilities as being at FVTPL.

(ii) *Other Financial Liabilities*

Other financial liabilities include the following items:

- bank borrowings, where such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding; and
- payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) *Derecognition Of Financial Liabilities*

The Group and the Company derecognise a financial liability when their contractual obligations are discharged or cancelled, or expired. The Group and the Company also derecognise a financial liability when their terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) **Financial Liabilities (Contd.)**

(iii) Derecognition Of Financial Liabilities (Contd.)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Financial Liabilities Measured at Amortised Cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and non-trade payables and loans and borrowings.

Trade and non-trade payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction cost incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(s) **Impairment of Non-Financial Assets**

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at each end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(s) Impairment of Non-Financial Assets (Contd.)

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(t) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Equity Instruments

(i) *Ordinary shares*

The Group and the Company subsequently measure all equity instruments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instruments. Dividends from such instruments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gain/losses in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVTOCI are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(u) Equity Instruments (Contd.)

(ii) *Treasury shares*

Where the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Company's equity holders.

(v) Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity).

A related party is:

- (i) a person or a close member of that person's family is related to a reporting entity if that person:
 - a. has control or joint control of the reporting entity;
 - b. has significant influence over the reporting entity; or
 - c. is a member of the key management personnel of the reporting entity or of a holding company of the reporting entity.
- (ii) an entity is related to a reporting entity if any of the following conditions applies:
 - a. the entity and the reporting entity are members of the same group (which means that each holding company, subsidiary and fellow subsidiaries is related to the others).
 - b. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a
 - c. both entities are joint ventures of the same third party.
 - d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - e. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(v) Related Parties (Cont'd)

- f. the entity is controlled or jointly controlled by a person identified in (i).
- g. a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity (or of the holding company of the entity).
- h. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the holding company of the reporting entity.
Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

(w) Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current per-tax rate that reflects, where appropriate, the risks specific to the liability and the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(x) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(x) Contingent Liabilities (Contd.)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

(y) 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. An operating segment's operating results are reviewed regularly by the chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenues.

(z) Warrant Reserve

Warrant reserve arising from the issuance of free warrants together with the rights issue, is determined based on the allocation of the proceeds from the rights issue using the fair value of the warrants and the ordinary shares on a pro-rate basis. Proceeds from warrants which are issued at a value, are credited to a warrant reserve. Warrant reserve is non-distributable, and is transferred to the share capital account upon the exercise of warrants. Warrant reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to accumulated losses.

(aa) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICY (CONTD.)

(aa) Fair Value Measurement (Contd.)

The principal or the most advantageous market must be accessible by the Group and by the Company.

A fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset 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.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.
- Level 2 - fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.
- Level 3 - fair value is estimated using unobservable inputs for the financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Company anticipates that the residual values of its equipment will be significant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Change in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the property, plant and equipment are disclosed in Note 14 to the financial statements.

(b) Impairment of Property, Plant and Equipment

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e., the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal ("FVLCD") for that asset and its value-in-use ("VIU"). The VIU is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate.

The Group and the Company use their judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected. In estimating the recoverable amount of the assets in to determine FVLCD, the Directors rely on independent professional.

The carrying amounts of the property, plant and equipment are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

(c) Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's provision for current and deferred taxes because the ultimate tax liability for the Group and for the Company are uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the financial period when such determination is made. The Group and the Company will adjust for the differences as over- or under- provision of current or deferred taxes in the current financial year in which those differences arise.

The income tax expense of the Group and the Company are disclosed in Note 12 to the financial statements.

(d) Impairment of Trade and Non-Trade Receivables

The Group makes provision for impairment loss for financial assets at amortised cost based on assumptions about risk of default and expected loss rates. The Group and the Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which such estimate has been changed. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 19 to the financial statements.

(e) Impairment of Investment in Subsidiaries

The carrying value of investment in subsidiaries is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

(f) Useful lives of intangible assets

The Group estimate the useful lives to amortise intangible assets based on the future performance of the assets acquired and the management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates.

The carrying amount of the intangible assets are disclosed in Note 15 to the financial statements.

(g) Impairment of Intangible Assets

The Group determines whether intangible assets is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 15 to the financial statements.

(h) Business combination

When the Group obtain management and control of Crystal Sentral Sdn. Bhd. through a transaction with another third party, a judgement was made as to whether the transaction should be accounted for as a business combination or as a separate purchase of assets. In making this judgement, the Group assessed the assets, liabilities, operations and processes that were subject of the transaction against the definition of a business in MFRS 3. The Group assessed that the deemed acquisition of Crystal Sentral Sdn. Bhd. qualifies as a business combination by applying the definition in MFRS 3.

In accounting for Crystal Sentral Sdn. Bhd. under MFRS 3, the fair values of the identifiable assets and liabilities acquired are recognised. The determination of the fair values of acquired assets and liabilities assumed is based on the directors' judgement. Any changes in these assumptions will have an impact on the carrying amounts of the acquired assets and liabilities assumed.

The fair values of the acquired assets and liabilities are disclosed in Note 16(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. REVENUE

	Group	
	01.01.2022	Restated 01.01.2021
	to	to
	30.06.2023	31.12.2021
	RM	RM
Revenue from contracts with customers		
Trading of Plywood	213,069,440	247,183,176
Trading of Sand	-	15,050,000
Wholesales	137,178,652	-
Constructions	19,683,454	2,250,000
	<u>369,931,546</u>	<u>264,483,176</u>
Timing of revenue recognition		
At a point in time	350,248,092	262,233,176
Over time	19,683,454	2,250,000
	<u>369,931,546</u>	<u>264,483,176</u>

The following information reflects the typical transactions of the Group :-

Nature of goods or services	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Plywood / Sand	Point in time	Credit period of 30 to 90 days	Not applicable	Not applicable	Not applicable
Wholesales	Point in time	Credit period of 30 to 90 days	Trade discounts	Not applicable	Not applicable
Constructions	Over time	45 days from the date of payment certificate issued	Variation orders	Not applicable	Defect liability period up to 7 days from the date of written instruction

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

6. OTHER OPERATING INCOME

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Gain on disposal of property, plant and equipment	-	45,058	-	-
Gain on disposal/ deemed disposal of a subsidiary	34,119	5,239,653	-	1
Gain on disposal of an associate	490,000	-	-	-
Gain on derecognition of subsidiaries	13,584,925	-	-	-
Gain on foreign exchange				
- Realised	-	789	-	-
- Unrealised	62,187	-	-	-
Gain on modification of lease	-	78,844	-	-
Interest income	1,858	883	-	-
Miscellaneous income	-	1,480,476	-	10,000
Reversal of impairment loss on receivables	-	4,039,315	-	2,410,350
Management income	-	1,171,662	-	-
Bargain purchase gain	6,210,835	22,495,761	-	-
Other income	13,494	-	-	-
	<u>20,397,418</u>	<u>34,552,441</u>	<u>-</u>	<u>2,420,351</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

7. OTHER OPERATING EXPENSES

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Loss on foreign exchange				
- Realised	7,278	139	-	-
- Unrealised	120	11,203	-	-
Other expenses	-	988,155	-	-
Other receivables written off	-	5,147,716	-	247,276
Property, plant and equipment written off	-	617,723	-	-
Impairment on receivables	-	6,841,154	-	-
Allowance on impairment loss on investments	-	-	44,998,636	-
Allowance on impairment loss on amount due from subsidiaries	-	-	71,396,617	-
Allowance on impairment loss on intangible assets	64,579,416	-	-	-
	<u>64,586,814</u>	<u>13,606,090</u>	<u>116,395,253</u>	<u>247,276</u>

8. EMPLOYEE BENEFITS

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Contributions to defined contribution plan	218,302	128,804	-	-
Contributions to employment insurance system	2,001	809	-	-
Salaries and wages	1,825,188	2,188,044	54,000	197,500
Social security contributions	17,049	13,005	-	-
Others	25,079	324,797	-	10,070
	<u>2,087,619</u>	<u>2,655,459</u>	<u>54,000</u>	<u>207,570</u>

Included in employee benefits of the Group and of the Company are Executive Directors' remuneration consisting salaries and other emoluments respectively as further disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by directors of the Group and of the Company during the financial period are as follows:

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Executive Directors' remuneration				
- Fees	90,000	42,000	54,000	36,000
- Salaries and other emoluments	418,594	257,600	-	-
	<u>508,594</u>	<u>299,600</u>	<u>54,000</u>	<u>36,000</u>
Non-executive Directors' remuneration:				
- Fees	162,000	148,000	162,000	148,000
- Meeting allowance	5,100	7,800	5,100	7,800
	<u>167,100</u>	<u>155,800</u>	<u>167,100</u>	<u>155,800</u>
Total Directors' remuneration	<u>675,694</u>	<u>455,400</u>	<u>221,100</u>	<u>191,800</u>

The number of directors of the Company and its subsidiaries whose total remuneration during the financial period fell within the following bands is analysed below:

	Number of Directors		Remuneration	
	01.01.2022 to 30.06.2023	01.01.2021 to 31.12.2021	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Group				
Executive Directors:				
Below RM50,000	2	2	36,000	42,000
RM100,001 - RM300,000	-	1	-	257,600
RM300,001 - RM600,000	1	-	418,594	-
Non-executive Directors:				
Below RM50,000	2	4	55,500	155,800
RM50,000 - RM100,000	3	-	165,600	-
			<u>675,694</u>	<u>455,400</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

10. (LOSS)/PROFIT FROM OPERATIONS

Other than those disclosed in Note 5 to Note 8, (loss)/profit from operations have been arrived at after charging:

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Auditors' remuneration				
- statutory audit	526,450	131,500	400,000	40,000
- other services	24,000	34,000	24,000	34,000
Amortisation of intangible assets (Note 15)	38,231,967	2,660,155	-	-
Depreciation of property, plant and equipment (Note 14)	2,160,850	1,238,567	-	-
	<u>2,160,850</u>	<u>1,238,567</u>	<u>-</u>	<u>-</u>

11. FINANCE COSTS

	Group	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM
Interest expense on :-		
- Bank overdraft	2,380	9,716
- Hire purchase	-	15,109
- Term Loan	260,558	-
- Accretion of financial instrument	9,851,617	4,283,704
	<u>10,114,555</u>	<u>4,308,529</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

12. TAXATION

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Estimated current tax payable:				
- Current year	-	-	-	-
- Under provision in prior years	233	-	-	-
	233	-	-	-
Deferred tax (<i>Note 24</i>)				
Current year	(565,534)	(232,622)	-	-
	(565,534)	(232,622)	-	-
Total income tax for continuing operation	<u>(565,301)</u>	<u>(232,622)</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
(Loss)/Profit before taxation	<u>(71,097,222)</u>	<u>55,591,378</u>	<u>(118,476,692)</u>	<u>825,257</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

12. TAXATION (CONTD.)

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	(17,149,561)	13,341,931	198,062	198,062
Non-tax deductible expenses	30,817,119	4,875,322	382,822	382,822
Non-taxable income	(4,887,182)	(8,051,798)	(580,884)	(580,884)
Share of result of an associate	93,721	23,879	-	-
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	(9,439,631)	(10,421,956)	-	-
Tax under provision in prior years	233	-	-	-
	<u>(565,301)</u>	<u>(232,622)</u>	<u>-</u>	<u>-</u>

13. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

The basic EPS of the Group and of the Company is calculated based on the profit attributable to owners (ordinary equity holders) of the Group and of the Company divided by the weighted average number of ordinary shares in issue.

	Group	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM
(Loss)/profit attributable to owners of the Company	<u>(70,620,282)</u>	<u>55,824,785</u>
Weighted average number of ordinary shares in issue	<u>125,608,640</u>	<u>74,582,850</u>
Basic EPS	<u>(56.22)</u>	<u>74.85</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. EARNINGS PER SHARE ("EPS") (CONTD.)

(b) Diluted EPS

The diluted EPS of the Group and of the Company is calculated based on the profit attributable to owners (ordinary equity holders) of the Group and of the Company divided by the weighted average number of ordinary shares in issue adjusted to number of warrants in issue as follows:

	Group	
	01.01.2022	01.01.2021
	to	to
	30.06.2023	31.12.2021
	RM	RM
(Loss)/profit attributable to owners of the Company	<u>(70,620,282)</u>	<u>55,824,785</u>
Weighted average number of ordinary shares in issue	125,608,640	74,582,850
Effect of dilution due to issuance of warrants	<u>23,214,019</u>	<u>-</u>
Weighted average number of diluted shares in issue	<u>148,822,659</u>	<u>74,582,850</u>
Diluted EPS (sen)	<u>(47.45)</u>	<u>74.85</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM	Plant and machinery RM	Furniture, fixtures and equipment RM	Green House (WIP) RM	Motor vehicles RM	Right of use assets RM	Total RM
Costs							
At 1 January 2021	23,611,184	88,687,600	272,839	-	2,908,877	2,028,700	117,509,200
Disposal of a subsidiary	-	-	(1,850)	-	-	-	(1,850)
Additions	52,870	-	94,575	-	-	-	147,445
Disposals	-	(56,435,232)	-	-	(2,908,877)	-	(59,344,109)
Written off, restated (<i>Note 33</i>)	(659,624)	-	-	-	-	(2,028,700)	(2,688,324)
At 31 December 2021 (<i>Restated</i>)	23,004,430	32,252,368	365,564	-	-	-	55,622,362
Acquisition of a subsidiary	-	-	6,600	-	-	-	6,600
Disposal of a subsidiary	-	-	(6,600)	-	-	-	(6,600)
Additions	-	54,304,000	118,731	29,589	-	-	54,452,320
Assets held for sale	(1,454,100)	-	-	-	-	-	(1,454,100)
At 30 June 2023	21,550,330	86,556,368	484,295	29,589	-	-	108,620,582

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Land and buildings* RM	Plant and machinery RM	Furniture, fixtures and equipment RM	Green House (WIP) RM	Motor vehicles RM	Right of use assets RM	Total RM
Accumulated depreciation and impairment							
At 1 January 2021	12,152,703	84,670,756	114,004	-	2,702,459	490,877	100,130,799
Disposal of a subsidiary	-	-	(293)	-	-	-	(293)
Charge for the financial year, restated (Note 32)	779,798	408,621	50,148	-	-	-	1,238,567
Disposals	-	(53,258,087)	-	-	(2,702,459)	-	-
Written off	(41,901)	-	-	-	-	(490,877)	(532,778)
At 31 December 2021 (Restated)	12,890,600	31,821,290	163,859	-	-	-	44,875,749
Acquisition of a subsidiary	-	-	2,640	-	-	-	2,640
Disposal of a subsidiary	-	-	(5,170)	-	-	-	(5,170)
Charge for the financial period	947,340	1,117,411	96,099	-	-	-	2,160,850
Assets held for sale	(415,263)	-	-	-	-	-	(415,263)
At 30 June 2023	13,422,677	32,938,701	257,428	-	-	-	46,618,806
Net carrying amount							
At 30 June 2023	8,127,653	53,617,667	226,867	29,589	-	-	62,001,776
At 31 December 2021 (Restated)	10,113,830	431,078	201,705	-	-	-	10,746,613

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings of the Group comprises:

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Total RM
Costs				
At 1 January 2021	8,225,376	6,327,106	9,058,702	23,611,184
Additions	-	-	52,870	52,870
Written off, restated (<i>Note 32</i>)	-	-	(659,624)	(659,624)
At 31 December 2021	8,225,376	6,327,106	8,451,948	23,004,430
Assets held for sale	-	(1,454,100)	-	(1,454,100)
At 30 June 2023	8,225,376	4,873,006	8,451,948	21,550,330
Accumulated depreciation and impairment				
At 1 January 2021	3,824,568	2,014,224	6,313,911	12,152,703
Charge for the financial year, restated (<i>Note 32</i>)	124,225	184,785	470,788	779,798
Written off, restated (<i>Note 32</i>)	-	-	(41,901)	(41,901)
At 31 December 2021	3,948,793	2,199,009	6,742,798	12,890,600
Charge for the financial period	137,561	218,114	591,665	947,340
Assets held for sale	-	(415,263)	-	(415,263)
At 30 June 2023	4,086,354	2,001,860	7,334,463	13,422,677
Net carrying amount				
At 30 June 2023	4,139,022	2,871,146	1,117,485	8,127,653
At 31 December 2021 (<i>Restated</i>)	4,276,583	4,128,097	1,709,150	10,113,830

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

The long leasehold land valued at RM1,085,340 has a remaining lease term of 50 years, whereas the long leasehold lands valued at RM3,053,682 have a remaining lease term of 45 years.

The short leasehold lands have remaining lease term of 10 years.

The factory amounting to RM494,160 has been pledged to licensed banks as security for the bank.

Company	Renovations RM	Furniture, fittings and equipment RM	Total RM
Costs			
At 1 January 2021/31 December 2021/ 1 January 2022/30 June 2023	104,907	20,944	125,851
Accumulated depreciation			
At 1 January 2021/31 December 2021/ 1 January 2022/30 June 2023	104,907	20,944	125,851
Net carrying amount			
At 30 June 2023	-	-	-
At 31 December 2021	-	-	-

Depreciation of property, plant and equipment during the financial period was taken up in the financial statements as follows:

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Recognised in profit or loss (Note 10)				
- Operating expenses	2,160,850	1,238,567	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INTANGIBLE ASSETS

Group	Pacio Accounting Software RM	IBS System RM	Total RM
Cost			
At 1 January	-	-	-
Acquisition of subsidiaries	77,089,817	80,000,000	157,089,817
At 31 December 2021/1 January 2022	77,089,817	80,000,000	157,089,817
Adjustment	(25,000,000)	-	(25,000,000)
At 30 June 2023	52,089,817	80,000,000	132,089,817
Accumulated amortisation			
At 1 January 2021	-	-	-
Acquisition of subsidiaries	(812,499)	-	(812,499)
Charge during the year	(2,660,155)	-	(2,660,155)
At 31 December 2021/1 January 2022	(3,472,654)	-	(3,472,654)
Charge during the period	(14,231,967)	(24,000,000)	(38,231,967)
At 30 June 2023	(17,704,621)	(24,000,000)	(41,704,621)
Accumulated impairment			
At 1 January 2021	-	-	-
Impairment during the year	-	-	-
At 31 December 2021/1 January 2022	-	-	-
Impairment during the period	(10,751,863)	(56,000,000)	(66,751,863)
At 30 June 2023	(10,751,863)	(56,000,000)	(66,751,863)
Net carrying amount			
At 30 June 2023	23,633,333	-	23,633,333
At 31 December 2021	73,617,163	80,000,000	153,617,163

During the previous financial year, the Company has completed the purchase price allocation ("PPA") exercise to determine the fair value of the net assets of Annum Softcodes Sdn. Bhd. within the stipulated time period i.e., twelve (12) months from acquisition date on 20 September 2021 in accordance to MFRS 3, Business Combination.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INTANGIBLE ASSETS (CONTD.)

The recoverable amount of the CGUs are based on value in use by discounting the future cash flows generated from continuing use of cash generating unit ("CGU") and was based on the following assumptions:

- (i) Pre-tax cash flows projection based on the most recent financial budgets convey a five (5) years period.
- (ii) The revenue will subsequently remained stagnant for 3 years until FY2024 before dropping by 50% in FY2025 to FY2026 due to Annum's change in business direction to focus on technology division.
- (iii) The intrinsic value of 5% per annum has been applied to the revenue of intercompany in determining the recoverable amount of the CGU.
- (iv) Pre-tax discount rate of 13.33% per annum has been applied in determining the recoverable amount of the CGU.

Based on the impairment test performed by the Company at the end of the financial period, with the same assumptions used, the carrying amount of the asset exceeds it's estimated recoverable amount. Therefore, impairment loss is recognised in profit and loss.

The Pacio Accounting software included the Pacio Group Consolidation software, which costs RM25 million. However, due to the failure of a third party to provide the system, an adjustment of RM25 million being made to remove it from the overall cost.

During the financial period, it was determined that the IBS system did not generate future economic benefits for the Group. Consequently, the system has been fully impaired.

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	30.06.2023	31.12.2021
	RM	RM
Unquoted shares, at cost	72,863,088	72,863,088
Accumulated impairment losses	<u>(72,863,087)</u>	<u>(27,864,451)</u>
Net carrying amount	<u>1</u>	<u>44,998,637</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES (CONTD.)

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

	Company	
	30.06.2023	31.12.2021
	RM	RM
At 1 January 2022/2021	27,864,451	-
Impairment loss recognised in profit or loss	44,998,636	27,864,451
At 30 June 2023/ 31 December 2021	72,863,087	27,864,451

Impairment loss recognised

Impairment loss was provided for investment in subsidiaries in which these subsidiaries had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, financial performance and cash flows of these subsidiaries are not expected to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiaries.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Proportion of ownership interest	
			30.06.2023 %	31.12.2021 %
Annum Holdings Sdn. Bhd.	Construction; General trading and investment holding	Malaysia	100	100
Subsidiaries of Annum Holdings Sdn. Bhd.				
Annum M3 Sdn. Bhd. ∞ #	Construction; General trading and investment holding	Malaysia	10	100
Annum S3 Sdn. Bhd. #	Construction; General trading and investment holding	Malaysia	100	100
Annum E3 Sdn. Bhd. #	Construction; General trading and investment holding	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

Details of the subsidiaries are as follows (Contd.):

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Proportion of ownership interest	
			30.06.2023 %	31.12.2021 %
Subsidiaries of Annum Holdings Sdn. Bhd. (Contd.)				
Annum W3 Sdn. Bhd. #	Construction; General trading and investment holding	Malaysia	100	100
Annum K3 Sdn. Bhd. #	Construction; General trading and investment holding	Malaysia	100	100
Annum F3 Sdn. Bhd. #	Technology; General trading and investment holding	Malaysia	100	100
Annum L3 Sdn. Bhd. #	Technology; General trading and investment holding	Malaysia	100	100
Annum R3 Sdn. Bhd. #	Technology; General trading and investment holding	Malaysia	100	100
Annum P3 Sdn. Bhd. #	Construction; General trading and investment holding	Malaysia	100	100
Subsidiaries of Annum M3 Sdn. Bhd.				
Annum Builder Sdn. Bhd. ∞ #	Construction	Malaysia	10	100
Annum Land Sdn. Bhd. ^∞ #	Wholesaler; Construction and investment holding	Malaysia	10	-
Annum IBS Technology Sdn. Bhd. ∞ #	Construction, investment holding and general trading	Malaysia	10	100

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

Details of the subsidiaries are as follows (Contd.):

Name of subsidiaries	Principal activities	Principal place of business	Proportion of ownership interest	
			30.06.2023 %	31.12.2021 %
Subsidiary of Annum S3 Sdn. Bhd.				
Annum Trading Sdn. Bhd. (<i>fka Cymao Plywood Sdn. Bhd.</i>) #	Sale of veneer, plywood, decorative plywood	Malaysia	100	100
Subsidiary of Annum E3 Sdn. Bhd.				
Annum EPCC Sdn. Bhd. #	Construction, project management and its related activities including engineering, procurement, construction and commissioning	Malaysia	100	100
Subsidiary of Annum W3 Sdn. Bhd.				
Inovwood Sdn. Bhd. #	Manufacture and sale of veneer and plywood; trading of decorative plywood	Malaysia	100	100
Subsidiary of Annum K3 Sdn. Bhd.				
Annum Industries Sdn. Bhd. #	Smart farming for agricultural products, investment holding and other business activities.	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

Details of the subsidiaries are as follows (Contd.):

Name of subsidiaries	Principal activities	Principal place of business	Proportion of ownership interest	
			30.06.2023 %	31.12.2021 %
Subsidiary of Annum F3 Sdn. Bhd.				
Annum Technology Sdn. Bhd. #	Technology; General trading and investment holding	Malaysia	100	100
Subsidiary of Annum L3 Sdn. Bhd.				
Annum Data Sdn. Bhd. #	Technology; General trading	Malaysia	85	85
Subsidiaries of Annum R3 Sdn. Bhd.				
Annum TECH2 Sdn. Bhd. #	Technology; General trading	Malaysia	100	100
Annum WMS Sdn. Bhd. #	Technology; General trading	Malaysia	100	100
Subsidiary of Annum P3 Sdn. Bhd.				
Annum Enterprise Sdn. Bhd. + #	Master franchisee, business consultancy, advisory, services, providing co-working space and act as commission agent.	Malaysia	100	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

Details of the subsidiaries are as follows (Contd.):

Name of subsidiaries	Principal activities	Principal place of business	Proportion of ownership interest	
			30.06.2023 %	31.12.2021 %
Subsidiary of Annum Technology Sdn. Bhd.				
Annum Softcodes Sdn. Bhd. #	IT related services	Malaysia	100	100
Crystal Sentral Sdn. Bhd. ^ * #	Wholesaler, investment holding, research and development on engineering and technology.	Malaysia	-	-
Subsidiary of Annum Land Sdn. Bhd.				
IJ Ventures Sdn. Bhd. ^ ∞ #	Property development, construction works and building contractor	Malaysia	10	-
Subsidiary of Annum TECH2 Sdn. Bhd.				
Annum Sahabatko Sdn. Bhd. + #	Business of smart farming for agricultural products; Sale, marketing of agricultural products and investment holdings	Malaysia	75	-

+ Incorporated during the financial period.

^ Acquired/Deemed acquired during the financial period.

* Deemed disposed during the financial period.

∞ Derecognised during the financial period.

Subsidiaries not audited by SBY Partners PLT.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(a) During the financial period, the Group completed the followings acquisitions, disposals, subscriptions and incorporations of companies:

- (1) On 9 March 2022, Annum M3 Sdn. Bhd. ("Annum M3"), an indirect subsidiary of the Company acquired one (1) ordinary share representing 100% equity interest of Annum Land Sdn. Bhd. ("Annum Land") (formerly known as Matahari Timur Jaya Sdn. Bhd.) for a total cash consideration of RM1.
- (2) Following the acquisition of Annum Land, IJ Ventures Sdn. Bhd. ("IJ Ventures") became an indirect subsidiary of the Company. Annum Land holds 2,500,010 ordinary shares representing 83.3% equity interest of IJ Ventures.

Subsequently, Annum Land acquired additional 250,000 ordinary shares of IJ Ventures for a total cash consideration of RM1 on 17 March 2022. The equity interest in IJ Ventures increased to 91.7%.

On 11 May 2022, Annum Land acquired the remaining 250,000 ordinary shares of IJ Ventures for a total cash consideration of RM1. Consequently, IJ Ventures became a wholly-owned indirect subsidiary of the Company.

- (3) On 26 October 2022, Annum K3 Sdn. Bhd. ("Annum K3"), an indirect subsidiary of the Company subscribed 99,999 ordinary shares representing 99% equity interest of Annum Industries for a total cash consideration of RM99,999. The Company's effective interest in Annum Industries's ordinary shares remained at 100%.
- (4) On 1 April 2023, Annum M3 acquired one (1) ordinary shares of Annum IBS Technology Sdn. Bhd. ("Annum IBS Technology") from Annum Industries Sdn. Bhd. ("Annum Industries") for a total cash consideration of RM1. Annum IBS Technology became a wholly-owned subsidiary of Annum M3.
- (5) On 1 April 2023, a third party had subscribed 9 ordinary shares representing 90% equity interest of Annum M3 for a total consideration of RM9. Consequently, Annum M3 and its subsidiaries i.e. Annum Builder Sdn. Bhd. ("Annum Builder"), Annum Land, Annum IBS Technology and IJ Ventures ceased to be subsidiaries of the Company. The Company's effective interest in Annum M3 and its subsidiaries' ordinary shares was reduced from 100% to 10% and classified as other investments.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(a) During the financial period, the Group completed the followings acquisitions, disposals, subscriptions and incorporations of companies (contd.):

- (6) On 14 March 2022, Annum TECH2 Sdn. Bhd. ("Annum TECH2"), an indirect subsidiary of the Company incorporated a subsidiary, Annum Sahabatko Sdn. Bhd. ("Annum Sahabatko") with an issued paid up capital of RM100 comprising 100 ordinary shares. Annum TECH2 had subscribed 75 ordinary shares representing 75% equity interest of Annum Sahabatko for a total cash consideration of RM75.
- (7) On 1 April 2022, Annum Technology Sdn. Bhd. ("Annum Technology"), an indirect subsidiary of the Company obtained management control of Crystal Sentral Sdn. Bhd. ("Crystal Sentral") for a total consideration of RM100,000 pursuant to the management control agreement. As a result, Crystal Sentral was deemed acquired as an indirect subsidiary of the Company.

Subsequently, pursuant to the termination of the management control agreement, Crystal Sentral was deemed disposed of and ceased to be a subsidiary on 1 January 2023.

- (8) On 14 October 2022, Annum Holdings Sdn. Bhd. ("Annum Holdings") incorporated a wholly-owned subsidiary, Annum Enterprise Sdn. Bhd. ("Annum Enterprise"), with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (b) In the previous financial year, the Group completed the following acquisitions and disposal of companies:
- (1) On 19 May 2021, the Company disposed 100% equity interest in Syabas Mujur Sdn. Bhd. for cash consideration of RM1.
 - (2) On 20 September 2021, Annum Technology acquired one (1) ordinary share representing 100% equity interest of Annum Softcodes Sdn. Bhd. ("Annum Softcodes") for a total cash consideration of RM10,000.
 - (3) On 8 December 2021, Annum Industries acquired one (1) ordinary share representing 100% equity interest of Annum IBS Technology for a total cash consideration of RM1.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(c) Acquisition/Deemed acquisition of subsidiaries

30.06.2023

During the financial period, the Company made acquisitions of Annum Land and IJ Ventures as well as a deemed acquisition of Crystal Sentral.

The effect on cash flows and the fair values of the identifiable assets acquired and liabilities assumed arising from the acquisition/ deemed acquisition are as follows:

	Annum Land	IJ Ventures	Crystal Sentral	Total
	RM	RM	RM	RM
Total fair value of consideration paid	1	2	100,000	100,002
Less: Cash and cash equivalents of the subsidiaries acquired/ deemed acquired	(1)	(7,693)	(100,000)	(107,693)
Net cash inflows on acquisition/ deemed acquisition	<u>-</u>	<u>(7,691)</u>	<u>-</u>	<u>(7,691)</u>
	Annum Land	IJ Ventures	Crystal Sentral	Total
	RM	RM	RM	RM
Investment in a subsidiary	1	-	-	1
Property, plant and equipment	-	3,960	-	3,960
Trade receivables	-	28,080,000	-	28,080,000
Other receivables prepayment and deposits	-	19,503,532	-	19,503,532
Cash and bank balances	1	7,693	100,000	7,694
Tax recoverable	-	9,380	-	9,380
Trade payables	-	(26,188,803)	-	(26,188,803)
Other payables, accruals and deposits	(1,036)	(11,004,874)	-	(11,005,910)
Term loan	-	(3,636,764)	-	(3,636,764)
Net (liabilities)/assets	<u>(1,034)</u>	<u>6,774,124</u>	<u>100,000</u>	<u>6,773,090</u>
Non-controlling interests	-	(562,252)	-	(562,252)
Group's share of net (liabilities)/assets	<u>(1,034)</u>	<u>6,211,872</u>	<u>100,000</u>	<u>6,210,838</u>
Total fair value of consideration paid	<u>(1)</u>	<u>(2)</u>	<u>(100,000)</u>	<u>(3)</u>
Bargain purchase gain	<u>(1,035)</u>	<u>6,211,870</u>	<u>-</u>	<u>6,210,835</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(c) Acquisition/ Deemed acquisition of subsidiaries (contd.)

30.06.2023 (Contd.)

The non-controlling interests represent its share of the fair value of subsidiaries at the acquisition date, estimated using the purchase price allocation method.

The negative goodwill on business combination is not taxable for tax purpose.

Annum Land, IJ Ventures and Crystal Sentral contributed the following revenue and profit/(loss) to the Group's consolidated statement of profit or loss for the current period since the date of acquisition/ deemed acquisition:

	Annum Land	IJ Ventures	Crystal Sentral	Total
	RM	RM	RM	RM
Revenue	-	15,724,800	86,876,905	15,724,800
Profit/(Loss) before tax	10,618,783	(10,955,800)	(34,119)	(337,017)
Profit/(Loss) for the period	<u>10,618,783</u>	<u>(10,955,800)</u>	<u>(34,119)</u>	<u>(337,017)</u>

31.12.2021

In the previous financial period, there was an acquisition of Annum Softcodes and Annum IBS Technology.

The effect on cash flows and the fair values of the identifiable assets acquired and liabilities assumed arising from the acquisition of Annum Softcodes and Annum IBS Technology as follows:

	Annum Softcodes	Annum IBS Technology	Total
	RM	RM	RM
Total fair value of consideration paid	10,000	1	10,001
Less: Cash and cash equivalents of the subsidiaries acquired	(1)	(1)	(2)
Net cash outflows on acquisition	<u>9,999</u>	<u>-</u>	<u>9,999</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(c) Acquisition/ Deemed acquisition of subsidiaries (contd.)

31.12.2021 (Contd.)

	Annum Softcodes RM	Annum IBS Technology RM	Total RM
Property, plant and equipment	64,187,500	-	64,187,500
Intangible assets	12,089,817	80,000,000	92,089,817
Cash and bank balances	1	1	2
Trade and other payables	(62,029,303)	(71,741,163)	(133,770,466)
Amount owing to Director	(1,091)	-	(1,091)
Group's share of net (liabilities)/assets	<u>14,246,924</u>	<u>8,258,838</u>	<u>22,505,762</u>
Total fair value of consideration paid	<u>(10,000)</u>	<u>(1)</u>	<u>(10,001)</u>
Bargain purchase gain	<u><u>14,236,924</u></u>	<u><u>8,258,837</u></u>	<u><u>22,495,761</u></u>

(d) Deemed disposal/ Disposal of subsidiaries

30.06.2023

(i) During the financial period, there is deemed disposal of Crystal Sentral.

The effects on the Group's financial statements are as follows:

	RM
Cash proceeds	100,000
Less: Cost of investment in subsidiary	<u>(100,000)</u>
Gain on deemed disposal of subsidiary at subsidiary's company level	-
Post-acquisition reserves recognised up to the date of disposal	<u>(34,119)</u>
Gain on deemed disposal of subsidiary at the Group level	<u><u>34,119</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(d) Deemed disposal/ Disposal of subsidiaries (Contd.)

30.06.2023 (Contd.)

The value of assets and liabilities of deemed disposal of Crystal Sentral as at the date of deemed disposal are as follows:

	RM
Trade receivables	13,520,509
Other receivables, prepayment and deposits	335,953
Cash and bank balances	33,093
Trade payables	(13,350,351)
Other payables, accruals and deposits	<u>(473,323)</u>
Net assets	65,881
Gain on deemed disposal of subsidiary at the Group level	<u>34,119</u>
Net disposal proceeds	100,000
Less: Cash and cash equivalents of subsidiary deemed disposed	<u>(33,093)</u>
Cash inflow upon deemed disposal of subsidiary	<u><u>66,907</u></u>

31.12.2021

(i) During the previous financial year, there was a disposal of Syabas Mujur Sdn. Bhd. ("Syabas Mujur").

The effects on the Group's financial statements were as follows:

	RM
Cash proceeds	1
Less: Cost of investment in subsidiary	<u>(1)</u>
Gain on disposal of subsidiary at subsidiary's company level	-
Post-acquisition reserves recognised up to the date of disposal	<u>5,239,653</u>
Gain on disposal of subsidiary at the Group level	<u><u>5,239,653</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(d) Deemed disposal/ Disposal of subsidiaries (Contd.)

31.12.2021 (Contd.)

The value of assets and liabilities of disposal of Syabas Mujur as at the date of disposal are as follows:

	RM
Property, plant and equipment	1,557
Current tax assets	19,020
Cash and bank balances	101
Amount due to holding company	(3,808,930)
Amount due to related companies	(1,448,851)
Other payables	(2,549)
Net liabilities	<u>(5,239,652)</u>
Gain on disposal of subsidiary at the Group level	<u>5,239,653</u>
Net disposal proceeds	1
Less: Cash and cash equivalents of subsidiary deemed disposed	<u>(101)</u>
Cash outflow upon disposal of subsidiary	<u><u>(100)</u></u>

(e) Derecognition of subsidiaries

30.06.2023

(i) During the financial period, Annum M3 and its subsidiaries, Annum Builder, Annum Land, Annum IBS Technology and IJ Ventures ("M3 and its subsidiaries") were derecognised due to a reduction in equity interest from 100% to 10%. This change in ownership results in loss of control over Annum M3 and its subsidiaries.

The effects on the Group's financial statements are as follows:

	RM
Deemed consideration on derecognition	1
Post-acquisition reserves recognised up to the date of derecognition	<u>(13,584,926)</u>
Gain on derecognition of subsidiaries at the Group level	<u><u>13,584,925</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENTS IN SUBSIDIARIES COMPANIES (CONTD.)

(2) Derecognition of subsidiaries (Contd.)

30.06.2023 (Contd.)

The value of assets and liabilities of derecognition of M3 and its subsidiaries as at the date of derecognition are as follows:

	RM
Property, plant and equipment	1,430
Property development cost	7,150,000
Other receivables	825
Cash and bank balances	222,269
Trade payables	(4,983,392)
Other payables, accrual and deposits	(11,755,314)
Bank borrowings	(3,220,742)
Amount owing to holding company	(1,000,000)
Net liabilities	(13,584,924)
Add: Gain on derecognition of subsidiaries at the Group level	13,584,925
Deemed consideration on derecognition	1
Less: Cash and cash equivalents of subsidiaries derecognised	(222,269)
Cash outflow upon derecognition of subsidiaries	(222,268)

17. INVESTMENT IN AN ASSOCIATE

	Group	
	30.06.2023	Restated 31.12.2021
	RM	RM
Unquoted shares, at cost	490,000	490,000
Share of post-acquisition retained earnings	(490,000)	(99,495)
Net carrying amount	<u>-</u>	<u>390,505</u>
	30.06.2023	31.12.2021
	RM	RM
At 1 January 2022/2021	99,495	-
Share of result of an associate	390,505	99,495
At 30 June/ 31 December	<u>490,000</u>	<u>99,495</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

17. INVESTMENT IN AN ASSOCIATE (CONTD.)

During the financial period, Annum R3 Sdn. Bhd, a wholly-owned subsidiary of the Company has disposed Annum T3 Sdn. Bhd. for a cash consideration of RM490,000 to Mi Wide Technology Sdn. Bhd.

Associate company held by the Company is incorporated in Malaysia, details is as follows:

Name of associate	Principal activities	Principal place of business	Proportion of ownership interest	
			30.06.2023	31.12.2021
			%	%
Annum T3 Sdn. Bhd. #	Technology; General trading	Malaysia	-	49

Not audited by SBY Partners PLT.

The summarised financial information of the associate is as follows:

	30.06.2023	31.12.2021
	RM	RM
Total assets	-	1,001,000
Total liabilities	-	207,665
Loss for the financial period/year	-	(206,665)

18. OTHER INVESTMENT

	Group	
	30.06.2023	31.12.2021
	RM	RM
Cost	1	-

On 1st April 2023, Annum M3 Sdn. Bhd. increased its issued and paid-up capital from 1 share to 10 shares with a third party subscribing to the additional 9 shares, representing 90% equity interest. Consequently, the Group relinquished control over Annum M3 Sdn. Bhd., along with its subsidiaries i.e, Annum Builder Sdn. Bhd., Annum Land Sdn. Bhd., IJ Ventures Sdn. Bhd. and Annum IBS Technology Sdn. Bhd., which were reclassified as other investments within the Group.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

19. TRADE AND NON-TRADE RECEIVABLES

	Group		Company	
	30.06.2023	31.12.2021	30.06.2023	31.12.2021
	RM	RM	RM	RM
Trade receivables				
Third parties (<i>Note a</i>)	10,329,268	38,598,640	-	-
Non-trade receivables				
Prepayments	7,001	530	-	-
Deposits paid	13,418,295	29,158,719	-	-
Other receivables	661,796	11,149	1,035	-
	<u>14,087,092</u>	<u>29,170,398</u>	<u>1,035</u>	<u>-</u>
Amounts due from subsidiaries (<i>Note b</i>)	-	-	79,164,134	27,997,338
Amount due from an associate company (<i>Note b</i>)	-	2,035	-	1,035
Less: Allowance for impairment loss (<i>Note c</i>)	-	-	(79,159,986)	(7,763,369)
	<u>-</u>	<u>2,035</u>	<u>4,148</u>	<u>20,235,004</u>
Total trade and non-trade receivables	<u>24,416,360</u>	<u>67,771,073</u>	<u>5,183</u>	<u>20,235,004</u>

- (a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group is 30 to 180 days (31.12.2021: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

As at the reporting date, the Group has significant concentration of credit risk in the form of outstanding balance due from 3 customers (31.12.2021: 3 customer) representing 100% (31.12.2021: 100%) of total net receivables.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

19. TRADE AND NON-TRADE RECEIVABLES (CONTD.)

The ageing analysis of the Group's trade receivables as at the reporting period are as follows:

Group	Gross amount RM	Expected credit loss RM	Carrying value RM
30.06.2023			
Neither past due nor impaired	10,329,268	-	10,329,268
Past due			
- less than 60 days	-	-	-
- between 61 to 120 days	-	-	-
- between 121 to 365 days	-	-	-
- more than 365 days	-	-	-
	-	-	-
	<u>10,329,268</u>	<u>-</u>	<u>10,329,268</u>
Group	Gross amount RM	Expected credit loss RM	Carrying value RM
31.12.2021			
Neither past due nor impaired	29,636,640	-	29,636,640
Past due			
- less than 60 days	8,962,000	-	8,962,000
- between 61 to 120 days	-	-	-
- between 121 to 365 days	-	-	-
- more than 365 days	-	-	-
	8,962,000	-	8,962,000
	<u>38,598,640</u>	<u>-</u>	<u>38,598,640</u>

Non-trade receivables including amounts due from subsidiaries, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

- (b) Amounts due from subsidiaries and an associate company are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

19. TRADE AND NON-TRADE RECEIVABLES (CONTD.)

(c) Movement in allowance account is as follows:

Group	30.06.2023	31.12.2021
	RM	RM
Non-trade receivables		
At 1 January 2022/2021	-	82,000
Charge for the financial period/year (<i>Note 7</i>)	-	6,841,154
Reversal for the financial period/year (<i>Note 6</i>)	-	(4,039,315)
Written off	-	(2,883,839)
As at 30 June/ 31 December	<u>-</u>	<u>-</u>
Company	30.06.2023	31.12.2021
	RM	RM
Amounts due from subsidiaries		
At 1 January 2022/2021	7,763,369	10,173,719
Charge for the financial period/year (<i>Note 7</i>)	71,396,617	-
Reversal for the financial period/year (<i>Note 6</i>)	-	(2,410,350)
At 30 June 2023/31 December 2021	<u>79,159,986</u>	<u>7,763,369</u>

The allowance account in respect of receivables is used to record impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

20. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	30.06.2023	Restated 31.12.2021
	RM	RM
Non-current assets		
78 units of vacant residential land lots	<u>1,038,837</u>	<u>-</u>

On 11 May 2023, Inovwood Sdn. Bhd. ("ISB"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement ("SPA") with JPS International Holdings Sdn. Bhd. ("JPS") for the proposed disposal of 78 units of vacant residential land lots at Taman Po Hing, Batu Sapi, Sandakan.

Subsequent to the end of the financial period, the transaction was completed on 10 August 2023.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	30.06.2023	Restated 31.12.2021	30.06.2023	31.12.2021
	RM	RM	RM	RM
Cash in hand	18	5,688	1	1
Cash at banks	10,614,996	3,529,653	931	160,082
Cash and cash equivalents	10,615,014	3,535,341	932	160,083

22. SHARE CAPITAL

	Group and Company Share capital			
	30.06.2023		31.12.2021	
	Unit	RM	Unit	RM
Issued and fully paid				
Ordinary shares				
At 1 January 2022/2021	75,000,000	93,464,258	75,000,000	92,374,387
Disposal of treasury shares	-	-	-	1,089,871
Issuance of Shares via :				
- Private Placement	22,500,000	12,375,000	-	-
- Rights Issue	129,998,598	38,999,580	-	-
At 30 June/ 31 December	227,498,598	144,838,838	75,000,000	93,464,258

(i) On 18 March, 2022, the Company issued 22,500,000 new ordinary shares of RM0.55 each via private placement.

(ii) On 21 February 2023, the Company issued a renounceable rights issue of 129,998,598 new ordinary shares on the basis of four (4) right share for every three (3) existing ordinary share held in the Company at an issue price of RM0.30 per right share together with 97,498,878 free detachable new warrants on the basis of three (3) warrants for every four (4) right shares subscribed.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

22. SHARE CAPITAL (CONTD.)

	Group and Company	
	Warrants	
	30.06.2023	31.12.2021
	Units	Units
At 1 January 2022/2021	-	-
Arising from the exercise of right issue	97,498,878	-
At 30 June 2023/ 31 December 2021	<u>97,498,878</u>	<u>-</u>

The warrants have a term of 2 years to exercise from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.

There are no warrants being converted during the financial period.

23. TREASURY SHARES

	Group and Company			
	Treasury shares			
	30.06.2023		31.12.2021	
	Unit	RM	Unit	RM
Issued and fully paid				
At 1 January 2022/2021	-	-	1,664,600	693,951
Disposal of treasury shares	-	-	(1,664,600)	(693,951)
At 30 June/ 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In the prior financial year, treasury shares relate to ordinary shares of the Group and of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

The Group and the Company has disposed the entire units of the treasury shares for a total consideration of RM1,783,822. The minimum price and the maximum price at which the treasury shares were sold were RM1.07 and RM1.08, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. DEFERRED TAX LIABILITIES

	Group	
	30.06.2023	Restated 31.12.2021
	RM	RM
At 1 January 2022/2021	3,332,936	664,002
Acquisition of subsidiaries	-	2,901,556
Reversal due to impairment of intangible assets	(2,172,447)	-
Recognised in profit or loss (<i>Note 12</i>)	(565,534)	(232,622)
At 30 June/31 December	<u>594,955</u>	<u>3,332,936</u>

The components and movements of deferred tax liabilities of the Group during the financial period are as follows:

	30.06.2023	Restated 31.12.2021
	RM	RM
Property, plant and equipment	2,478,982	2,603,404
Intangible assets	-	11,283,829
	<u>2,478,982</u>	<u>13,887,233</u>
Tax rate	24%	24%
Deferred tax liabilities recognised	<u>594,955</u>	<u>3,332,936</u>

The amount of temporary differences of the Group for which no deferred tax assets have been recognised in the statement of financial position is as follows:

	30.06.2023	31.12.2021
	RM	RM
Unutilised tax losses	1,441,055	5,613,821
Unabsorbed capital allowances	83,922,152	27,308,028
Unutilised reinvestment allowance	14,663,909	14,663,909
	<u>100,027,116</u>	<u>47,585,758</u>
Deferred tax assets at 24% (2021: 24%) not recognised in the financial statements	<u>24,006,508</u>	<u>11,420,581</u>

The potential deferred tax assets in respect of these items have not been recognised as it is uncertain whether sufficient future taxable profits will be available against which certain subsidiaries can utilise the benefits. The unabsorbed business losses and unutilised capital allowances of the Company and of the Group are available for offsetting against future taxable profits of respective subsidiaries, subject to no substantial changes in shareholdings of those entities under the Income Tax Act 1967 and subject to the relevant provision of Income Tax Act 1967.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

25. TRADE AND NON-TRADE PAYABLES

	Group		Company	
	30.06.2023	Restated 31.12.2021	30.06.2023	31.12.2021
	RM	RM	RM	RM
Non-current				
Non-trade payables				
Other payables	-	95,148,384	-	-
Current				
Trade payables				
Third parties	10,484,124	27,768,800	-	-
Non-trade payables				
Other payables	19,242,405	821,369	19,535	113,653
Accruals	1,146,892	513,458	646,838	209,500
Deposits received	167,000	-	-	-
	<u>20,556,297</u>	<u>1,334,827</u>	<u>666,373</u>	<u>323,153</u>
Amounts due to subsidiaries	-	-	22,973,802	21,602,518
Amount due to an associate company	-	15	-	-
	<u>-</u>	<u>15</u>	<u>22,973,802</u>	<u>21,602,518</u>
	<u>31,040,421</u>	<u>29,103,642</u>	<u>23,640,175</u>	<u>21,925,671</u>
Total trade and non-trade payables	<u><u>31,040,421</u></u>	<u><u>124,252,026</u></u>	<u><u>23,640,175</u></u>	<u><u>21,925,671</u></u>

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 180 days (31.12.2021: 30 to 60 days).

Other payables are non-interest bearing and normally settled on an average term of six (6) months.

Amounts due to subsidiaries and an associate company are unsecured and non-trade in nature. These balances are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. SEGMENT INFORMATION

(a) Operating/Geographical segment

The Group is principally involved in trading plywood products, wholesales and construction which are principally carried out in Malaysia. Accordingly, information by geographical on the Group's operations as required by MFRS 9 is not presented.

	Trading of Plywood	Wholesales	Construction	Investment Holding & Others	Total
	RM	RM	RM	RM	RM
30.06.2023					
Revenue	<u>197,344,640</u>	<u>137,178,652</u>	<u>35,408,254</u>	<u>-</u>	<u>369,931,546</u>
Segment results	(290,549,985)	(15,042,368)	(43,036,331)	287,675,381	(60,953,303)
Interest income	-	-	1,858	-	1,858
Finance costs	-	(1,935,907)	(8,176,268)	(2,380)	(10,114,555)
Taxation	(233)	-	-	565,534	565,301
Share of loss	-	-	-	(390,505)	(390,505)
(Loss)/Profit for the financial period	<u>(93,205,578)</u>	<u>(16,978,275)</u>	<u>(51,210,741)</u>	<u>287,848,030</u>	<u>(70,891,204)</u>
Assets					
Segment assets	<u>78,113,191</u>	<u>34,547,312</u>	<u>9,048,624</u>	<u>56,919</u>	<u>121,766,046</u>
Liabilities					
Segment liabilities	59,136,547	10,364,378	43,914,959	(82,375,463)	31,040,421
Deferred tax liabilities	-	-	-	594,955	594,955
	<u>59,136,547</u>	<u>10,364,378</u>	<u>43,914,959</u>	<u>(81,780,508)</u>	<u>31,635,376</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. SEGMENT INFORMATION (CONTD.)

(a) Operating/Geographical segment (Contd.)

	Trading of Plywood	Wholesales	Construction	Investment Holding & Others	Total
	RM	RM	RM	RM	RM
31.12.2021					
Revenue	262,233,176	-	2,250,000	-	264,483,176
Segment results	51,077,404	-	(269,626)	10,458,463	61,266,241
Interest income	883	-	-	-	883
Finance costs	(28,022)	-	(344,161)	(3,936,346)	(4,308,529)
Taxation	-	-	-	232,622	232,622
Share of loss	-	-	-	(99,495)	(99,495)
Profit/(Loss) for the financial year	313,283,441	-	(613,787)	6,655,244	57,091,722
Assets					
Segment assets	251,463,762	-	110,022,734	(124,558,079)	236,928,417
Liabilities					
Segment liabilities	50,423,361	-	103,405,865	(30,227,202)	123,602,024
Deferred tax liabilities	-	-	-	3,332,936	3,332,936
	50,423,361	-	103,405,865	(26,894,266)	126,934,960

(b) Major customers

Revenue from 4 customers (2021: 4 customers) major customers, which contributed ninety percent or more of the revenue generated, amounted to RM241,073,716 (2021: RM262,233,176) accounting from 65.17% (2021: 99%) of total revenue.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) The Group has related party relationship with companies in which directors have financial interest and its key management personnel; and

(ii) The Company has related party relationships with its subsidiaries and key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial period as follow:

(i) Transaction with related party of which a director of the Company:

	Group		Company	
	01.01.2022 to 30.06.2023 RM	Restated 01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Related companies				
Subscription fee revenue	14,550,879	1,684,933	-	-
Subscription fee	(14,550,879)	(1,684,933)	-	-
Sales of ITA	70,630,098	-	-	-
Purchase of ITA	(70,630,098)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. RELATED PARTY DISCLOSURES (CONTD.)

(ii) Related party transactions with common major shareholder of the Company:

Name of related party	Type of transaction	Transaction Value		Outstanding Balance As At	
		30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM
ARB Cloud Sdn. Bhd. ^	IT support fee	(202,320)	-	-	-
ARB Agro Technology Sdn. Bhd. ^	Purchase of property, plant and equipment	(54,304,000)	-	19,152,000	-
ARB Cloud Sdn. Bhd. ^	Other payables	-	-	-	(72,084,290)
ARB Cloud Sdn. Bhd. ^	Other payables	-	-	-	(23,064,093)
Ageson SMSGMBH Sdn. Bhd. *	Sales	129,792,000	71,136,000	-	21,564,000
Ageson Power Sdn. Bhd. *	Sales	6,739,200	-	-	-
Ageson Kopasar Sdn. Bhd. *	Sales	5,616,000	-	-	-
Ageson Place Sdn. Bhd. *	Purchase	-	(12,900,000)	-	(7,500,000)

^ Subsidiaries of ARB Berhad with common major shareholder.

* Subsidiaries of Ageson Berhad with common major shareholder.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. RELATED PARTY DISCLOSURE (CONT'D)

- (c) The remuneration of Directors and other members of key management during the financial period were as follows:

	Group		Company	
	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Executive Directors' remuneration				
- Fees	90,000	42,000	54,000	36,000
- Salaries and other emoluments	418,594	257,600	-	-
	<u>508,594</u>	<u>299,600</u>	<u>54,000</u>	<u>36,000</u>
Non-executive Directors' remuneration:				
- Fees	162,000	148,000	162,000	148,000
- Meeting allowance	5,100	7,800	5,100	7,800
	<u>167,100</u>	<u>155,800</u>	<u>167,100</u>	<u>155,800</u>
Total Directors' remuneration	<u>675,694</u>	<u>455,400</u>	<u>221,100</u>	<u>191,800</u>

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

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS

The Group's activities are exposed to interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity and cash flows risks. The Group's activities are exposed to credit risk and liquidity and cash flows risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate risk, foreign currency risk, equity price risk, credit risk, and liquidity and cash flow risks. The Group's and the Company's policies in respect of the major areas of treasury activities are as follows:

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposures to interest rate risk arise mainly from interest-bearing financial assets. The Group's policies are to obtain the most favourable interest rates available.

A change in interest rates at the end of the reporting period would not significantly affect profit or loss in view that variable rate financial assets are not significant as at the reporting date.

(ii) Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposures to credit risk arises principally from trade and other receivables. The Company's exposures to credit risk arises principally from advances to subsidiaries. There are no significant changes as compared to previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Policies (Contd.)

(ii) Credit Risk (Contd.)

- Trade and other receivables

Risk management objectives, policies and processes for managing the risk

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

At the end of each reporting year, the Group assesses whether any of the trade and other receivables are credit impaired.

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

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

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount in the statements of financial position as at the end of the reporting period.

Concentration of credit risk

At the reporting period, the amount owing by 3 (2022: 3) major customers constituting approximately 100% (2021: 100%) of the total outstanding trade receivables of the Group and of the Company respectively. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Policies (Contd.)

(ii) Credit Risk (Contd.)

- Trade and other receivables (Contd.)

Recognition and measurement of impairment loss

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At the end of each reporting year, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The following table provides information about the exposure to credit risk for trade receivables as at the end of the reporting period:

	Group	
	30.6.2023	31.12.2021
	RM	RM
Not Past due	1,082,968	38,598,640
Impaired	-	-
	1,082,968	38,598,640

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Policies (Contd.)

(ii) Credit Risk (Contd.)

- Trade and other receivables (Contd.)

Recognition and measurement of impairment loss (contd.)

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

At the end of the reporting period, trade receivables that are individually impaired were those that have defaulted in payments. These receivables are not secured by any collateral or credit enhancement.

The Group's exposure to credit risk arises principally from trade and other receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries. There are no significant changes as compared to previous financial year.

As at the end of the financial period, the Group's and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position; and

- Advances to subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Policies (Contd.)

(ii) Credit Risk (Contd.)

- Advances to subsidiaries (contd.)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position as at the end of the reporting period.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers the advances to subsidiaries 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 subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded.

The Company considers a subsidiary company's advances to be credit impaired when the subsidiary company is unlikely to repay its advances to the Company in full or the subsidiary company is continuously loss making and is having a deficit shareholders' fund.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Policies (Contd.)

(iii) Liquidity and Cash Flow Risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM
Group					
30.06.2023					
Trade payables	-	10,484,124	10,484,124	-	-
Other payables and accruals	-	20,556,297	20,556,297	-	-
		<u>31,040,421</u>	<u>31,040,421</u>	<u>-</u>	<u>-</u>
Restated					
31.12.2021					
Trade payables	-	27,768,800	27,768,800	27,768,800	-
Other payables and accruals	-	96,483,210	96,483,210	1,334,827	95,148,383
		<u>124,252,010</u>	<u>124,252,010</u>	<u>29,103,627</u>	<u>95,148,383</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Policies (Contd.)

(iii) Liquidity and Cash Flow Risks (Contd.)

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM
Company					
30.06.2023					
Other payables and accruals	-	666,373	666,373	666,373	-
Amount due to subsidiaries:	-	22,973,802	22,973,802	22,973,802	-
		<u>23,640,175</u>	<u>23,640,175</u>	<u>23,640,175</u>	<u>-</u>
31.12.2021					
Other payables and accruals	-	323,153	323,153	323,153	-
Amount due to subsidiaries:	-	21,602,518	21,602,518	21,602,518	-
		<u>21,925,671</u>	<u>21,925,671</u>	<u>21,925,671</u>	<u>-</u>

(b) Capital Risk 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 their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as 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 net debt divided by total equity. Net debt for the Group and the Company are calculated as trade and other payables plus accruals less cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(b) Capital Risk Management (Contd.)

	Group		Company	
	30.06.2023	Restated 31.12.2021	30.06.2023	31.12.2021
	RM	RM	RM	RM
Trade payables	10,484,124	27,768,800		
Other payables and accruals	20,556,297	96,483,210	666,373	323,153
	<u>31,040,421</u>	<u>124,252,010</u>	<u>666,373</u>	<u>323,153</u>
Less: Cash and bank balances	10,615,014	3,535,341	932	160,083
	<u>20,425,407</u>	<u>120,716,669</u>	<u>665,441</u>	<u>163,070</u>
Total equity	<u>90,140,048</u>	<u>108,726,504</u>	<u>(23,634,059)</u>	<u>43,468,053</u>
Debt-to-equity ratio	<u>0.23</u>	<u>1.11</u>	<u>(0.03)</u>	<u>0.00</u>

There were no changes in the Group's and the Company's approach to capital management during the financial period.

(c) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(c) Classification of Financial Instruments (Contd.)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	30.06.2023	Restated 31.12.2021	30.06.2023	31.12.2021
	RM	RM	RM	RM
Financial assets				
Financial assets measured at amortised cost				
Trade and non-trade receivables	24,409,359	67,770,543	5,183	20,235,004
Cash and bank balances	10,615,014	3,535,341	932	160,082
	<u>35,024,373</u>	<u>71,305,884</u>	<u>6,115</u>	<u>20,395,086</u>
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade and non-trade payables	31,040,421	124,252,025	23,640,175	21,925,671
	<u>31,040,421</u>	<u>124,252,025</u>	<u>23,640,175</u>	<u>21,925,671</u>

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the relatively short term nature. Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. FINANCIAL INSTRUMENTS (CONTD.)

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 30 June 2023 are as follow:

- (i) Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.
- (iii) Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

There were no transfers between Level 1, Level 2 and Level 3 during the financial period ended 30 June 2023.

The Group and the Company do not have any financial assets and financial liabilities carried at fair value as at 30 June 2023.

29. CONTINGENT LIABILITIES

	Group	
	30.06.2023	31.12.2021
Corporate guarantee extended in support of banking facilities granted to a related party	<u>3,359,621</u>	<u>-</u>

30. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group and the Company manage its capital structure by monitoring the capital and net debt on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. CAPITAL MANAGEMENT (CONTD.)

To maintain or to adjust the capital structure, the Group and the Company may declare dividend to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the financial period. The Group is not subject to any externally imposed capital management.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) Memorandum of understanding between IJ Ventures Sdn. Bhd. ("IJ Ventures"), an indirect wholly-owned subsidiary of the Company and Koperasi Belia Nasional Berhad

IJ Ventures Sdn Bhd ("IVSB"), an indirect wholly-owned subsidiary of the Company, had on 28 September 2022, entered into a memorandum of understanding ("MOU") with Koperasi Belia Nasional Berhad ("Kobena") to appoint Kobena as an agent to procure its members to purchase all of the units of a residential development comprising of 130 units of single-storey terrace house ("Development Project") on all the pieces of lands held under PT No. 184265 to PT No. 184394 under Lot 13753, Mukim Belanja, Daerah Kinta, Perak Darul Ridzuan ("Land") ("Appointment").

There is no material development pertaining to the MOU at the report date.

(b) Diversification in Smart Farming Business

Annum Industries Sdn. Bhd. ("Annum Industries"), an indirect wholly-owned subsidiary of the Company had entered into arrangements to collaborate with third parties to undertake the Smart Farming Business. The Group plans to commence planting and harvesting of Japanese melons and hybrid melons under its Smart Farming Business.

(c) Renounceable rights issue and private placement

During the financial period, the issued and paid-up capital of the Company was increase from RM93,464,258 to RM227,498,598 with the issuance of:

- (i) 129,998,598 ordinary shares of RM0.30 each arising from the exercise of right issue; and
- (ii) 22,500,000 ordinary shares of RM0.55 each arising from the exercise of private placement.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTD.)

- (d) Mutual termination of Collaboration Agreement dated 25 October 2021 entered into between Annum EPCC Sdn. Bhd. ("Annum EPCC"), an indirectly wholly-owned subsidiary of the Company and Greentech IOT Technology Sdn. Bhd. ("Greentech IOT Technology").**

Annum EPCC and Greentech IOT Technology had on 3 March 2023, mutually agreed to terminate the Collaboration Agreement as there was no progress to the intended Collaboration and co-operation as contemplated in the Collaboration Agreement. The Collaboration Works was temporarily put on hold by GITSB due to severe shortage of construction material in East Malaysia and as a result, the Parties were unable to reach a mutual consensus on the indicative timeline for the commencement of the Collaboration Works. As such, the Board have come to a conclusion that the Collaboration is no longer feasible due to the prolonged delay of the Collaboration Works.

There is no material impact on the mutual termination as at report date.

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

(a) Changes in composition of the Group

- (i) On 20 September 2023, Annum S3 Sdn. Bhd. ("Annum S3"), an indirect wholly-owned subsidiary of the Company, increased its issued and paid-up capital from 1 shares to 100 shares. Annum Holdings Sdn. Bhd. ("Annum Holdings"), a direct wholly-owned subsidiary of the Company subscribed to the additional 50 shares, representing 50% equity interest while a third party was allotted the remaining 49% shares, representing 49% equity interest.
- (ii) On 20 September 2023, Annum Trading Sdn. Bhd. ("Annum Trading"), an indirect wholly-owned subsidiary of the Company, increased its issued and paid-up capital from 5,100,000,000 shares to 10,000,000,000 shares. The additional 4,900,000,000 representing 49% equity interest, were allotted to a third party.
- (iii) On 2 October 2023, Annum S3 increased its issued and paid-up capital from 100 shares to 123 shares. The additional 23 shares, representing 18.7% equity interest, were allotted to a third party. Consequently, Annum S3 and its 51%-owned subsidiary, Annum trading Sdn. Bhd. will be reclassified as an associate of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (CONTD.)

- (iv) On 20 September 2023, Annum W3 Sdn. Bhd. (“Annum W3”), an indirect wholly-owned subsidiary of the Company, increased its issued and paid-up capital from 1 shares to 100 shares. Annum Holding subscribed to the additional 50 shares, representing 50% equity interest, while the other additional 49 shares, representing 49% equity interest, were allotted to a third party.
- (v) On 20 September 2023, Inovwood Sdn. Bhd. (“Inovwood”), an indirect wholly-owned subsidiary of the Company, increased its issued and paid-up capital from 9,500,002 shares to 18,627,477 shares. The additional 9,127,475 shares, representing 49% equity interest, were allotted to a third party.
- (vi) On 2 October 2023, Annum W3 increased its issued and paid-up capital from 100 shares to 123 shares. The additional 23 shares, representing an 18.7% equity interest, were allotted to a third party. Consequently, Annum W3 and its 51%-owned subsidiary, Inovwood Sdn. Bhd. will be reclassified as an associate of the Company.
- (vii) On 2 October 2023, Annum TECH2 Sdn. Bhd. (“Annum TECH2”), an indirect wholly-owned subsidiary of the Company, increased its issued and paid-up capital from 1 shares to 10 shares. The additional 9 shares, representing a 90% equity interest, were allotted to a third party. Consequently, Annum TECH2 and its 75%-owned subsidiary, Annum Sahabatko Sdn. Bhd. will be reclassified as other investments within the Group.

33. PRIOR YEAR ADJUSTMENTS

During the financial year ended 31 December 2021, the Group failed to write off renovation costs amounted to RM617,722 after ceasing office rental. Additionally, the Group omitted accruing security fees of RM650,000. Consequently, this led to an overstatement of property, plant and equipment by RM617,722 and an understatement of operating expenses by RM650,000.

The prior year adjustments are adjusted retrospectively and the corresponding comparative figures have been restated as follows:

	As previously stated RM	Prior year adjustments RM	As restated RM
31.12.2021			
Statement of financial position (extract)			
ASSETS			
Non-current assets			
Property, plant and equipment	11,364,336	(617,722)	10,746,614

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. PRIOR YEAR ADJUSTMENTS (CONTD.)

	As previously stated RM	Prior year adjustments RM	As restated RM
31.12.2021 (Contd.)			
Statement of financial position (extract)			
Current liabilities			
Trade and non-trade payables	<u>28,453,642</u>	<u>650,000</u>	<u>29,103,642</u>
Equity attributable to owners of the Company			
Retained profits	<u>16,529,969</u>	<u>(1,267,722)</u>	<u>15,262,247</u>
Statement of profit or loss and other comprehensive income (extract)			
Other operating expenses	(12,988,367)	(617,722)	(13,606,089)
Operating expenses	<u>(5,372,083)</u>	<u>(650,000)</u>	<u>(6,022,083)</u>
Statement of cash flows (extract)			
Cash flows from operating activities			
Profit before taxation	56,859,100	(1,267,722)	55,591,378
Change in payables	<u>16,899,213</u>	<u>(650,000)</u>	<u>16,249,213</u>

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 7 May 2024 by the Board of Directors.

LIST OF PROPERTIES

	Company owned	Location	Land Area (acres)	Description and Existing Use	Built-up Area (Sq. ft.)	Lease Tenure from/to	Approximate Age of Building	NBV @ 30/06/2023 RM
1	CPSB	TL 077523678 KM 8.3, Jalan Leila-Batu Sapi 90000 Sandakan, Sabah	1.515	Industrial land with plywood factory and ancillary buildings	352,713	Leasehold 99 years (expiring 31.12.2068)	29	1,091,831
2	CPSB	TL 077523687 KM 8.3, Jalan Leila-Batu Sapi 90000 Sandakan, Sabah	2.84	Industrial land with plywood factory and ancillary buildings	123,710	Leasehold 99 years (expiring 31.12.2068)	34	1,232,493
3	ISB	TL 077517081 8.4 KM, Jalan Batu Sapi 90000 Sandakan, Sabah	5.91	Industrial land with plywood factory and ancillary buildings	257,345	Leasehold 99 years (expiring 31.12.2073)	33	1,085,340
4	ISB	TL 077526599 8.4 KM, Jalan Batu Sapi 90000 Sandakan, Sabah	4.37	Industrial land with plywood factory and ancillary buildings	190,287	Leasehold 99 years (expiring 31.12.2068)	33	827,836
5	ISB	TL 077528039 8.4 KM, Jalan Batu Sapi 90000 Sandakan, Sabah	0.73	Industrial land with plywood factory and ancillary buildings	31,787	Leasehold 99 years (expiring 31.12.2068)	33	138,808
6	ISB	TL 077537841 8.4 KM, Jalan Batu Sapi 90000 Sandakan, Sabah	7.18	Industrial land with log conditioning shed	312,646	Leasehold 99 years (expiring 31.12.2033)	-	157,498

ANALYSIS OF SHAREHOLDINGS

(Based on Register of Depositors as at 15 April 2024)

SHARE CAPITAL

Total Issued Shares	:	227,498,598
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

(Based on Register of Depositors as at 15 April 2024)

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	83	3,249	*
100 to 1,000	923	313,107	0.14
1,001 to 10,000	1,173	6,324,179	2.78
10,001 to 100,000	1,026	38,069,841	16.73
100,001 to less than 5% of issued holdings	213	132,997,556	58.46
5% and above of issued holdings	3	49,790,666	21.89
Total	3,421	227,498,598	100.00

Note:

* Less than 0.01%

DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' Shareholdings as at 15 April 2024)

Names	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Muhammad Adib Bin Ariffin	-	-	-	-
2. Lim Yun Nyen	-	-	-	-
3. Dato' Baharon Bin Talib	-	-	-	-
4. Khor Chin Meng	-	-	-	-
5. Noor Amalina Binti Ali	-	-	-	-

SUBSTANTIAL SHAREHOLDINGS

(Based on Register of Depositors as at 15 April 2024)

Names	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Dato' Sri Chin Kok Foong	33,733,200	14.83	-	-
2. Dato' Sri Liew Kok Leong	6,057,400	2.66	16,057,400 ^(a)	7.06
3. Ukay One Sdn Bhd	16,057,400	7.06	-	-

^(a) Deemed interested by virtue of his interest in Ukay One Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS

(Based on Register of Depositors as at 15 April 2024) (cont'd)

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS (Based on Register of Depositors as at 15 April 2024)

No.	Name	No. of Shares Held	Percentage
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIN KOK FOONG (SMART)</i>	16,866,666	7.41
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHIN KOK FOONG</i>	16,866,600	7.41
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR UKAY ONE SDN BHD (PB)</i>	16,057,400	7.06
4.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YOUNG CHUAN KIM (E-KTU)</i>	7,400,000	3.25
5.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIEW KOK LEONG</i>	6,057,400	2.66
6.	TEO CHIN SIONG	5,510,200	2.42
7.	BIDANG BARAT SDN BHD	5,294,600	2.33
8.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)</i>	4,113,700	1.81
9.	SYNTECH VENTURE SDN BHD	4,023,200	1.77
10.	SEROJA KUNING SDN BHD	4,000,000	1.76
11.	INTELLIKONNECT (MALAYSIA) SDN BHD	3,978,266	1.75
12.	LAMAN MUTIARA SDN BHD	3,814,000	1.68
13.	LEE CHEE BENG	3,650,000	1.60
14.	BUMI PNBC SDN BHD	3,530,266	1.55
15.	YIN YIT FUN	3,150,000	1.38
16.	ERA CAHAYA SDN BHD	2,318,000	1.02
17.	KUAN KAR CHIN	2,259,800	1.00
18.	ADDEEN TRADING SDN BHD	2,150,000	0.95
19.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WARRANTS CAPITAL LTD</i>	2,000,000	0.88
20.	NUSANTARA SELATAN SDN BHD	2,000,000	0.88
21.	SD PLYWOOD SDN BHD	1,906,800	0.84
22.	PELANGI LANGIT SDN BHD	1,781,100	0.78
23.	TYE LIM HUAT	1,670,000	0.73
24.	YONG HUA TING	1,600,000	0.70
25.	SU MING KEAT	1,423,333	0.63
26.	ZULKIFLI BIN HUSSAIN	1,285,000	0.56
27.	WONG KAM SENG	1,260,000	0.56
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW AH KOU (E-SPI)</i>	1,249,933	0.55
29.	NG LAI YOKE	1,230,600	0.54
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ANG HONG LIM (E-TJJ/TMB)</i>	1,228,600	0.54
Total		129,675,464	57.00

ANALYSIS OF WARRANT HOLDINGS

(Based on Register of Depositors as at 15 April 2024)

Total Issued Warrants : 97,498,878
Total Outstanding Warrants : 97,498,878

DISTRIBUTION OF WARRANT HOLDERS (Based on Register of Depositors as at 15 April 2024)

Size of Holdings	No. of Warrant Holders	Percentage (%)	No. of Warrants	Percentage (%)
Less than 100	26	6.39	2,128	*
100 to 1,000	22	5.40	12,978	0.01
1,001 to 10,000	89	21.87	524,863	0.54
10,001 to 100,000	189	46.44	7,936,095	8.14
100,001 to less than 5% of issued Warrants	77	18.92	46,536,765	47.73
5% and above of issued Warrants	4	0.98	42,486,049	43.58
Total	407	100.00	97,498,878	100.00

Note:

* Less than 0.01%

LIST OF TOP 30 WARRANT HOLDERS (Based on Register of Depositors as at 15 April 2024)

No.	Name	No. of Warrants	Percentage (%)
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIN KOK FOONG (SMART)	10,924,999	11.20
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN KOK FOONG	10,924,950	11.20
3.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW KOK LEONG	10,318,050	10.58
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UKAY ONE SDN BHD (PB)	10,318,050	10.58
5.	SEJAHTERA BESTARI SDN BHD	4,449,975	4.56
6.	BIDANG BARAT SDN BHD	3,970,950	4.07
7.	SYNTECH VENTURE SDN BHD	3,017,400	3.09
8.	INTELLIKONNECT (MALAYSIA) SDN BHD	2,983,699	3.06
9.	BUMI PNBC SDN BHD	2,647,699	2.72
10.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)	2,019,900	2.07
11.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WARRANTS CAPITAL LTD	1,500,000	1.54
12.	WU SONG SEE @ GOH SONG SEE	1,230,000	1.26
13.	OH GAIK IM	1,120,700	1.15
14.	GAN PEI FEN	1,100,000	1.13

ANALYSIS OF WARRANT HOLDINGS

(Based on Register of Depositors as at 15 April 2024) (cont'd)

LIST OF TOP 30 WARRANT HOLDERS (CONT'D) (Based on Register of Depositors as at 15 April 2024)

No.	Name	No. of Warrants	Percentage (%)
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>WOON CHOU HONG</i>	1,001,300	1.03
16.	NG KAY JEONG	1,000,000	1.03
17.	LEOW HO ENG	995,300	1.02
18.	YONG SIEW NGEE	965,000	0.99
19.	HOOYA HYDROPONIC SDN BHD	921,900	0.95
20.	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR BOON KIM YU (CCTS)</i>	888,900	0.91
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE YEONG WAI</i>	825,000	0.85
22.	SU MING KEAT	609,999	0.63
23.	LIM KENG JIN	500,000	0.52
24.	NORLITA BINTI MOHD TAHIR	500,000	0.51
25.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	500,000	0.51
26.	TAN WEI SHIEN	499,950	0.51
27.	SIM KEAN HEE	470,000	0.48
28.	TYE LIM HUAT	463,500	0.48
29.	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD. <i>PIONEER UNITED LIMITED (JS 803)</i>	450,000	0.46
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YOUNG CHUAN KIM (E-KTU)</i>	450,000	0.46
Total		77,567,221	79.55