



ACB RESOURCES BERHAD

Registration No. 197401003539 (20667-M)

Laporan Tahunan

2023

Annual Report

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 48th Annual General Meeting of ACB Resources Berhad ("48th AGM") will be held virtually from the Broadcast Venue, Board Room, Level 15, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via E-Meeting Portal at <https://scsb.lion.com.my> on Thursday, 20 June 2024 at 11.30 am for the following purposes:

AGENDA

- | | |
|--|---------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon. | Note 1 |
| 2. To approve the payment of Directors' fees amounting to RM37,000 for the financial year ended 31 December 2023. | Resolution 1 |
| 3. To approve the payment of Directors' benefits of up to RM12,000 for meeting allowances for the period commencing after the 48th AGM until the next annual general meeting of the Company. | Resolution 2 |
| 4. To re-elect Mr Ooi Kim Lai who retires by rotation in accordance with Clause 108 of the Company's Constitution and who being eligible, has offered himself for re-election. | Resolution 3 |
| 5. To re-appoint Messrs Ong Boon Bah & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 4 |
| 6. To transact any other business for which due notice shall have been given. | |

By Order of the Board

WONG PHOOI LIN (MAICSA 7013812)
SSM PC No. 202008002964

LIM KWEE PENG (MAICSA 7015250)
SSM PC No. 202008002981
Secretaries

Kuala Lumpur
29 May 2024

Notes:

- *Proxy*
 - (i) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 13 June 2024 shall be eligible to participate at the Meeting.*
 - (ii) *A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.*
 - (iii) *If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.*
 - (iv) *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*
 - (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
 - (vi) *The instrument appointing a proxy shall be deposited at the Office of the Registrar of the Company at Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.*
 - (vii) *Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.*
- *The 48th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on E-Meeting Portal at <https://scsb.lion.com.my>. Please refer to the procedures provided in the Administrative Guide for the 48th AGM for registration, participation and remote voting via the RPV facilities.*
- *At the Broadcast Venue, only the Chairman and other essential individuals are physically present to organise the virtual 48th AGM. Members/Proxies/Corporate Representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 48th AGM.*
- 1. *Audited Financial Statements for the financial year ended 31 December 2023*

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by Members.

CORPORATE INFORMATION

- Board of Directors** : Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun
(Chairman)
Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
Mr Tan Siak Tee
Mr Ooi Kim Lai
- Secretaries** : Ms Wong Phooi Lin (MAICSA 7013812)
SSM PC No. 202008002964
Ms Lim Kwee Peng (MAICSA 7015250)
SSM PC No. 202008002981
- Registration No** : 197401003539 (20667-M)
- Registered Office** : Level 14, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur
Wilayah Persekutuan
Tel No : 03-21420155
Fax No : 03-21413448
Website : www.lion.com.my/acb
Email : acb@lion.com.my
- Share Registrar** : Secretarial Communications Sdn Bhd
Level 13, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur
Wilayah Persekutuan
Tel Nos : 03-21420155, 03-21418411
Fax No : 03-21428409
Email : shregistrar@lion.com.my
- Auditors** : Ong Boon Bah & Co.
B-10-1 Megan Avenue 1
189 Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
- Principal Bankers** : Bank of China (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad

DIRECTORS' PROFILE

Datuk M. Chareon Sae Tang @ Tan Whye Aun
Chairman

Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun, a Malaysian, male, aged 85, was appointed to the Board on 25 March 1998 and was elected the Chairman of the Company on 22 March 2022.

Datuk Tang obtained his Bachelor of Law from King's College, the University of London and is a Barrister-at-Law of the Inner Temple London. He has been in legal practice since 1968; first as a legal assistant in Messrs Shearn & Delamore, and later as a Partner at Messrs Chye, Chow, Chung & Tang until 1976. Presently, he manages his own legal practice, Messrs C.S. Tang & Co.

Datuk Tang is also the Chairman of Lion Corporation Berhad, a public company. He was a Director of Tomei Consolidated Berhad, a public listed company, from 2006 to May 2024.

Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
Director

Y. Bhg. Datuk Seri Abdul Manap bin Ibrahim, a Malaysian, male, aged 85, was appointed to the Board on 30 March 1994.

Datuk Seri Abdul Manap joined the Malaysian Army as an Officer Cadet in 1959. He was a graduate of the Royal Military College at Sungei Besi, the British Army School of Infantry in Netheravon, England, the US Army Command and General Staff College in Fort Leavenworth (Kansas), the US Naval Post Graduate School in Monterey (California) and the fellowship at US Army War College in Carlyle Barracks (Pennsylvania). He held many important staff and command appointments at the Ministry of Defence, in the field and abroad. He retired in 1994 as Deputy Chief of the Army from the Malaysian Armed Forces after having served 34 years in the military.

Datuk Seri Abdul Manap had also served as Chief Operating Officer with SUKOM Ninety Eight Berhad, the Organizing Committee of the highly successful Kuala Lumpur 98, XVI Commonwealth Games. He was an independent non-executive Director of WTK Holdings Berhad, a public listed company, from 1996 to 2019.

Tan Siak Tee
Director

Mr Tan Siak Tee, a Malaysian, male, aged 83, was appointed to the Board on 14 August 1998.

Mr Tan obtained his Bachelor of Commerce from the University of New South Wales, Australia. He was an Associate of the Institute of Chartered Accountants of Australia and the Institute of Chartered Secretaries and Administrators, and was also a member of the Malaysian Institute of Certified Public Accountants.

In 1965, Mr Tan started his career as an Auditor in Coopers & Lybrand, Sydney and was later seconded to Coopers & Lybrand, Kuala Lumpur. He has extensive experience in the banking industry. He was the Chief Internal Auditor for Malaysian operations in Overseas Chinese Banking Corporation and Chung Khiaw Bank for the period from 1969 to 1971 and 1971 to 1973 respectively. He joined Lee Wah Bank Limited in 1973 as Manager of Malaysia Central Office and was promoted to Director and Chief Executive Officer for Malaysian operation in 1975. He was a Director and Chief Executive Officer of United Overseas Bank (M) Berhad for the period from 1994 to 1997 after Lee Wah Bank Malaysian operation was incorporated in Malaysia in 1994.

He had held directorship in the following companies:

- Director and Adviser of Asia Commercial Finance Berhad from 1997 to 1999
- Independent non-executive Director of Bank of China (Malaysia) Berhad from 2000 to 2013
- Independent non-executive Director of Sunway City Berhad from 2001 to 2011
- Independent non-executive Director of SunREIT Capital Berhad from 2011 to 2014

Ooi Kim Lai
Director

Mr Ooi Kim Lai, a Malaysian, male, aged 56, was appointed to the Board on 3 May 2021.

Mr Ooi graduated with a Diploma in Accountancy from Tunku Abdul Rahman College, and is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

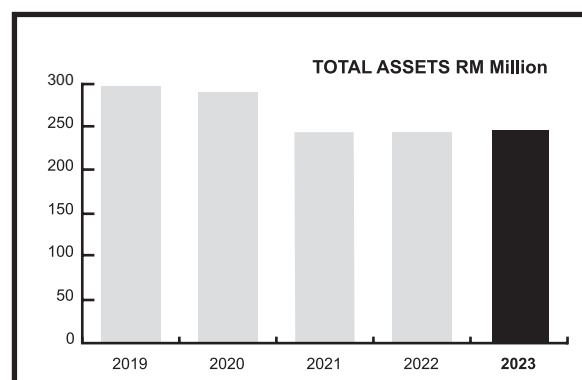
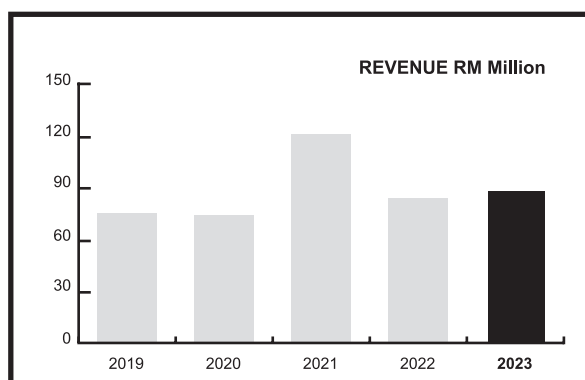
Mr Ooi started his career in 1991 as an auditor in a public accounting firm and joined the Lion Group in 1993 as a Group Accountant. Mr Ooi was the Group Chief Accountant before his appointment as Group Director of the Lion Group in January 2016 and is responsible for the accounting and financial management of certain listed companies in Malaysia and overseas within the Lion Group. He is also actively involved in corporate exercises of the Lion Group including initial public offerings (IPOs), corporate restructuring, mergers and acquisitions, and undertakes investor relations by engaging with fund managers and analysts on various industries covering retail, credit financing, steel, mining, property and services.

He is also a Director of Parkson Holdings Berhad, a public listed company, and Lion Corporation Berhad, a public company.

Mr Ooi has a direct shareholding of 4 ordinary shares in the Company.

5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years/period		12 months ended 30 June		18 months ended 31 December	12 months ended 31 December	
		2019	2020	2021	2022	2023
Revenue	(RM'000)	75,820	74,319	121,569	83,572	88,125
Loss before tax	(RM'000)	(86,658)	(123,365)	(28,591)	(141,796)	(122,555)
Loss after tax	(RM'000)	(90,833)	(126,346)	(35,464)	(144,548)	(125,646)
Net loss attributable to owners of the Company	(RM'000)	(94,770)	(130,544)	(41,188)	(150,322)	(128,944)
Total assets	(RM'000)	299,565	292,570	245,382	246,386	247,272
Net liabilities	(RM'000)	(1,602,315)	(1,718,774)	(1,763,948)	(1,885,452)	(2,010,743)
Total borrowings	(RM'000)	1,802,915	1,910,826	1,922,554	2,057,487	2,186,242



REVIEW OF OPERATIONS

31 DECEMBER 2023

GROUP FINANCIAL PERFORMANCE

For the financial year ended 31 December 2023, the Group posted a 5% higher revenue of RM88.1 million compared to RM83.6 million recorded in the previous financial year, due to the better performance in the Security Services Division as well as the Investment Holding and Others Division. The Group recorded an unrealised foreign exchange loss of RM65.3 million and finance costs of RM69.1 million, both mainly arising from the ACB Bonds and USD Debts.

Overall, the Group posted a lower loss before tax of RM122.6 million (2022: RM141.8 million) for the financial year under review.

REVIEW OF OPERATIONS

Security services

Secom (Malaysia) Sdn Bhd ("Secom"), a joint-venture with Secom Co., Ltd, Japan and Koperasi Polis Diraja Malaysia Berhad, provides total integrated 24-hour security services under the SECOM brand. Secom has a broad range of products and services covering central monitoring services ("CMS") with emergency response, supply and installation of closed circuit televisions ("CCTV"), access control, CCTV remote monitoring, security audit, and the supply of security guards for industrial and commercial premises. Secom provides total security solutions to enhance customers' security needs.

For the financial year, Secom achieved a revenue of RM76.3 million, mainly attributed to the CMS and static guards services, while operating profit was recorded at RM9.6 million (2022: RM14.1 million, which included RM4.7 million gain on disposal of property).

With the increase in Minimum Wages from RM1,200 to RM1,500 effective 1 May 2022 and the amendment to the Employment Act on overtime and working hours effective 1 January 2023, operating cost in the CMS and static guards divisions have increased which eroded profit margins. To mitigate it, Secom has taken actions to revise the static guards fees for most of the customers.

Going forward, the market outlook is expected to remain challenging with cost pressures, price competitiveness and technological changes. Secom will continue to strengthen its response team to increase response coverage in major towns, widen its product range to cater to the expanding market needs and increase productivity to remain competitive, and to provide quality and innovative services to meet customers' requirements.

Investment holding and others

This Division is primarily involved in manufacturing and sale of tools and dies, and investment holding. For the financial year under review, these activities collectively recorded a revenue of RM11.8 million and a profit of RM2.8 million which were mainly derived from interest income.

FINANCIAL STATEMENTS

2023

For The Financial Year Ended 31 December 2023

DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The subsidiary companies are principally involved in the provision of electronic surveillance of premises and other security related services and sale of security equipment, manufacturing and sale of tools and dies, landscaping business, treasury business and investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company are disclosed in Note 15 to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
Net loss for the financial year	(125,646)	(98,836)
(Loss)/Profit attributable to:		
Owners of the Company	(128,944)	(98,836)
Non-controlling interests	3,298	-
	(125,646)	(98,836)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS OF THE COMPANY

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

Datuk M. Chareon Sae Tang @ Tan Whye Aun
Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
Tan Siak Tee
Ooi Kim Lai

DIRECTORS OF SUBSIDIARIES

The Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Chai Kian Chong	MA. Liza Joson
Cheng Hui Ya, Serena	Nazarhanim binti Mohamad Razak
Chuah Say Chin	Oscar Immanuel Hitarihun
Derek K.F Liew	Ooi Kim Lai
Eduardo Delos Angeles	Stephen Delos Reyes
Haji Mohamad Khalid bin Abdullah	Tan Kim Kee
Jose Ivan T. Justiniano	Tan Sri Cheng Heng Jem
Jose MA. J. Fernandez	Tan Sri Cheng Yong Kim
Jose N. Rodulfa	Teodoro R. Villanueva
Juliana Cheng San San	Yeo Keng Leong (Appointed on 29 December 2023)
Koh Yong Heng	Susumu Kiryu (Resigned with effect from 25 May 2023)
Kotaro Seki (Appointed on 25 May 2023)	Wang Wing Ying (Resigned with effect from 29 December 2023)
Lee Boon Liang (Appointed on 29 December 2023)	
Lee Whay Keong	

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	GROUP RM'000	COMPANY RM'000
Directors' fee	40	37
Other emoluments	5	4
	<u>45</u>	<u>41</u>

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year are as follows:

	Number of Ordinary Shares		
	As at 1.1.2023	Addition	As at 31.12.2023
Direct Interest			
Ooi Kim Lai	4	-	4

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM5 million against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss, the statements of other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and had satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they 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 amounts written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

In the opinion of the Directors, except as disclosed in the financial statements:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (c) no contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

AUDITORS' REMUNERATION

The remuneration of the Auditors of the Group and of the Company for the financial year ended 31 December 2023 amounted to RM283,000 and RM50,000 respectively.

AUDITORS

The Auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 May 2024.

DATUK M. CHAREON SAE TANG @ TAN WHYE AUN
Chairman

OOI KIM LAI
Director

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	GROUP		COMPANY	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	88,125	83,572	4,659	1,332
Other operating income		4,337	8,264	56,165	11,952
Changes in inventories		115	(60)	-	-
Raw materials and consumables used		(3,197)	(2,714)	-	-
Employee benefits expenses	6	(46,520)	(42,294)	-	-
Depreciation and amortisation expenses		(5,157)	(4,855)	-	-
Other operating expenses		(25,325)	(26,727)	(1,604)	(955)
Profit from operations	7	12,378	15,186	59,220	12,329
Loss on foreign exchange					
- unrealised		(65,314)	(89,480)	(83,898)	(92,601)
Finance costs	8	(69,068)	(67,990)	(74,032)	(71,821)
Share in results of associated companies		(551)	488	-	-
Loss before tax		(122,555)	(141,796)	(98,710)	(152,093)
Tax expenses	9	(3,091)	(2,752)	(126)	(298)
Net loss for the financial year		(125,646)	(144,548)	(98,836)	(152,391)
(Loss)/Profit attributable to:					
Owners of the Company		(128,944)	(150,322)	(98,836)	(152,391)
Non-controlling interests		3,298	5,774	-	-
		(125,646)	(144,548)	(98,836)	(152,391)
Loss per share:					
Basic (sen)	10	(9.7)	(11.3)		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net loss for the financial year	(125,646)	(144,548)	(98,836)	(152,391)
Other comprehensive income/(expense)				
<u>Items that may be reclassified</u>				
<u>subsequently to profit/(loss)</u>				
Change in translation reserve	3,653	28,818	-	-
Total comprehensive expense for the financial year	(121,993)	(115,730)	(98,836)	(152,391)
Total comprehensive (expense)/income for the financial year attributable to:				
Owners of the Company	(125,291)	(121,504)	(98,836)	(152,391)
Non-controlling interests	3,298	5,774	-	-
	(121,993)	(115,730)	(98,836)	(152,391)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	32,477	32,327	-	-
Investment properties	12	247	253	-	-
Right-of-use assets	13	1,289	806	-	-
Associated companies	14	26,796	27,347	4,000	4,000
Subsidiary companies	15	-	-	-	-
Investments	16	237	237	128	128
Deferred tax assets	25	-	-	-	-
		61,046	60,970	4,128	4,128
Current assets					
Contract costs	17(a)	1,074	1,089	-	-
Inventories	18	4,761	6,164	-	-
Receivables	19	69,409	80,667	35,625	49,264
Tax recoverable		6,539	6,646	5,798	5,633
Investment in cash funds	20(a)	68,120	70,043	785	1,706
Deposits, cash and bank balances	20(b)	36,323	20,807	31,497	14,234
		186,226	185,416	73,705	70,837
TOTAL ASSETS		247,272	246,386	77,833	74,965
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	1,561,363	1,561,363	1,561,363	1,561,363
Reserves	22	378,043	374,390	-	-
Accumulated losses		(3,950,149)	(3,821,205)	(4,805,198)	(4,706,362)
		(2,010,743)	(1,885,452)	(3,243,835)	(3,144,999)
Non-controlling interests		49,964	49,606	-	-
Total equity		(1,960,779)	(1,835,846)	(3,243,835)	(3,144,999)

STATEMENTS OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2023

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current liabilities					
Lease liabilities	24	496	223	-	-
Deferred liabilities		2,140	2,188	-	-
Deferred tax liabilities	25	569	172	-	-
		<u>3,205</u>	<u>2,583</u>	<u>-</u>	<u>-</u>
Current liabilities					
Payables	26	16,696	20,207	1,078,129	1,113,667
Contract liabilities	17(b)	1,009	1,253	-	-
ACB Bonds and USD Debts	23	2,186,242	2,057,487	2,243,539	2,106,297
Lease liabilities	24	822	628	-	-
Tax liabilities		77	74	-	-
		<u>2,204,846</u>	<u>2,079,649</u>	<u>3,321,668</u>	<u>3,219,964</u>
Total liabilities		<u>2,208,051</u>	<u>2,082,232</u>	<u>3,321,668</u>	<u>3,219,964</u>
Net current liabilities		<u>(2,018,620)</u>	<u>(1,894,233)</u>	<u>(3,247,963)</u>	<u>(3,149,127)</u>
TOTAL EQUITY AND LIABILITIES		<u>247,272</u>	<u>246,386</u>	<u>77,833</u>	<u>74,965</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(122,555)	(141,796)	(98,710)	(152,093)
Adjustments for non-cash items, interests and dividends	29(a)	132,743	154,037	97,356	153,092
Operating profit/(loss) before working capital changes		10,188	12,241	(1,354)	999
Changes in working capital:					
Inventories		(1,121)	(4,479)	-	-
Trade and other receivables		7,775	6,906	12,190	2,415
Contract costs		15	(312)	-	-
Trade and other payables		(3,563)	(6,830)	(8)	(1,980)
Contract liabilities		(244)	543	-	-
Cash generated from operations		13,050	8,069	10,828	1,434
Tax paid		(2,583)	(5,583)	(291)	(2,893)
Net cash inflow/(outflow) from operating activities		10,467	2,486	10,537	(1,459)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1,915)	(3,917)	-	-
Proceeds from disposal of property, plant and equipment		145	6,628	-	-
Repayment from an associated company		1,199	-	1,199	-
Changes in investment in cash funds		1,923	(3,251)	921	(41)
Dividend received		29	131	29	42
Interest received		7,893	2,502	4,630	1,290
Net cash inflow from investing activities		9,274	2,093	6,779	1,291

STATEMENTS OF CASH FLOWS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interests		(2,940)	(2,450)	-	-
Redemption/Repayment of ACB Bonds and USD Debts	23	(5,514)	(1,483)	(4,237)	(1,343)
Payment of lease liabilities	24	(910)	(974)	-	-
Changes in fixed deposits earmarked for ACB Bonds and USD Debts redemption		(15,649)	(2,407)	(17,423)	(2,450)
Net repayment of term loan		-	(3,075)	-	-
Finance cost paid		(42)	(113)	-	-
Advance from subsidiary companies		-	-	4,184	2,630
Net cash outflow from financing activities		(25,055)	(10,502)	(17,476)	(1,163)
Effect of exchange rate changes on cash and cash equivalents		5,181	1,738	-	-
Net decrease in cash and cash equivalents		(133)	(4,185)	(160)	(1,331)
Cash and cash equivalents at beginning of the financial year		5,367	9,552	568	1,899
Cash and cash equivalents at end of the financial year	29(b)	5,234	5,367	408	568

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

GROUP	<----- Attributable to owners of the Company ----->					
	Non-distributable			Non-controlling interests		Total equity
	Share capital RM'000 (Note 21)	Reserves RM'000 (Note 22)	Accumulated losses RM'000	Total RM'000	RM'000	RM'000
At 1 January 2022	1,561,363	345,572	(3,670,883)	(1,763,948)	46,282	(1,717,666)
Total comprehensive income/(expense) for the financial year	-	28,818	(150,322)	(121,504)	5,774	(115,730)
Dividend paid by a subsidiary company	-	-	-	-	(2,450)	(2,450)
At 31 December 2022	1,561,363	374,390	(3,821,205)	(1,885,452)	49,606	(1,835,846)
At 1 January 2023	1,561,363	374,390	(3,821,205)	(1,885,452)	49,606	(1,835,846)
Total comprehensive income/(expense) for the financial year	-	3,653	(128,944)	(125,291)	3,298	(121,993)
Dividend paid by a subsidiary company	-	-	-	-	(2,940)	(2,940)
At 31 December 2023	1,561,363	378,043	(3,950,149)	(2,010,743)	49,964	(1,960,779)

STATEMENTS OF CHANGES IN EQUITY (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

COMPANY

	Share capital RM'000 (Note 21)	Accumulated losses RM'000	Total equity RM'000
At 1 January 2022	1,561,363	(4,553,971)	(2,992,608)
Total comprehensive expense for the financial year	-	(152,391)	(152,391)
At 31 December 2022	<u>1,561,363</u>	<u>(4,706,362)</u>	<u>(3,144,999)</u>
At 1 January 2023	1,561,363	(4,706,362)	(3,144,999)
Total comprehensive expense for the financial year	-	(98,836)	(98,836)
At 31 December 2023	<u>1,561,363</u>	<u>(4,805,198)</u>	<u>(3,243,835)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 15. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 May 2024.

2. GOING CONCERN

The Group and the Company incurred net loss attributable to the owners of the Company of RM129 million and RM99 million respectively during the financial year ended 31 December 2023 and, as of that date, the Group and the Company have deficit in their net equity attributable to the owners of the Company of RM2,011 million and RM3,244 million respectively and their current liabilities exceeded their current assets by RM2,019 million and RM3,248 million respectively. In addition, as disclosed in Note 23, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounting to RM2,186 million and RM2,244 million respectively. The cash flows for the redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from the operations.

The Directors are of the opinion that the financial statements be prepared on a going concern basis and accordingly do not include any adjustments that may be necessary if the Group and the Company are unable to continue as a going concern.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies and are in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"). All values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

Adoption of New MFRS and Amendments to MFRSs

On 1 January 2023, the Group and the Company adopted the amended MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for financial periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies

3. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	Income Taxes: International Tax Reform - Pillar Two Model Rules

The adoption of the above standards and amendments are not expected to have material impact on the financial position and financial performance of the Company and the Group.

At the date of authorisation for issue of these financial statements, the following Amendments to MFRSs have been issued by the MASB but not yet effective and have not been applied by the Company and the Group:

Effective for financial periods beginning on or after 1 January 2024:

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

Effective for financial periods beginning on or after 1 January 2025:

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
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Deferred to a date to be determined by the MASB:

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

The Group and the Company will adopt the above Amendments to MFRSs when they become effective. The adoption of the above Amendments to MFRSs is not expected to have a material impact on the financial performance or position of the Group and of the Company in the period of initial application.

(b) Critical accounting estimates and judgements

Management is of the opinion that the instances of the application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3. BASIS OF PREPARATION (cont'd)

(b) Critical accounting estimates and judgements (cont'd)

(i) Impairment of tangible assets

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use ("VIU"), will be assessed. The assessment of recoverable amounts involves various methodologies.

Fair value of an asset is estimated by reference to net assets of the investee or based on prevailing market value determined by professional valuers.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that required significant judgements and estimates. While the Group believes these estimates and assumptions of VIU could be reasonable and appropriate, changes in these estimates and assumptions of VIU could impact on the Group's financial position and results.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

(iii) Impairment of receivables

The Group and the Company make provision for impairment loss for receivables based on assumptions about risk of default and expected loss rates. The Group uses simplified approach in calculating loss allowances for trade receivables by applying expected credit loss rate. The Group and the Company use judgement in making the assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates. 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 estimate has been changed.

(iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax provision in the period in which such determination is made. Details of income tax expense are disclosed in Note 9.

(v) Deferred tax

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. MATERIAL ACCOUNTING POLICIES

The Group and the Company adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policies information is disclosed as follows:

(a) Basis of consolidation and subsidiary companies

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are those entities controlled by the Company. Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. At the Group level, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation and subsidiary companies (cont'd)

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup transactions, balances and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Non-controlling interests in the consolidated statement of financial position consist of the non-controlling interests' share of fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movements in the acquiree's equity since then.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Investment in associated companies

Associated companies are entities in which the Group has significant influence and where the Group participates in its financial and operating policies through Board representation. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the companies concerned made up to the Group's financial year end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method of accounting, the Group's share of results of associated companies during the financial year is included in the consolidated financial statements. The Group's share of results of associated companies acquired or disposed of during the year, is included in profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associate companies are eliminated to the extent of the Group's interest in the associated companies.

The Group's interest in associated companies is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition changes in the share of the net assets of the associated companies, less impairment losses.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's results in the period in which the investment is acquired.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest that, in substance, form part of the Group's net investment in the associated company, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associated company.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(c) Goodwill on consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on the pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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 cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment.

Leasehold land is depreciated over the lease term and reviewed at each reporting date to determine whether there is an indication of impairment. The residual values, lease term and depreciation method are reviewed at each financial period 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 items of property, plant and equipment.

Depreciation of property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	2% - 33%
Tools and equipment	10% - 20%
Furniture and office equipment	5% - 25%
Motor vehicles	13% - 20%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each end of the reporting period.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with Note 4(g).

4. MATERIAL ACCOUNTING POLICIES (cont'd)

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

(e) Income taxes

Income tax on profit or loss for the financial year comprises current and deferred tax. 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 at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 or unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination 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 profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and is included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(f) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(f) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary items are denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to other comprehensive income and accumulated in the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each reporting presented are translated at the closing rate prevailing at end of the reporting date;
- Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken directly to other comprehensive income and accumulated in foreign currency translation reserve within equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2023 RM	2022 RM
1 United States Dollar	4.596	4.396
1 Singapore Dollar	3.481	3.280
1 Hong Kong Dollar	0.588	0.566
100 Philippine Peso	8.120	7.865
100 Indonesian Rupiah	0.028	0.027
1 Chinese Renminbi	0.650	0.632

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(g) Impairment of non-financial assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provision of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the statement of profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Financial assets

(i) Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(h) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets are measured at FVTOCI if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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.

(iii) Financial assets measured at fair value through profit or loss ("FVTPL")

Financial asset not measured at amortised cost or at FVTOCI is carried at FVTPL. Fair value changes are recognised in the statements of profit or loss at each reporting period. The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has been classified as financial instrument through profit or loss and any subsequent changes in fair value to be charged to profit or loss. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

(iv) Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and FVTOCI. The Group and the Company recognise life time expected credit losses for all trade receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. The impairment losses and reversals are recognised in profit or loss.

(v) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise the retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received. On derecognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in profit or loss.

Financial liabilities and equity instruments

(i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(h) Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

(ii) Equity instruments

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

(iii) Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

(iv) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(i) Equity instruments

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

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

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(j) Financial liabilities (cont'd)

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accrued expenses, amount owing to subsidiary companies, dividend payable and ACB Bonds and USD Debts.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

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.

(k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(l) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(m) Provision for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

(n) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment plans under which the Group pays fixed contribution into separate entities or funds and will have no legal or constructive obligations to pay further contribution if any of the fund do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial years.

The Group's contributions to defined contribution plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Leases and Right-of-use Assets

The Group, as lessee, assesses at inception of the contract whether a contract is or contains a lease.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(o) Leases and Right-of-use Assets (cont'd)

(i) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(ii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(iii) Right-of-use assets

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the amount of lease liabilities recognised and lease payments made. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term. The estimated useful lives of the asset based on the lease term is as follow:

Building	1 - 5 years
----------	-------------

(p) Revenue recognition

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

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

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

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(p) Revenue recognition (cont'd)

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

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

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

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

(i) Sale of goods and services

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs; or
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognised on the accrual basis.

(iv) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

5. REVENUE

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Sales of goods	24,143	24,883	-	-
Rendering of service	59,323	57,268	-	-
Dividend income	29	131	29	42
Interest income	4,630	1,290	4,630	1,290
	88,125	83,572	4,659	1,332

Timing of revenue recognition:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At a point in time	30,455	27,134	4,659	1,332
Over time	57,670	56,438	-	-
	88,125	83,572	4,659	1,332

6. EMPLOYEE BENEFITS EXPENSES

	GROUP	
	2023	2022
	RM'000	RM'000
Salaries, wages and bonuses	27,612	25,553
Defined contribution plans	3,022	2,903
Other staff related expenses	15,886	13,838
	46,520	42,294

7. PROFIT FROM OPERATIONS

(a) Profit from operations is arrived at:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation of:				
- property, plant and equipment	4,254	3,899	-	-
- right-of-use assets	897	950	-	-
Directors' remuneration (Note 7(b))	45	45	41	41
Auditors' remuneration:				
- current year	283	271	50	50
- prior years	7	(11)	-	-
Amortisation of investment properties	6	6	-	-
Impairment losses on investment in subsidiary companies	-	-	-	232,684
Impairment losses on receivables (net)	688	-	250	-
Property, plant and equipment written off	15	162	-	-
And crediting:				
Bad receivables recovered	-	98	-	-
Interest income	3,263	1,212	-	-
Reversal of impairment losses on:				
- subsidiary companies (net)	-	-	56,165	242,681
- others (net)	-	472	-	1
Rental income	-	76	-	-
Gain on disposal of property, plant and equipment	125	4,884	-	-
Gain/(Loss) on remeasurement of leases	3	(27)	-	-
Gain on foreign exchange				
- realised	12	15	-	-

7. PROFIT FROM OPERATIONS (cont'd)

(b) Directors' remuneration

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees	40	40	37	37
Other emoluments	5	5	4	4
Total	45	45	41	41

The number of Directors and their range of remuneration are as follows:

Range of remuneration	GROUP AND COMPANY Number of Directors	
	2023	2022
RM20,000 and below	4	4

8. FINANCE COSTS

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
- ACB Bonds and USD Debts	69,026	67,877	21,705	21,729
- ACB Debts	-	-	52,327	50,092
- Term loan	-	67	-	-
- Lease liabilities (Note 24)	42	46	-	-
Total	69,068	67,990	74,032	71,821

9. TAX EXPENSES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax:				
- current year	2,562	2,087	126	298
- prior years	132	(162)	-	-
Deferred tax (Note 25):				
- current year	(2)	613	-	-
- prior years	399	214	-	-
	3,091	2,752	126	298

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss before tax	(122,555)	(141,796)	(98,710)	(152,093)
Tax calculated at Malaysian statutory tax rate of 24% (2022: 24%)	(29,413)	(34,031)	(23,690)	(36,502)
Income not subject to tax	(1,040)	(1,842)	(13,480)	(2,868)
Expenses not deductible for tax purposes	33,013	38,573	37,296	39,668
Under/(Over) provision in prior years:				
- income tax	132	(162)	-	-
- deferred tax	399	214	-	-
Total	3,091	2,752	126	298

10. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2023	2022
Loss for the financial year attributable to owners of the Company (RM'000)	(128,944)	(150,322)
Weighted average number of ordinary shares in issue ('000)	1,331,175	1,331,175
Basic loss per share (sen)	(9.7)	(11.3)

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
GROUP								
2023								
COST								
At 1 January 2023	13,600	785	4,600	75,755	10,003	4,683	-	109,426
Addition	-	-	-	82	981	852	-	1,915
Disposal	-	-	-	(10)	-	(429)	-	(439)
Transfer from inventories	-	-	-	2,524	-	-	-	2,524
Written off	-	-	-	(33,725)	(4)	-	-	(33,729)
At 31 December 2023	13,600	785	4,600	44,626	10,980	5,106	-	79,697
LESS: ACCUMULATED DEPRECIATION								
At 1 January 2023	-	12	352	67,908	5,448	3,379	-	77,099
Charge for the financial year	-	1	92	2,787	888	486	-	4,254
Disposal	-	-	-	(3)	-	(416)	-	(419)
Written off	-	-	-	(33,710)	(4)	-	-	(33,714)
At 31 December 2023	-	13	444	36,982	6,332	3,449	-	47,220
CARRYING AMOUNTS								
At 31 December 2023	13,600	772	4,156	7,644	4,648	1,657	-	32,477

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
GROUP								
2022								
COST								
At 1 January 2022	14,022	785	6,578	74,227	9,688	4,450	3,500	113,250
Addition	-	-	-	821	182	887	2,027	3,917
Disposal	(422)	-	(1,978)	(15)	(2,056)	(646)	-	(5,117)
Transfer from inventories	-	-	-	2,366	-	-	-	2,366
Reclassification	-	-	-	563	4,964	-	(5,527)	-
Written off	-	-	-	(2,207)	(2,775)	(8)	-	(4,990)
At 31 December 2022	13,600	785	4,600	75,755	10,003	4,683	-	109,426
LESS: ACCUMULATED DEPRECIATION								
At 1 January 2022	-	11	1,081	67,359	9,393	3,557	-	81,401
Charge for the financial year	-	1	115	2,740	592	451	-	3,899
Disposal	-	-	(844)	(15)	(1,893)	(621)	-	(3,373)
Written off	-	-	-	(2,176)	(2,644)	(8)	-	(4,828)
At 31 December 2022	-	12	352	67,908	5,448	3,379	-	77,099
CARRYING AMOUNTS								
At 31 December 2022	13,600	773	4,248	7,847	4,555	1,304	-	32,327

12. INVESTMENT PROPERTIES

	GROUP	
	2023	2022
	RM'000	RM'000
At beginning of financial year	253	259
Amortisation	(6)	(6)
At end of financial year	<u>247</u>	<u>253</u>
Analysed as:		
Leasehold land and building	<u>247</u>	<u>253</u>
Fair value	<u>380</u>	<u>380</u>

No rental income earned by the Group for the financial years ended 31 December 2023 and 31 December 2022 from its investment properties. Direct operating expenses incurred by the Group during the financial year amounted to RM1,957 (2022: RM1,958).

Investment properties represent investment properties held under lease terms.

The fair value of the investment properties is estimated by reference to market evidence of transaction prices for similar properties.

13. RIGHT-OF-USE ASSETS

	GROUP	
	Buildings	
	2023	2022
	RM'000	RM'000
At beginning of financial year	806	1,069
Addition	297	128
Depreciation	(897)	(950)
Remeasurement of lease liabilities	1,083	559
At end of financial year	<u>1,289</u>	<u>806</u>

The Group leases a number of buildings (premises and depots) that run for a period between one to five years, with an option to renew the lease after that date. The lease payments are fixed as stipulated in the lease agreement during its lease period.

14. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares - at cost	9,381	9,381	4,000	4,000
Share in post acquisition reserves	17,415	17,966	-	-
Total	26,796	27,347	4,000	4,000

The Group's unrecognised share of loss of associated companies for the financial year are as follows:

	GROUP	
	2023 RM'000	2022 RM'000
At beginning and end of financial year	(41,038)	(41,038)

Certain unquoted shares of the Group and of the Company amounting to RM9.4 million (2022: RM9.4 million) and RM4.0 million (2022: RM4.0 million) at cost respectively were pledged as securities for the bonds issued by the Company pursuant to the Group Wide Restructuring Scheme ("GWRS").

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity		Accounting Year End	Principal Activities
		2023 %	2022 %		
Steel Industries (Sabah) Sdn Bhd	Malaysia	20	20	31 December	Manufacturing and trading of steel bars
Bonuskad Loyalty Sdn Bhd * ("Bonuskad")	Malaysia	33.33	33.33	31 December	Providing marketing services by means of "BonusLink Loyalty Programme"
Renor Pte Ltd * (Dissolved on 1.4.2024)	Singapore	42.50	42.50	30 June	Investment holding
Lion Jianmin Pte Ltd *	Singapore	30	30	30 June	Investment holding

* Holding in equity by subsidiary companies.

Financial statements of all the associated companies were not audited by Ong Boon Bah & Co.

14. ASSOCIATED COMPANIES (cont'd)

Summarised financial information in respect of the Group's material associated company - Bonuskad is set out below:

	2023 RM'000	2022 RM'000
Assets and liabilities		
Current assets	191,011	183,856
Non-current assets	10,276	5,850
Current liabilities	(137,799)	(128,645)
Net assets	63,488	61,061
Results		
Revenue	96,949	96,167
Net (loss)/profit for the financial year	(468)	4,068
Group's share of net (loss)/profit for the financial year	(156)	1,356
Dividend received	-	-

Reconciliation for the summarised financial information to the carrying amount of the equity interest in Bonuskad recognised in the financial statements:

	2023 %	2022 %
Group's equity interest in Bonuskad	33.33	33.33
	2023 RM'000	2022 RM'000
Net assets of Bonuskad	63,488	61,061
Group's share of net assets	21,161	20,352
Other adjustment to equity	(4,803)	(4,803)
Carrying amount of the Group's equity interest in Bonuskad	16,358	15,549

15. SUBSIDIARY COMPANIES

	COMPANY	
	2023 RM'000	2022 RM'000
Unquoted shares in Malaysia - at cost	710,061	710,061
Accumulated impairment losses	(710,061)	(710,061)
	-	-
Unquoted shares outside Malaysia - at cost	2,236	2,236
Accumulated impairment losses	(2,236)	(2,236)
	-	-
Total	-	-

15. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity 2023 %	2022 %	Principal Activities
Amalgamated Rolling Mill Sdn Bhd	Malaysia	100	100	Trading in steel products and other related services
ACB Harta Holdings Sdn Bhd	Malaysia	100	100	Investment holding and property development
Ambang Jaya Sdn Bhd	Malaysia	100	100	Investment holding
Amsteel Capital Holdings Sdn Bhd	Malaysia	100	100	Investment holding and provision of management services to its related companies
Amsteel Harta (L) Limited *	Malaysia	100	100	Investment holding
Amsteel Harta (M) Sdn Bhd	Malaysia	100	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS
Angkasa Marketing (Singapore) Pte Ltd *	Singapore	100	100	Investment holding
Lion Plantations Sdn Bhd	Malaysia	70	70	Investment holding
Lion Tooling Sdn Bhd	Malaysia	100	100	Manufacturing and sale of tools and dies
Mastrama Sdn Bhd	Malaysia	100	100	Investment holding
Timuriang Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary companies of ACB Harta Holdings Sdn Bhd				
Chembong Malay Rubber Company (1920) Limited *	United Kingdom	100	100	Ceased operation
Henrietta Rubber Estate Limited *	United Kingdom	100	100	Ceased operation
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	100	100	Ceased operation
Segamat Land Sdn Bhd	Malaysia	100	100	Ceased operation
P T Kebunaria (In liquidation) *	Indonesia	85	85	Ceased operation
Anika Developments Sdn Bhd	Malaysia	100	100	Contract management

15. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2023 %	2022 %	
Subsidiary companies of ACB Harta Holdings Sdn Bhd (cont'd)				
Westlake Landscape Sdn Bhd	Malaysia	100	100	Landscaping business
Secom (Malaysia) Sdn Bhd * ("Secom")	Malaysia	51	51	Provision of electronic surveillance of premises and other security related services and sale of security equipment
Subsidiary company of Secom				
Secom-KOP Security Systems Sdn Bhd *	Malaysia	60	60	Ceased operation
Subsidiary companies of Ambang Jaya Sdn Bhd				
Cibber Limited *	Hong Kong	100	100	Ceased operation
Romiti Limited *	Hong Kong	100	100	Ceased operation
Subsidiary companies of Amsteel Capital Holdings Sdn Bhd				
Amcap Consultants Limited *	Hong Kong	100	100	Ceased operation
Amsteel Holdings (H.K.) Limited *	Hong Kong	100	100	Investment holding
Amsteel Holdings Philippines, Inc. *	Philippines	100	100	Investment holding
Datavest Sdn Bhd	Malaysia	100	100	Investment holding
P T Amsteel Securities Indonesia * ^	Indonesia	85	85	Ceased operation
Subsidiary company of Amsteel Holdings (H.K.) Limited				
Amsteel Finance (H.K.) Limited *	Hong Kong	100	100	Ceased operation

15. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2023 %	2022 %	
Subsidiary company of Amsteel Holdings Philippines, Inc.				
Amsteel Securities Philippines, Inc. *	Philippines	100	100	Ceased operation
Subsidiary company of Datavest Sdn Bhd				
Amsteel Equity Capital Sdn Bhd *	Malaysia	100	100	Ceased operation
Subsidiary company of Amsteel Securities Philippines, Inc.				
Amsteel Strategic Investors Alliance, Inc. *	Philippines	100	100	Ceased operation
Subsidiary company of Amsteel Equity Capital Sdn Bhd				
Amsteel Equity Realty (M) Sdn Bhd *	Malaysia	100	100	Dormant
Subsidiary company of Mastrama Sdn Bhd				
Salient Care Sdn Bhd	Malaysia	70	70	Dormant
Subsidiary companies of Timuriang Sdn Bhd				
Kobayashi Optical Sdn Bhd (Dissolved on 13.2.2024)	Malaysia	70	70	Ceased operation
Parkson Retail Consulting And Management Sdn Bhd	Malaysia	100	100	Investment holding
Sukhothai Food Sdn Bhd	Malaysia	100	100	Investment holding
Natvest Parkson Sdn Bhd	Malaysia	100	100	Investment holding
Umatrac Enterprises Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary company of Sukhothai Food Sdn Bhd				
Masoni Investment Pte Ltd *	Singapore	52.6 47.4 ^a	52.6 47.4 ^a	Investment holding

15. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2023 %	2022 %	

Subsidiary company of Umatrac Enterprises Sdn Bhd

Hiap Joo Chong Realty Sdn Bhd	Malaysia	100	100	Investment holding
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* Financial statements of subsidiary companies as at 31 December 2023 not audited by Ong Boon Bah & Co.

^ Consolidated based on management accounts.

^a Held by Parkson Retail Consulting And Management Sdn Bhd.

Movement in the accumulated impairment losses of investment in subsidiary companies (in Malaysia):

	COMPANY	
	2023 RM'000	2022 RM'000
At beginning of financial year	710,061	477,377
Addition	-	232,684
At end of financial year	710,061	710,061

During the previous financial year, the Company capitalised inter-company balances of RM232,684,000 due from its subsidiary companies by way of subscriptions of ordinary shares in its subsidiary companies.

Non-controlling interests in subsidiary companies

Secom, the subsidiary company with non-controlling interests which the Group regards as material to the Group is set out below. The non-controlling interests of the other companies are not material to the Group.

The equity interest held by non-controlling interests is as follows:

Name of Company	2023 %	2022 %
Secom	49	49

The Group's subsidiary companies that have non-controlling interests are as follows:

	2023 RM'000	2022 RM'000
Accumulated non-controlling interests:		
Secom	49,320	48,962
Other individually immaterial subsidiary companies	644	644
	49,964	49,606
Profit/(Loss) allocated to non-controlling interests:		
Secom	3,300	5,771
Other individually immaterial subsidiary companies	(2)	3
	3,298	5,774

15. SUBSIDIARY COMPANIES (cont'd)

Non-controlling interests in subsidiary companies (cont'd)

Summarised financial information in respect of each of the Group's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Secom	
	2023	2022
	RM'000	RM'000
Summarised Statement of Profit or Loss		
Revenue	76,349	74,063
Profit for the financial year	6,730	11,779
Dividends paid to non-controlling interests	2,940	2,450
Summarised Statement of Financial Position		
Non-current assets	27,580	26,817
Current assets	85,623	86,178
Non-current liabilities	(3,085)	(2,443)
Current liabilities	(9,274)	(10,440)
Non-controlling interests	(191)	(189)
Net assets	100,653	99,923
Summarised Statement of Cash Flows		
Operating activities	7,383	7,439
Investing activities	(192)	376
Financing activities	(6,910)	(9,049)
Net increase/(decrease) in cash and cash equivalents	281	(1,234)

16. INVESTMENTS

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
Fair value through other comprehensive income				
Unquoted shares and investments	237	237	128	128

17. CONTRACT COSTS/LIABILITIES

	GROUP	
	2023	2022
	RM'000	RM'000
(a) Contract costs		
Costs to fulfil a contract	1,074	1,089
(b) Contract liabilities		
Contract liabilities	1,009	1,253

The contract liabilities of a subsidiary company, primarily relate to the central management services fee income receivable from customers who are billed in advance either on a monthly or quarterly basis for service contract, which revenue is recognised over time during the contract period.

18. INVENTORIES

	GROUP	
	2023	2022
	RM'000	RM'000
Current		
Property development at costs	132	132
Less: Accumulated impairment losses	(132)	(132)
	-	-
<u>Other inventories</u>		
At net realisable value:		
Raw materials	30	28
Finished goods	2,740	3,240
General and consumable	79	76
Work-in-progress	1,912	2,820
	4,761	6,164
Total	4,761	6,164

19. RECEIVABLES

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Trade receivables	29,243	28,135	-	-
Accumulated impairment losses	(17,964)	(17,504)	-	-
	11,279	10,631	-	-
Other receivables, deposits and prepayments	369,448	379,927	176,684	188,874
Accumulated impairment losses	(311,318)	(309,891)	(141,059)	(139,610)
	58,130	70,036	35,625	49,264
Amounts due from subsidiary companies	-	-	1,705,146	1,761,311
Accumulated impairment losses	-	-	(1,705,146)	(1,761,311)
	-	-	-	-
Amounts due from associated companies	-	65,650	-	65,650
Accumulated impairment losses	-	(65,650)	-	(65,650)
	-	-	-	-
Total	69,409	80,667	35,625	49,264

The Group's normal trade credit term ranges from 21 days to 90 days (2022: 21 days to 90 days). Other credit terms are assessed and approved on a case-to-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

Included in other receivables of the Group and of the Company is an amount of RM35 million (2022: RM49 million) which represents deferred cash payments from disposal and redemption of LCB Bonds and LCB redeemable convertible secured loan stocks ("RCSLS"). Included in the Group's other receivables is an amount of RM32 million (2022: RM32 million) which represents consideration for the disposal of a subsidiary company.

The amounts due from subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (2022: interest free) and repayable on demand.

In the previous financial year, the amounts due from associated companies which arose mainly from inter-company advances were unsecured, interest free and repayable on demand.

Included in the Group's trade receivables balance are receivables which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

19. RECEIVABLES (cont'd)

Aging of trade receivables is as follows:

	GROUP	
	2023	2022
	RM'000	RM'000
Neither past due nor impaired	5,755	5,082
1 - 30 days past due but not impaired	1,847	1,644
31 - 90 days past due but not impaired	2,883	2,676
More than 90 days past due but not impaired	794	1,229
	11,279	10,631
Past due and impaired	17,964	17,504
Total trade receivables	29,243	28,135

Movement in the accumulated impairment losses of trade receivables:

	GROUP	
	2023	2022
	RM'000	RM'000
At beginning of financial year	17,504	17,344
Addition	786	324
Reversal	(326)	(164)
At end of financial year	17,964	17,504

Movement in the accumulated impairment losses of other receivables, deposits and prepayments:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	309,891	310,523	139,610	139,611
Addition	2,104	-	2,040	-
Reversal	(677)	(632)	(591)	(1)
At end of financial year	311,318	309,891	141,059	139,610

Movement in the accumulated impairment losses of amounts due from subsidiary companies:

	COMPANY	
	2023	2022
	RM'000	RM'000
At beginning of financial year	1,761,311	2,003,992
Addition	251,943	-
Reversal	(308,108)	(242,681)
At end of financial year	1,705,146	1,761,311

19. RECEIVABLES (cont'd)

Movement in the accumulated impairment losses of amounts due from associated companies:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of financial year	65,650	65,650	65,650	65,650
Written off	(64,451)	-	(64,451)	-
Reversal	(1,199)	-	(1,199)	-
At end of financial year	-	65,650	-	65,650

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The currency exposure profile of receivables is as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	37,173	50,243	35,625	49,264
Chinese Renminbi	30,369	27,506	-	-
Hong Kong Dollar	1,575	2,652	-	-
Others	292	266	-	-
	69,409	80,667	35,625	49,264

20. INVESTMENT IN CASH FUNDS, DEPOSITS, CASH AND BANK BALANCES

(a) Investment in cash funds

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss				
Money market funds in Malaysia	16,873	18,877	-	-
Amortised cost				
Cash management funds and fixed deposits with licensed banks and financial institutions	51,247	51,166	785	1,706
	<u>68,120</u>	<u>70,043</u>	<u>785</u>	<u>1,706</u>

(b) Deposits, cash and bank balances

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed financial institutions	32,641	15,226	31,089	13,666
Cash and bank balances	3,682	5,581	408	568
	<u>36,323</u>	<u>20,807</u>	<u>31,497</u>	<u>14,234</u>

Certain deposits, cash and bank balances are:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Earmarked for ACB Bonds and USD Debts redemption under the GWRS	31,089	15,440	31,089	13,666

20. INVESTMENT IN CASH FUNDS, DEPOSITS, CASH AND BANK BALANCES (cont'd)

(b) Deposits, cash and bank balances (cont'd)

The currency exposure profile of deposits, cash and bank balances is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	35,587	18,418	31,497	14,234
Others	736	2,389	-	-
	36,323	20,807	31,497	14,234

The average interest rates of deposits of the Group and of the Company at the end of the financial year are 3.30% (2022: 2.20%) per annum and 2.10% (2022: 1.75%) per annum respectively.

The average maturity of deposits of the Group and of the Company at the end of the financial year are 7 days to 365 days (2022: 170 days) and 7 days to 150 days (2022: 7 days) respectively.

21. SHARE CAPITAL

	GROUP AND COMPANY			
	2023		2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued share capital:				
Ordinary shares:				
At beginning and end of financial year	1,331,175	1,561,363	1,331,175	1,561,363

22. RESERVES

	<-----Non-distributable----->		
	Translation reserve RM'000	Capital reserve RM'000	Total RM'000
GROUP			
At 1 January 2022	(123,869)	469,441	345,572
Total comprehensive income for the financial year	28,818	-	28,818
At 31 December 2022/1 January 2023	(95,051)	469,441	374,390
Total comprehensive income for the financial year	3,653	-	3,653
At 31 December 2023	(91,398)	469,441	378,043

Included in capital reserve was profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS amounting to RM437.9 million.

23. ACB BONDS AND USD DEBTS - SECURED

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
- ACB Bonds	645,105	624,791	645,105	624,791
- ACB Debts	-	-	1,598,434	1,481,506
- ACB Consolidated and Rescheduled Debts	1,541,137	1,432,696	-	-
	2,186,242	2,057,487	2,243,539	2,106,297

The currency exposure profile of ACB Bonds and USD Debts (ACB Debts and ACB Consolidated and Rescheduled Debts) is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	645,105	624,791	645,105	624,791
United States Dollar	1,541,137	1,432,696	1,598,434	1,481,506
	2,186,242	2,057,487	2,243,539	2,106,297

The Company had on 27 February 2009, implemented the corporate and debt restructuring scheme ("ACB Scheme") which is to address its debts obligations to repay the ACB Bonds and USD Debts issued by the Company and its subsidiary company pursuant to the GWRS.

The implementation of the ACB Scheme led to consequential changes to the principal terms and conditions of the ACB Bonds and USD Debts.

The principal terms and conditions of the ACB Bonds and USD Debts are as follows:

(i) The tranches of RM denominated bonds ("ACB Bonds") issued by the Company are as follows:

ACB Bonds	Nominal Value RM'000	Net Present Value RM'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	40,058	34,740	31 December 2011	7.00%
Class A(2)	32,907	29,133	31 December 2011	6.00%
Class B(a)	265,537	232,460	31 December 2014	4.00%
Class B(b)	*	*	31 December 2014	7.00%
Class C #	340,049	303,475	31 December 2011	4.75%

(ii) The tranches of USD Debts ("ACB Debts") issued by the Company to a subsidiary company are as follows:

ACB Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	142,059	123,186	31 December 2011	6.75%
Class A(2)	1,620	1,443	31 December 2011	5.50%
Class B	134,253	118,949	31 December 2014	3.50%
Class C #	198,849	179,761	31 December 2011	4.25%

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

The principal terms and conditions of the ACB Bonds and USD Debts are as follows: (cont'd)

- (iii) The tranches of USD Debts ("ACB Consolidated and Rescheduled Debts") issued by a subsidiary company are as follows:

ACB Consolidated and Rescheduled Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	125,285	109,778	31 December 2011	6.50%
Class A(2)	1,441	1,313	31 December 2011	5.25%
Class B	126,016	113,065	31 December 2014	3.25%
Class C #	194,328	176,698	31 December 2011	4.00%

* Less than RM1,000.

There is no change to the yield to maturity and maturity date of the Class C ACB Bonds and USD Debts in view that Class C ACB Bonds and USD Debts are not restructured.

Securities and covenants for the ACB Bonds and USD Debts

The Security Trustee holds the following securities for the benefit of the holders of ACB Bonds and USD Debts ("Securities"):

- (a) Class B LCB Bonds received by the Company pursuant to the GWRS; and
- (b) The Redemption Account held by the Company where it will capture the "Dedicated Cash Flows" pursuant to the GWRS and the ACB Scheme. Dedicated Cash Flows mean cash flows from the following sources:
 - net surplus proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is existing security, if applicable and assets under the Agreement;
 - net proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is no existing security;
 - any Back-End Amount and Loyalty Payment received by the Company as a holder of LCB Bonds;
 - net proceeds of the redemption of LCB Bonds and LCB RCSLS (not fully tendered and/or exchanged for) received by the Company;
 - net proceeds from the disposal of LCB RCSLS received by the Company pursuant to the put and call option agreement with Tan Sri Cheng Heng Jem;
 - net proceeds from the disposal of any residual assets (other than the assets in the Divestment Programme) of the Group;
 - net proceeds from the adjusted assets and liabilities pursuant to ACB internal reorganisation under the ACB Scheme; and
 - net proceeds from such other securities as may be provided by the Group.

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

Classes A(1) and A(2) ACB Bonds and USD Debts and Class B ACB Bonds and USD Debts rank *pari passu* among each other over the Securities under items (a) and (b) above held by the Security Trustee.

Class C ACB Bonds and USD Debts rank *pari passu* amongst each other over the Securities under items (a) and (b) above held by the Security Trustee.

The Classes A(1), A(2) and B ACB Bonds and USD Debts will rank in priority over Class C ACB Bonds and USD Debts over the Securities under items (a) and (b) above held by the Security Trustee.

In addition, the following are the securities provided in respect of the USD Debts ("SPV Securities"):

- (a) assignment of all the rights attaching to the ACB Debts including the rights to receive payments from the Company and rights to other entitlements;
- (b) a debenture over the assets (namely ACB Debts) of a subsidiary company;
- (c) a charge over a subsidiary company's Redemption Account which will capture the proceeds from the repayment of the ACB Debts by the Company; and
- (d) corporate guarantee by the Company to the Facility Agent for the benefit of the holders of the USD Debts.

Monies captured in the Redemption Account can only be utilised towards the repayment of USD Debts and cannot be utilised by the subsidiary company for any other purposes.

The Classes A(1), A(2) and B USD Debts will rank *pari passu* among each other in respect of the SPV Securities listed under items (a) to (d) and rank ahead of the Class C USD Debts in respect of the SPV Securities. Meanwhile, the Class C USD Debts will rank *pari passu* among each other in respect of the SPV Securities.

Classes A(1), A(2), B and C ACB Bonds and USD Debts shall rank *pari passu* with all other unsecured and unsubordinated creditors of the Group in respect of the Group's assets which are not part of the Securities.

The main covenants of the ACB Bonds and USD Debts are as follows:

(a) Permitted indebtedness

At any time, any indebtedness for borrowed money incurred or assumed by the Group and any scheme companies in respect of which the aggregate principal amount committed or provided by the lenders together with the aggregate amount of all indebtedness of the Group and any scheme companies at the time of incurrence does not exceed the following limits:

- (i) where the total redemption amounts of the ACB Bonds redeemed, or cancelled pursuant to an early redemption or purchase, and the total repayment amounts of the USD Debts repaid and in the case of an early repayment or purchased, the total repayment amounts in respect of the USD Debts repaid or purchased, up to the relevant time when the indebtedness is incurred or proposed to be incurred (which amount shall exclude amounts paid in respect of the Class B(b) Bonds) and the up-front cash payment made on 31 January 2003 (collectively, the "Repaid Amount") is less than 50% of the aggregate outstanding nominal value of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 20% of that Repaid Amount;

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

The main covenants of the ACB Bonds and USD Debts are as follows: (cont'd)

(a) Permitted indebtedness (cont'd)

- (ii) where the total Repaid Amount is equal to or exceeding 50% but less than 75% of the aggregate outstanding for nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 35% of that Repaid Amount; and
- (iii) where the total Repaid Amount is equal to or more than 75% of the aggregate outstanding nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 50% of that Repaid Amount.

(b) Disposal of Divestment Assets

The disposal of Divestment Assets shall require prior consent from the Security Trustee where:

- (i) the disposal price of such Divestment Assets is at a discount rate of 20% or more of the market value of the said Divestment Assets; and/or
- (ii) the disposal price of such Divestment Assets is equal to or more than RM5.0 million; and/or
- (iii) the sale of such Divestment Assets is to a related party.

(c) Disposal of assets/shares (other than Divestment Assets and those assets acquired by the Group after 14 March 2003 which are funded from monies other than the Dedicated Cash Flows)

The disposal of assets/shares shall require prior consent from the Security Trustee where:

- (i) the disposal price is more than RM25.0 million or 20% or more than the audited consolidated net tangible assets of the Company, whichever is lower; and
- (ii) the disposal price is at a discount rate of 20% or more of the market value of the said assets/shares.

(d) Capital expenditure

Prior written consent from the Security Trustee/Facility Agent before the Group (other than the excluded companies) incurs any capital expenditure:

- (i) for any new investment which is not within the core business(es) of the Group as set out in the Trust Deed; and
- (ii) exceeding 25% of the consolidated net tangible assets of the Company.

As reported in the previous financial statements:

- (a) in consideration of the holders of ACB Bonds and USD Debts granting the indulgence and approval to vary the redemption date and the repayment date of ACB Bonds and USD Debts, additional securities were charged in favour of the Security Trustee on shares in certain subsidiary companies of the Company with an adjusted net tangible assets of RM5 million or more, provided such shares are not encumbered; and
- (b) commencing 1 January 2005, interest payable as penalty for late redemption/repayment of any redemption amount/repayment amount shall be calculated on a simple interest basis instead of on a compound basis.

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

During the previous financial years, the deferment of the Class B ACB Bonds and USD Debts, Class C ACB Bonds and USD Debts were not passed.

The Class A ACB Bonds and USD Debts were fully redeemed by the Company and its subsidiary company.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flow used in financing activities.

	1.1.2023 RM'000	Financing cash flows RM'000	Interest RM'000	Translation adjustment RM'000	31.12.2023 RM'000
GROUP					
ACB Bonds and USD Debts	<u>2,057,487</u>	<u>(5,514)</u>	<u>69,026</u>	<u>65,243</u>	<u>2,186,242</u>
COMPANY					
ACB Bonds and USD Debts	<u>2,106,297</u>	<u>(4,237)</u>	<u>74,032</u>	<u>67,447</u>	<u>2,243,539</u>
	1.1.2022 RM'000	Financing cash flows RM'000	Interest RM'000	Translation adjustment RM'000	31.12.2022 RM'000
GROUP					
ACB Bonds and USD Debts	<u>1,919,479</u>	<u>(1,483)</u>	<u>67,877</u>	<u>71,614</u>	<u>2,057,487</u>
COMPANY					
ACB Bonds and USD Debts	<u>1,961,896</u>	<u>(1,343)</u>	<u>71,821</u>	<u>73,923</u>	<u>2,106,297</u>

24. LEASE LIABILITIES

	GROUP	
	2023 RM'000	2022 RM'000
At beginning of financial year	851	1,111
Additions	297	128
Finance costs (Note 8)	42	46
Payment of lease rental	(952)	(1,020)
Remeasurement of lease	1,080	586
At end of financial year	<u>1,318</u>	<u>851</u>

24. LEASE LIABILITIES (cont'd)

The minimum lease payments for the lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of lease payments RM'000
GROUP			
2023			
Less than one year	858	(36)	822
Later than one year and not later than five years	505	(9)	496
	<u>1,363</u>	<u>(45)</u>	<u>1,318</u>
2022			
Less than one year	648	(20)	628
Later than one year and not later than five years	224	(1)	223
	<u>872</u>	<u>(21)</u>	<u>851</u>

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statements of cash flows as cash flow used in financing activities.

	1.1.2023 RM'000	Financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement of lease RM'000	31.12.2023 RM'000
GROUP					
Lease liabilities	851	(910)	297	1,080	1,318
	<u>851</u>	<u>(910)</u>	<u>297</u>	<u>1,080</u>	<u>1,318</u>
	1.1.2022 RM'000	Financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement of lease RM'000	31.12.2022 RM'000
GROUP					
Lease liabilities	1,111	(974)	128	586	851
	<u>1,111</u>	<u>(974)</u>	<u>128</u>	<u>586</u>	<u>851</u>

25. DEFERRED TAX ASSETS/LIABILITIES

	GROUP	
	2023 RM'000	2022 RM'000
At beginning of financial year	(172)	655
Transfer from profit or loss (Note 9):		
Property, plant and equipment	(348)	(1,006)
Right-of-use assets	(116)	64
Lease liabilities	112	(63)
Provisions	(45)	178
	<u>(397)</u>	<u>(827)</u>
At end of financial year	<u>(569)</u>	<u>(172)</u>

25. DEFERRED TAX ASSETS/LIABILITIES (cont'd)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for statements of financial position:

	GROUP	
	2023	2022
	RM'000	RM'000
Deferred tax assets	-	-
Deferred tax liabilities	(569)	(172)
	(569)	(172)

Deferred tax assets/liabilities provided in the financial statements are in respect of the tax effects of the following:

	GROUP	
	2023	2022
	RM'000	RM'000
Deferred tax assets		
Lease liabilities	316	204
Provisions	1,845	1,890
	2,161	2,094
Offsetting	(2,161)	(2,094)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities		
Property, plant and equipment	2,412	2,064
Right-of-use assets	309	193
Deductible temporary differences	9	9
	2,730	2,266
Offsetting	(2,161)	(2,094)
Deferred tax liabilities (after offsetting)	569	172

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

	GROUP	
	2023	2022
	RM'000	RM'000
Unabsorbed capital allowances	9,511	9,215
Unused tax losses	162,626	162,396
	172,137	171,611

As announced in the Annual Budget 2022, effective from year of assessment 2019, the unused tax losses of Malaysian entities as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unused tax losses will be disregarded. The unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unused tax losses and unabsorbed capital allowances carried forward are subject to agreement by the tax authority.

26. PAYABLES

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	2,471	3,720	-	-
Other payables	14,225	16,487	1,623	1,631
Amounts due to subsidiary companies	-	-	1,076,506	1,112,036
	16,696	20,207	1,078,129	1,113,667

The normal trade credit term granted to the Group ranges from 30 days to 120 days (2022: 30 days to 120 days).

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (2022: interest free) and repayable on demand.

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	16,456	18,560	700,242	752,070
United States Dollar	4	581	377,887	361,597
Others	236	1,066	-	-
	16,696	20,207	1,078,129	1,113,667

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities in which a substantial shareholder of the Company or its subsidiary companies and/or persons connected with such substantial shareholder has an interest, excluding those parties disclosed as related companies in the financial statements.

(a) Sales of goods and services

	GROUP	
	2023	2022
	RM'000	RM'000
Sales of goods and services to:		
- Amsteel Mills Sdn Bhd	3,302	4,500
- Cendana Aset Sdn Bhd	76	1,495
- Lion Group Management Services Sdn Bhd	1,146	1,235
- Lion Steel Sdn Bhd	-	1,340
- Parkson Corporation Sdn Bhd	678	662

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(a) Sales of goods and services (cont'd)

Amsteel Mills Sdn Bhd, Cendana Aset Sdn Bhd, Lion Group Management Services Sdn Bhd and Lion Steel Sdn Bhd are subsidiary companies of Lion Industries Corporation Berhad, a substantial shareholder of the Company.

Parkson Corporation Sdn Bhd is a wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn a subsidiary of Parkson Holdings Berhad wherein a substantial shareholder of the Company is also a director and a substantial shareholder.

(b) Purchases of goods

	GROUP	
	2023	2022
	RM'000	RM'000
Purchases of goods from:		
- Secom Co., Ltd.	602	632
- Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	359	529

Secom Co., Ltd. is a substantial shareholder of Secom (Malaysia) Sdn Bhd, a subsidiary company of the Company.

Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. is a subsidiary company of Secom Co., Ltd.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no more favourable to the related parties than those arranged with third parties.

28. SEGMENT INFORMATION

(a) Business Segments

The Group is organised into two major business segments as follows:

- | | |
|------------------------------------|--|
| (i) Security services | - provision of security services and sale of security related equipment; and |
| (ii) Investment holding and others | - investment holding, manufacturing and sale of tools and dies, and others. |

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are no more favourable to the related parties than those arranged with third parties.

28. SEGMENT INFORMATION (cont'd)

(a) Business Segments (cont'd)

GROUP

2023

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External sales	<u>76,349</u>	<u>11,776</u>	<u>-</u>	<u>88,125</u>
Results				
Segment results	9,553	2,825	-	12,378
Loss on foreign exchange - unrealised				(65,314)
Finance costs				(69,068)
Share in results of associated companies	-	(551)	-	(551)
Loss before tax				(122,555)
Tax expenses				(3,091)
Net loss for the financial year				<u>(125,646)</u>
Assets				
Segment assets	112,305	101,632	-	213,937
Investment in associated companies	-	26,796	-	26,796
Unallocated assets				6,539
Total assets				<u>247,272</u>
Liabilities				
Segment liabilities	11,703	2,195,702	-	2,207,405
Unallocated liabilities				646
Total liabilities				<u>2,208,051</u>
Other information				
Capital expenditure	1,883	32	-	1,915
Depreciation	4,989	162	-	5,151
Amortisation	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>

28. SEGMENT INFORMATION (cont'd)

(a) Business Segments (cont'd)

GROUP 2022

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External sales	74,063	9,509	-	83,572
Results				
Segment results	14,087	1,099	-	15,186
Loss on foreign exchange - unrealised				(89,480)
Finance costs				(67,990)
Share in results of associated companies	-	488	-	488
Loss before tax				(141,796)
Tax expenses				(2,752)
Net loss for the financial year				(144,548)
Assets				
Segment assets	112,030	100,363	-	212,393
Investment in associated companies	-	27,347	-	27,347
Unallocated assets				6,646
Total assets				246,386
Liabilities				
Segment liabilities	12,851	2,069,135	-	2,081,986
Unallocated liabilities				246
Total liabilities				2,082,232
Other information				
Capital expenditure	3,500	417	-	3,917
Depreciation	4,711	138	-	4,849
Amortisation	-	6	-	6

28. SEGMENT INFORMATION (cont'd)

(b) Geographical Segments

The Group operates in the following main geographical areas:

Malaysia - mainly in the provision of security services and sale of security related equipment, manufacturing and sale of tools and dies, investment holding and others; and

Other countries - investment holding and others.

	Revenue		Total assets		Capital expenditure	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	88,125	83,572	204,730	205,531	1,915	3,917
Other countries	-	-	42,542	40,855	-	-
	<u>88,125</u>	<u>83,572</u>	<u>247,272</u>	<u>246,386</u>	<u>1,915</u>	<u>3,917</u>

29. STATEMENTS OF CASH FLOWS

(a) Adjustments for non-cash items, interests and dividends:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- property, plant and equipment	4,254	3,899	-	-
- right-of-use assets	897	950	-	-
Amortisation of investment properties	6	6	-	-
Impairment losses on investment in subsidiary companies	-	-	-	232,684
Impairment losses on receivables (net)	688	-	250	-
Interest expenses	69,068	67,990	74,032	71,821
Property, plant and equipment written off	15	162	-	-
Share in results of associated companies	551	(488)	-	-
Interest income	(7,893)	(2,502)	(4,630)	(1,290)
Reversal of impairment losses on:				
- subsidiary companies (net)	-	-	(56,165)	(242,681)
- others (net)	-	(472)	-	(1)
Gain on disposal of property, plant and equipment	(125)	(4,884)	-	-
(Gain)/Loss on remeasurement of leases	(3)	27	-	-
Dividend income	(29)	(131)	(29)	(42)
Loss on foreign exchange - unrealised	65,314	89,480	83,898	92,601
	132,743	154,037	97,356	153,092

(b) Cash and cash equivalents consist of:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	3,682	5,581	408	568
Deposits with licensed financial institutions	32,641	15,226	31,089	13,666
	36,323	20,807	31,497	14,234
Less: Deposits, cash and bank balances earmarked for ACB Bonds and USD Debts redemption	(31,089)	(15,440)	(31,089)	(13,666)
	5,234	5,367	408	568

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with the financing, investing and operating activities of the Group.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Capital risk management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by investment in cash funds, deposits, cash and bank balances) and equity of the Group and of the Company (comprising issued capital, reserves, accumulated losses and non-controlling interests).

Gearing ratio

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Debt (i)	2,186,242	2,057,487	2,243,539	2,106,297
Investment in cash funds, deposits, cash and bank balances	(104,443)	(90,850)	(32,282)	(15,940)
Net debt	2,081,799	1,966,637	2,211,257	2,090,357
Equity (ii)	(1,960,779)	(1,835,846)	(3,243,835)	(3,144,999)
Net debt to equity ratio	NM	NM	NM	NM

(i) Debt is defined as short term borrowings as disclosed in Note 23.

(ii) Equity includes issued capital, reserves, accumulated losses and non-controlling interests.

NM = Not meaningful

Material accounting policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 4.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Categories of financial instruments

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Fair value through other comprehensive income:				
Unquoted shares and investments	237	237	128	128
Fair value through profit or loss:				
Investment in cash funds	16,873	18,877	-	-
Amortised cost:				
Receivables	69,409	80,667	35,625	49,264
Deposits, cash and bank balances	36,323	20,807	31,497	14,234
Investment in cash funds	51,247	51,166	785	1,706
Financial liabilities at amortised cost				
Payables	16,696	20,207	1,078,129	1,113,667
ACB Bonds and USD Debts	2,186,242	2,057,487	2,243,539	2,106,297
Deferred liabilities	2,140	2,188	-	-
Lease liabilities	1,318	851	-	-

Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the foreign currency of United States Dollar ("USD").

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 10% change in foreign currency rates. A positive number below indicates a gain in profit or loss where the Ringgit Malaysia strengthens 10% against the USD. For a 10% weakening of the Ringgit Malaysia against the USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
USD	154,114	143,328	197,632	184,310

The Group's and the Company's sensitivity to foreign currency is mainly attributable to the exposure of outstanding USD payables of the Group and of the Company at the end of the reporting period.

In management's opinion, the sensitivity analysis does not represent the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Market risk

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

Interest rate risk

The Group's and the Company's exposures to interest rate on ACB Bonds and USD Debts are limited because the interest rate is fixed upon inception. The interest rates for the ACB Bonds and USD Debts are disclosed in Notes 23.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's loss net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from receivables and the Company's exposure to credit risk arises primarily from advances to subsidiary companies. For other financial assets (investments, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Receivables

Risk management objectives, policies and processes for managing the risk

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

Concentration of credit risk

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

The Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses ("ECLs"). The Group determines the ECLs on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Credit risk (cont'd)

Receivables (cont'd)

Concentration of credit risk (cont'd)

The following ageing of trade receivables provides information about the exposure to credit risk and ECLs for trade receivables:

	Gross- carrying amount RM'000	Individual impairment RM'000	ECLs RM'000	Net balance RM'000
GROUP				
2023				
Not past due	5,755	-	-	5,755
1 to 30 days past due	1,847	-	(59)	1,788
31 to 90 days past due	2,883	-	(91)	2,792
More than 90 days past due	17,621	(15,866)	(811)	944
Individually impaired	1,137	(1,137)	-	-
	29,243	(17,003)	(961)	11,279
2022				
Not past due	5,082	-	-	5,082
1 to 30 days past due	1,644	-	(12)	1,632
31 to 90 days past due	2,676	-	(139)	2,537
More than 90 days past due	17,998	(16,306)	(312)	1,380
Individually impaired	735	(735)	-	-
	28,135	(17,041)	(463)	10,631

Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Liquidity and cash flow risks (cont'd)

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

	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000	Contractual interest %
GROUP					
2023					
Financial liabilities					
Trade payables	2,471	-	-	2,471	-
Other payables	14,225	-	-	14,225	-
ACB Bonds and USD Debts	2,186,242	-	-	2,186,242	-
Deferred liabilities	-	-	2,140	2,140	-
Lease liabilities	858	301	204	1,363	3.50 - 4.50
	<u>2,203,796</u>	<u>301</u>	<u>2,344</u>	<u>2,206,441</u>	
2022					
Financial liabilities					
Trade payables	3,720	-	-	3,720	-
Other payables	16,487	-	-	16,487	-
ACB Bonds and USD Debts	2,057,487	-	-	2,057,487	-
Deferred liabilities	-	-	2,188	2,188	-
Lease liabilities	648	224	-	872	3.50 - 4.50
	<u>2,078,342</u>	<u>224</u>	<u>2,188</u>	<u>2,080,754</u>	
COMPANY					
2023					
Financial liabilities					
Other payables	1,623	-	-	1,623	-
Amount due to subsidiary companies	1,076,506	-	-	1,076,506	-
ACB Bonds and USD Debts	2,243,539	-	-	2,243,539	-
	<u>3,321,668</u>	<u>-</u>	<u>-</u>	<u>3,321,668</u>	
2022					
Financial liabilities					
Other payables	1,631	-	-	1,631	-
Amount due to subsidiary companies	1,112,036	-	-	1,112,036	-
ACB Bonds and USD Debts	2,106,297	-	-	2,106,297	-
	<u>3,219,964</u>	<u>-</u>	<u>-</u>	<u>3,219,964</u>	

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Determination of fair values

(a) Financial instrument carried at amortised cost

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

(i) Cash and cash equivalents, trade and other receivables/payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Unquoted shares and investments

It is not practical to estimate the fair value of the Group's unquoted shares and investments due to lack of market information and the inability to estimate fair value without incurring excessive costs. However, the Group does not expect the carrying amounts to be significantly different from recoverable amounts.

(iii) ACB Bonds and USD Debts and deferred liabilities

The carrying amount of ACB Bonds and USD Debts approximates fair value because of the short maturity period.

Fair values of deferred liabilities are estimated based on present value using a rate based on overnight policy rate at the end of the reporting period.

(b) Financial instrument carried at fair value

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfer between Levels 1, 2 and 3 during the financial year.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Determination of fair values (cont'd)

(b) Financial instrument carried at fair value (cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP				
2023				
Financial assets				
Unquoted shares and investments	-	-	237	237
Investment in cash funds	-	16,873	-	16,873
2022				
Financial assets				
Unquoted shares and investments	-	-	237	237
Investment in cash funds	-	18,877	-	18,877
COMPANY				
2023				
Financial asset				
Unquoted shares and investments	-	-	128	128
2022				
Financial asset				
Unquoted shares and investments	-	-	128	128

STATEMENT BY DIRECTORS

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

We, DATUK M. CHAREON SAE TANG @ TAN WHY E AUN and OOI KIM LAI, being two of the Directors of ACB RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 13 to 75 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 May 2024.

DATUK M. CHAREON SAE TANG @ TAN WHY E AUN
Chairman

OOI KIM LAI
Director

Kuala Lumpur

STATUTORY DECLARATION

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

I, OOI KIM LAI, the Director primarily responsible for the financial management of ACB RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 75 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed OOI KIM LAI at Kuala Lumpur in the Federal Territory on 3 May 2024.

OOI KIM LAI
MIA 9454

Before me

W729
MARDHIYYAH ABDUL WAHAB
Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACB RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ACB RESOURCES BERHAD which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies and other explanatory information, as set out on pages 13 to 75.

We do not express our opinion on the accompanying financial statements of the Group and of the Company because of the significance of the matters described in the *Basis for 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 as at 31 December 2023, and of their financial performance and their cash flows for the year then ended.

Basis for Disclaimer of Opinion

We draw attention to Note 2 to the financial statements, which indicates that the Group and the Company incurred net loss attributable to the owners of the Company of RM129 million and RM99 million respectively during the financial year ended 31 December 2023 and, as of that date, the Group and the Company have deficit in their net equity attributable to the owners of the Company of RM2,011 million and RM3,244 million respectively and their current liabilities exceeded their current assets by RM2,019 million and RM3,248 million respectively.

As described in Note 23 to the financial statements, ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounting to RM2,186 million and RM2,244 million respectively. The cash flows for the redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from the operations.

We were unable to obtain sufficient and appropriate audit evidences to satisfy ourselves as to the adequacy of cash flows for the ACB Bonds and USD Debts to be fully redeemed/repaid by the Group and the Company.

All the above events indicate a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's 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 of 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Companies Act 2016 ("Act") in Malaysia, except for those disclosed in the *Basis for Disclaimer of Opinion* section, we also report that the accounting and other records and registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors as disclosed in Note 15 to the financial statements have been properly kept in accordance with the provisions of the Act.

Other Matters

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.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

Kuala Lumpur
3 May 2024

WONG SOO THIAM
01315/12/2024 J
Chartered Accountant

ISSUED SHARES AND SUBSTANTIAL SHAREHOLDERS

Issued Shares as at 31 March 2024

Total Number of Issued Shares	:	1,331,174,812
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Substantial Shareholders as at 31 March 2024

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Sri Cheng Heng Jem	—	—	634,485,255	47.66
2. Lim Fook Kee	265,834,962	19.97	—	—
3. Lion Corporation Berhad	82,900,000	6.23	551,585,255	41.44
4. Lion Rubber Works Sdn Bhd	245,535,746	18.45	—	—
5. Century Container Industries Sdn Bhd	180,822,751	13.58	—	—
6. Bright Steel Sdn Bhd	—	—	180,822,751	13.58
7. Total Triumph Investments Limited	—	—	180,822,751	13.58
8. PMB Jaya Sdn Bhd	100,000,000	7.51	—	—
9. PMB Building System Sdn Bhd	—	—	100,000,000	7.51
10. Lion Construction & Engineering Sdn Bhd	—	—	100,000,000	7.51
11. Lion Industries Corporation Berhad	—	—	634,485,255	47.66
12. LLB Steel Industries Sdn Bhd	—	—	634,485,255	47.66
13. Steelcorp Sdn Bhd	—	—	634,485,255	47.66
14. Amsteel Mills Sdn Bhd	—	—	634,485,255	47.66
15. Lion Diversified Holdings Berhad (In Liquidation)	—	—	634,485,255	47.66

FORM OF PROXY

CDS ACCOUNT NUMBER

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I/We _____

NRIC/Passport/Registration No. _____

of _____

being a member of ACB RESOURCES BERHAD, hereby appoint _____

NRIC/Passport No. _____

of _____

or failing whom, _____

NRIC/Passport No. _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the 48th Annual General Meeting of the Company ("48th AGM") to be held virtually from the Broadcast Venue, Board Room, Level 15, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via E-Meeting Portal at <https://scsb.lion.com.my> on Thursday, 20 June 2024 at 11.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-elect Mr Ooi Kim Lai as Director		
4. To re-appoint Messrs Ong Boon Bah & Co. as Auditors		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this _____ day of _____ 2024

No. of shares: _____

Signed: _____

Representation at Meeting:

- (i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 13 June 2024 shall be eligible to participate at the Meeting.
- (ii) A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.
- (iii) If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.
- (iv) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- (v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (vi) The instrument appointing a proxy shall be deposited at the Office of the Registrar of the Company at Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.
- (vii) Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.
- The 48th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on E-Meeting Portal at <https://scsb.lion.com.my>. Please refer to the procedures provided in the Administrative Guide for the 48th AGM for registration, participation and remote voting via the RPV facilities.



ACB RESOURCES BERHAD

Registration No. 197401003539 (20667-M)

Level 14, Lion Office Tower

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50200 Kuala Lumpur

Wilayah Persekutuan

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