FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are contractor for earthworks and building, project management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Group and the Company changed its financial year end from 31 December to 30 June. Accordingly, the current financial statements of the Group and the Company are for a period of 18 months from 1 January 2018 to 30 June 2019. Further details are disclosed in Note 43 to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(Loss) for the financial period	33,597	(40,881)
Attributable to:		
Owners of the Company	462	(40,881)
Non-controlling interests	33,135	-
	33,597	(40,881)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial period ended 30 June 2019.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

DIRECTORS' REPORT (Cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial period, other than as disclosed in Note 38 to the financial statements.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature, other than the expected credit losses and impairment loss on trade receivables as disclosed in Note 13 to the financial statements; and

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

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company:

(i) issued 3,000,000 new ordinary shares at an issue price of RM0.29 arising from the first tranche of the 2017 private placement exercise completed on 9 April 2018;

(ii) issued 2,000,000 new ordinary shares at an issue price of RM0.25 arising from the second tranche of the 2017 private placement exercise completed on 14 May 2018;

DIRECTORS' REPORT (Cont'd)

(iii) issued 6,000,000 new ordinary shares at an issue price of RM0.25 arising from the third tranche of the 2017 private placement exercise completed on 21 May 2018;

(iv) issued 10,250,000 new ordinary shares at an issue price of RM0.25 arising from the fourth tranche of the 2017 private placement exercise completed on 14 June 2018;

(v) issued 5,466,000 new ordinary shares at an issue price of RM0.24 arising from the fifth and final tranche of the 2017 private placement exercise completed on 3 August 2018;

(vi) issued 3,000,000 new ordinary shares at an issue price of RM0.19 arising from the first tranche of the 2018 private placement exercise completed on 9 October 2018;

(vii) issued 42,900,000 new ordinary shares at an issue price of RM0.171 arising from the second tranche of the 2018 private placement exercise completed on 30 October 2018; and

(viii) issued 42,262,900 new ordinary shares at an issue price of RM0.153 arising from the third and final tranche of the 2018 private placement exercise completed on 26 December 2018.

The proceeds from the private placements were used for repayment of bank borrowings and for working capital purposes.

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

During the financial period, no new issue of debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

SHARE OPTION SCHEME

The Employee's Share Option Scheme ("ESOS") of the Company was terminated on 24 September 2018. The outstanding ESOS options were no longer attractive in view of their exercise price which were higher than the prevailing market price of the Company's shares. A total of 12,934,850 ESOS options granted under the ESOS were exercised into 12,934,850 new ordinary shares of the Company since the ESOS effective date up to the termination of the ESOS.

A New Share Investment Scheme ("SIS") has been implemented on 1 March 2019 to replace the ESOS and to enable the Company to grant new and additional SIS options to the eligible persons in accordance with the By-Laws of the SIS. The maximum number of shares which may be allotted under the New SIS shall not exceed in aggregate fifteen percent (15%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any point in time during the duration of the New SIS or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the duration of the New SIS.

The New SIS shall be in force for a period of five (5) years from 1 March 2019. However, the Board of Directors may at its absolute discretion extend the duration of the scheme upon the recommendation of the option committee, subject always that the duration of the New SIS shall not exceed ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or other relevant authorities.

Subject to any adjustments made in accordance with the By-Laws and pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the price payable for the new shares upon exercise of the SIS options shall be based on the five (5) days volume-weighted average market price of the Company's shares immediately preceding the date of offer with a discount of not more than ten percent (10%).

No New SIS option has been granted as at the date of this report.

DIRECTORS' REPORT (Cont'd)

DIRECTORS

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

Tan Sri Dato' Ir. Wong Foon Meng	
Tan Sri Datuk Tee Hock Seng, JP*	
Dr. Tan Cheng Kiat*	
Datuk Matthew Tee Kai Woon*	
Ir. Ghazali Bin Bujang	
Mohd Najib Bin Abdul Aziz	
Dato' Leong Sir Ley	(Appointed on 1 September 2018)
See Tai Soon (alternate to Dato' Leong Sir Ley)	(Appointed on 1 September 2018)
Dato' Yeow Wah Chin	(Resigned on 1 May 2019)
Dato' Tan Seng Hu (alternate to Dr. Tan Cheng Kiat)	(Resigned on 31 March 2019)
Tay Hock Lee*	(Resigned on 31 July 2018)
Datuk Tee Hock Hin*	(Retirement on 28 June 2018)
We Her Ching (alternate to Datuk Tee Hock Hin)	(Revoked on 28 June 2018)

* *Directors of the Company and of certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial period and during the period from the end of the financial year to the date of the report are:

Ng Keong Wee
Kittipat Songcharoen
Dato' Nik Ismail Bin Dato' Nik Yusoff
Haji Ismail Bin Omar
Mohd Zaharudin Bin Hussain
Datuk Tan Kwe Hee
Dato' Sri Yong Seng Yeow
Tee Hock Chun
Ooi Tat Lean
Ang Kiam Chai
Tan Sri Datuk Seri (Dr) Foong Cheng Yuen
Syed Sarfaraz H Rizvi
Datuk Haji Light Bin Haji Nanis
Lim Kwai Khuan
Dato' Ng Kee Leen
Gan Choo Ann
Dato' Gan Yeew Tian
Datuk Seri Soon Tian Szu, JP
Datuk Zali Bin Mat Yasin
Ir. Tn. Hj. Khairulezuan Bin Harun
Datuk Rosli Bin Hassan
Lee Tuck Wai
Tengku Aniza Binti Tengku Ab Hamid
Hoong Leng Wai
Yam Huang Meng
Ling Hie Ai
Yam Lee Ken
Hoi Choi Wan

In accordance with the Company's Articles of Association, Ir. Ghazali Bin Bujang, Mohd Najib Bin Abdul Aziz and Dato' Leong Sir Ley retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in shares and options in the Company and its related corporations during the financial period were as follows:

	NUMBER OF ORDINARY SHARES			
	AT 1 JANUARY 2018	BOUGHT	SOLD	AT 30 JUNE 2019
The Company **Bina Puri Holdings Bhd.**				
Direct interests:				
Tan Sri Datuk Tee Hock Seng, JP	18,889,778	250,000	–	19,139,778*
Dr. Tan Cheng Kiat	9,668,902	–	–	9,668,902**
Datuk Matthew Tee Kai Woon	4,488,925	80,000	–	4,568,925

DIRECTORS' REPORT (Cont'd)

	NUMBER OF ORDINARY SHARES			
	AT 1 JANUARY 2018	BOUGHT	SOLD	AT 30 JUNE 2019
The subsidiary **Sungai Long Industries Sdn. Bhd.**				
Indirect interests:				
Tan Sri Datuk Tee Hock Seng, JP	1,820,000	–	–	1,820,000 @

	NUMBER OF OPTIONS OVER ORDINARY SHARES				
	AT 1 JANUARY 2018	GRANTED	EXERCISED	TERMINATED	AT 30 JUNE 2019
The Company **Bina Puri Holdings Bhd.**					
Dr. Tan Cheng Kiat	1,129,000	–	–	(1,129,000)	–
Datuk Tee Hock Hin	1,029,000	–	–	(1,029,000)	–
Tay Hock Lee	714,500	–	–	(714,500)	–
We Her Ching	829,000	–	–	(829,000)	–

* Including shares held through nominee company, 400,000 shares held through Tee Hock Seng Holdings Sdn. Bhd.
** Including shares held through nominee company.
@ Deemed interested by virtue of his indirect substantial shareholding in the subsidiary.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, Tan Sri Datuk Tee Hock Seng, JP is deemed to have an interest in shares in the subsidiaries to the extent that the Company has an interest. Other than as stated above, none of the other directors in office at the end of the financial period had any interest in ordinary shares and options of the Company and its related corporations during the financial period.

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 benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial period, was the Company a party to any arrangements where the 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, other than the New SIS.

INDEMNITY AND INSURANCE COSTS

During the financial period, directors and officers of the Group and the Company were covered under a Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, directors and officers of the Group and the Company subject to the terms of the policy. The total amount of indemnity coverage and insurance premium paid during the period for the directors and officers of the Group and of the Company were RM5,000,000 and RM17,000 respectively.

DIRECTORS' REPORT (Cont'd)

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnity the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, RSL PLT, have expressed their willingness to continue in office.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Details of significant events subsequent to the end of the financial period are disclosed in Note 42 to the financial statements.

The report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....
TAN SRI DATUK TEE HOCK SENG, JP
Director

....
DATUK MATTHEW TEE KAI WOON
Director

Date: 31 October 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At 30 June 2019

	NOTE	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
Non-current assets				
Property, plant and equipment	5	124,622	164,470	190,968
Investment properties	6	208,803	208,290	205,112
Goodwill	7	14,585	14,585	14,585
Investment in associates	9	7,949	10,752	9,179
Other investments	11	6,842	3,941	4,001
Inventory properties held for development	12	7,359	9,133	8,679
Trade and other receivables	13	689	42,656	53,005
Deferred tax assets	14	–	3	113
Total non-current assets		**370,849**	**453,830**	**485,642**
Current assets				
Inventory properties under development	15	239,893	264,184	248,359
Inventories	16	147	707	1,518
Trade and other receivables	13	452,235	561,458	624,705
Contract assets	17	370,990	328,273	240,284
Current tax assets		835	1,129	837
Amount owing by associates	19	44,507	37,347	36,649
Fixed deposits placed with licensed banks	20	11,173	13,675	12,036
Cash and bank balances	21	6,564	37,314	59,798
Total current assets		**1,126,344**	**1,244,087**	**1,224,186**
TOTAL ASSETS		**1,497,193**	**1,697,917**	**1,709,828**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

As At 30 June 2019

	NOTE	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	22	157,821	136,705	121,437
Reserves	23	95,719	95,766	95,862
		253,540	232,471	217,299
Non-controlling interests		**113,663**	**99,480**	**80,407**
TOTAL EQUITY		**367,203**	**331,951**	**297,706**
Non-current liabilities				
Bank borrowings	24	208,154	180,366	204,812
Hire purchase payables	25	124	2,635	5,429
Trade and other payables	26	1,866	43,776	60,997
Deferred tax liabilities	14	14,158	10,179	12,793
Total non-current liabilities		**224,302**	**236,956**	**284,031**
Current liabilities				
Bank borrowings	24	292,874	410,926	438,121
Hire purchase payables	25	1,250	3,180	5,316
Trade and other payables	26	579,097	688,974	658,433
Contract liabilities	17	–	6,887	3,685
Amount owing to associates	19	12,076	10,273	7,494
Amount owing to a joint venture	27	34	34	34
Current tax liabilities		20,357	8,736	15,008
Total current liabilities		**905,688**	**1,129,010**	**1,128,091**
TOTAL LIABILITIES		**1,129,990**	**1,365,966**	**1,412,122**
TOTAL EQUITY AND LIABILITIES		**1,497,193**	**1,697,917**	**1,709,828**

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

STATEMENTS OF FINANCIAL POSITION
As At 30 June 2019

	NOTE	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
ASSETS				
Non-current assets				
Property, plant and equipment	5	14,630	16,945	17,740
Investment in subsidiaries	8	148,244	147,842	108,192
Investment in associates	9	34,905	34,905	35,155
Other investments	11	3,342	3,342	3,342
Trade and other receivables	13	–	–	9,857
Total non-current assets		**201,121**	**203,034**	**174,286**
Current assets				
Trade and other receivables	13	33,122	39,372	19,292
Contract assets	17	8,020	15,213	14,801
Amount owing by subsidiaries	18	57,807	56,900	108,783
Amount owing by associates	19	42,594	35,529	35,435
Current tax assets		207	50	-
Fixed deposits placed with licensed banks	20	6	2,583	2,506
Cash and bank balances	21	255	2,412	31,924
Total current assets		**142,011**	**152,059**	**212,741**
TOTAL ASSETS		**343,132**	**355,093**	**387,027**

STATEMENTS OF FINANCIAL POSITION (Cont'd)
As At 30 June 2019

	NOTE	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	22	157,821	136,705	121,437
Reserves	23	42,106	82,987	85,534
TOTAL EQUITY		**199,927**	**219,692**	**206,971**
Non-current liabilities				
Hire purchase payables	25	–	119	222
Trade and other payables	26	–	–	8,802
Deferred tax liabilities	14	–	50	900
Total non-current liabilities		**–**	**169**	**9,924**
Current liabilities				
Bank borrowings	24	69,685	65,455	52,094
Hire purchase payables	25	73	104	153
Trade and other payables	26	39,664	51,018	71,425
Amount owing to subsidiaries	18	33,743	18,615	45,391
Amount owing to associates	19	6	6	6
Amount owing to a joint venture	27	34	34	34
Current tax liabilities		–	–	1,029
Total current liabilities		**143,205**	**135,232**	**170,132**
TOTAL LIABILITIES		**143,205**	**135,401**	**180,056**
TOTAL EQUITY AND LIABILITIES		**343,132**	**355,093**	**387,027**

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Period Ended 30 June 2019

		GROUP		COMPANY	
	NOTE	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)
Revenue	28	1,040,989	1,095,329	23,781	98,916
Cost of sales	29	(885,410)	(988,323)	(18,925)	(86,147)
Gross profit		155,579	107,006	4,856	12,769
Other income		47,460	19,798	2,036	16,625
Administrative expenses		(103,342)	(88,884)	(38,529)	(20,036)
Operating profit/(loss)		99,697	37,920	(31,637)	9,358
Finance costs	30	(36,173)	(22,164)	(9,294)	(7,476)
Share of results of associates, net of tax		(1,323)	2,034	-	-
Profit/(loss) before tax	31	62,201	17,790	(40,931)	1,882
Income tax expense	32	(28,604)	(7,203)	(50)	450
Profit/(loss) for the financial period/year		33,597	10,587	(40,881)	2,332
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(821)	(1,152)	–	(2)
Other comprehensive income/(loss) for the financial period/year		(821)	(1,152)	–	(2)
Total comprehensive income/(loss) for the financial period/year		32,776	9,435	(40,881)	2,330
Profit/(loss) attributable to:					
Owners of the Company		462	1,454	(40,881)	2,332
Non-controlling interests		33,135	9,133	–	–
		33,597	10,587	(40,881)	2,332
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(47)	1,181	(40,881)	2,330
Non-controlling interests		32,823	8,254	–	–
		32,776	9,435	(40,881)	2,330
Earnings per share (sen)	33				
- basic		0.14	0.56		
- diluted		0.14	0.56		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Period Ended 30 June 2019

		← NON-DISTRIBUTABLE →							
GROUP	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	OTHER CAPITAL RESERVE RM'000	EXCHANGE RESERVE RM'000	SHARE OPTION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
At 31 December 2016 - as previously reported	121,437	4,877	15,682	(9,076)	3,078	86,994	222,992	81,429	304,421
Impact arising from adoption of MFRS	–	–	(15,682)	–	–	9,989	(5,693)	(1,022)	(6,715)
At 1 January 2017 - as restated	121,437	4,877	–	(9,076)	3,078	96,983	217,299	80,407	297,706
Total comprehensive income/(loss) for the financial year									
Profit for the financial year	–	–	–	–	–	1,454	1,454	9,133	10,587
Other comprehensive income/(loss) for the financial year	–	–	–	(273)	–	–	(273)	(879)	(1,152)
Total comprehensive income/(loss)	–	–	–	(273)	–	1,454	1,181	8,254	9,435
Transactions with owners:									
Changes in ownership interests in a subsidiary	–	–	–	–	–	3,600	3,600	10,819	14,419
Issue of ordinary shares	10,391	–	–	–	–	–	10,391	–	10,391
Transition to no-par value regime	4,877	(4,877)	–	–	–	–	–	–	–
Total transactions with owners	15,268	(4,877)	–	–	–	3,600	13,991	10,819	24,810
At 31 December 2017 - as restated	136,705	–	–	(9,349)	3,078	102,037	232,471	99,480	331,951

STATEMENTS OF CHANGES IN EQUITY (Cont'd)
For The Financial Period Ended 30 June 2019

GROUP	SHARE CAPITAL RM'000	← NON-DISTRIBUTABLE → OTHER CAPITAL RESERVE RM'000	EXCHANGE RESERVE RM'000	SHARE OPTION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
At 31 December 2017 - as previously reported	136,705	15,682	(9,349)	3,078	93,693	239,809	100,343	340,152
Impact arising from adoption of MFRS	–	(15,682)	–	–	8,344	(7,338)	(863)	(8,201)
At 1 January 2018 - as restated	136,705	–	(9,349)	3,078	102,037	232,471	99,480	331,951
Total comprehensive income/(loss) for the financial period								
Profit for the financial period	–	–	–	–	462	462	33,135	33,597
Other comprehensive income/(loss) for the financial period	–	–	(509)	–	–	(509)	(312)	(821)
Total comprehensive income/(loss)	–	–	(509)	–	462	(47)	32,823	32,776
Transactions with owners:								
Issue of ordinary shares	21,116	–	–	–	–	21,116	–	21,116
Dividend paid to non-controlling interest	–	–	–	–	–	–	(18,640)	(18,640)
Termination of share option scheme	–	–	–	(3,078)	3,078	–	–	–
Total transactions with owners	21,116	–	–	(3,078)	3,078	21,116	(18,640)	2,476
At 30 June 2019	157,821	–	(9,858)	–	105,577	253,540	113,663	367,203

STATEMENTS OF CHANGES IN EQUITY (Cont'd)
For The Financial Period Ended 30 June 2019

COMPANY	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	EXCHANGE RESERVE RM'000	SHARE OPTION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
		← NON-DISTRIBUTABLE →				
At 1 January 2017	121,437	4,877	54	3,078	77,525	206,971
Total comprehensive income/(loss) for the financial period						
Profit for the financial period	–	–	–	–	2,332	2,332
Other comprehensive income/(loss) for the financial period	–	–	(2)	–	–	(2)
Total comprehensive income	121,437	4,877	52	3,078	79,857	209,301
Transactions with owners:						
Issue of ordinary shares	10,391	–	–	–	–	10,391
Transition to no-par value regime	4,877	(4,877)	–	–	–	–
Total transactions with owners	15,268	(4,877)	–	–	–	10,391
At 31 December 2017	136,705	–	52	3,078	79,857	219,692

COMPANY	SHARE CAPITAL RM'000	EXCHANGE RESERVE RM'000	SHARE OPTION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
		← NON-DISTRIBUTABLE →			
At 1 January 2018	136,705	52	3,078	79,857	219,692
Total comprehensive income for the financial period					
Loss for the financial period	–	–	–	(40,881)	(40,881)
Other comprehensive income for the financial period	–	–	–	–	–
Total comprehensive income	136,705	52	3,078	38,976	178,811
Transactions with owners:					
Issue of ordinary shares	21,116	–	–	–	21,116
Termination of share option scheme	–	–	(3,078)	3,078	–
Total transactions with owners	21,116	–	(3,078)	3,078	21,116
At 30 June 2019	157,821	52	–	42,054	199,927

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

STATEMENTS OF CASH FLOWS

For The Financial Period Ended 30 June 2019

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)
Cash flows from operating activities				
Profit/(loss) before tax	62,201	17,790	(40,931)	1,882
Adjustments for:				
Allowance for impairment loss	-	27,740	-	1,732
Allowance for expected credit losses	20,391	-	14,550	-
Change in fair value of investment properties	(513)	-	-	-
Depreciation of property, plant and equipment	15,624	15,302	1,078	795
Dividend income	-	-	(37)	(15,038)
Gain on disposal of:				
- Property, plant and equipment	(4,987)	(2,801)	(742)	-
- Subsidiaries	(16,169)	-	-	-
Interest expense	29,488	16,251	9,098	6,629
Interest income	(8,858)	(3,676)	(136)	(179)
Net effect of unwinding of interest from discounting	(448)	-	(75)	-
Property, plant and equipment written off	57	360	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	(2,405)
Share of results of associates	1,323	(2,034)	-	-
Unrealised (loss)/gain on foreign exchange	(2,564)	283	-	-
	95,545	69,215	(17,195)	(6,584)
Changes in working capital:				
Inventories	522	811	-	-
Contract assets	64,571	(84,787)	7,193	(412)
Contract liabilities	(6,887)	-	-	-
Inventory properties under development	24,291	(15,767)	-	-
Inventory properties held for development	41,967	(454)	-	-
Receivables	(10,975)	47,337	(8,225)	(9,327)
Payables	(149,231)	19,781	(11,354)	(30,056)
Subsidiaries	-	-	22,676	543
Associates	(2,479)	3,414	(7,065)	-
	57,324	39,550	(13,970)	(45,836)
Interest paid	(29,488)	(16,251)	(9,089)	(6,614)
Income tax paid	(12,498)	(15,630)	(157)	(1,479)
Net cash from/(used in) operating activities	15,338	7,669	(23,216)	(53,929)

STATEMENTS OF CASH FLOWS (Cont'd)

For The Financial Period Ended 30 June 2019

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)
Cash flows from investing activities				
Subscription of additional shares in a subsidiary	-	-	-	(15,000)
Proceeds from dilution of interest in subsidiary	-	14,419	-	-
Advances to associates	-	(2,059)	-	(1,455)
Advances to subsidiaries	-	-	1,098	29,539
Dividend received	-	-	37	15,038
Interest received	8,858	3,676	136	179
Proceeds from disposal of:				
- investments in subsidiaries	12,042	-	-	-
- other investments	-	60	-	-
- property, plant and equipment	22,025	5,627	1,985	-
Purchase of:				
- property, plant and equipment	(1,056)	(5,685)	(6)	–
- investment in subsidiaries	-	-	(1,500)	–
Withdrawal of fixed deposits	-	-	2,577	–
Net cash from investing activities	41,869	16,038	4,327	28,301

STATEMENTS OF CASH FLOWS (Cont'd)
For The Financial Period Ended 30 June 2019

		GROUP		COMPANY	
	NOTE	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)
Cash flows from financing activities					
(Repayment to)/advances from subsidiaries		-	-	(8,455)	(27,341)
Dividends paid to non-controlling interest		(18,640)	-	-	-
Net (repayment to)/drawdown of bank borrowings		(74,653)	(28,508)	10,500	25,000
Repayment to associates		(3,993)	(635)	-	-
Decrease/(increase) in deposit pledged		2,502	(1,639)	-	(77)
Interests paid		-	-	(9)	(15)
Payment of hire purchase obligations		(4,078)	(4,930)	(150)	(152)
Proceeds from issuance of shares		21,116	10,391	21,116	10,391
Net cash flows (used in)/from financing actitives		(77,746)	(25,321)	23,002	7,806
Net (decrease)/increase in cash and cash equivalents		(20,539)	(1,614)	4,113	(17,822)
Cash and cash equivalents at the beginning of the financial period/year		(12,345)	(12,994)	(17,043)	830
Effect of exchange rate changes on cash and cash equivalents		791	2,263	-	(2)
Cash and cash equivalents at the end of the financial period/year		(32,093)	(12,345)	(12,930)	(16,994)
Cash and cash equivalents including in statement of cash flows comprise following amounts:					
Fixed deposits with licensed banks		11,173	13,675	6	2,583
Less: Fixed deposits pledged to licensed banks	20	(11,173)	(13,675)	(6)	(2,583)
		-	-	-	-
Cash and bank balances		6,564	37,314	255	2,412
Bank overdrafts		(38,657)	(49,659)	(13,185)	(19,455)
		(32,093)	(12,345)	(12,930)	(17,043)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Bina Puri Holdings Bhd. ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company are located at Wisma Bina Puri, 88 Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan.

The principal activities of the Company are as contractor for earthworks and building, project management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 October 2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company for the financial period ended 30 June 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("the Act") in Malaysia.

For periods up to and including the year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS"). These financial statements for the period ended 30 June 2019 are the first the Group and the Company have prepared in accordance with MFRS and applied MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group has elected not to apply MFRS 3 *Business Combinations* and MFRS 10 *Consolidated Financial Statements* retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS. In addition, MFRS 1 provides the option to apply MFRS 123 *Borrowing Costs*, prospectively from the date of transition or from a specified date prior to the date of transition. This provides relief from full retrospective application of MFRS 123 which would require restatement of borrowing costs component capitalised prior to the date of transition. The Group has elected to apply MFRS 123 prospectively from the date of transition.

Unless otherwise stated in the notes to the financial statements, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable periods presented, as if these policies had always been in effect.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 30 June 2019, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position was prepared as at 1 January 2017, the Group's and the Company's date of transition to MFRS. The financial effects of the transition from FRS to MFRS are disclosed in Note 40 to the financial statements.

The adoption of the above standards and interpretations did not have any significant effect on the financial statements of the Group and of the Company except as below:

MFRS 9: *Financial Instruments*

MFRS 9 Financial Instruments replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company have adopted the requirement of MFRS 9 on 1 January 2018. MFRS 9 contains a new classification and measurement approach for financial assets that reflects the cash flow characteristics and business model in which the financial assets are managed. The new standard contains three classifications for financial assets measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") and eliminates the existing MFRS 139 categories of loan and receivables, held-to-maturity, and available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (Cont'd)

2.1 Statement of Compliance (Cont'd)

MFRS 9: *Financial Instruments (Cont'd)*

The changes in accounting policies have been applied retrospectively from 1 January 2018. In accordance with the transitional requirements, comparatives are not restated.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 1 January 2018 on the basis of facts and circumstances that exist at that date, the management of the Company has assessed the impact of MFRS 9 to the Group's and to the Company's financial statements as follows:

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at FVTPL, amortised cost, or FVOCI. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding.

The assessment of the Group's and of the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Equity investments in non-listed companies previously classified as available-for-sale financial assets are now classified and measured as FVOCI. They were previously measured at cost less impairment under MFRS 139. The Group and the Company elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. Trade and other receivables classified as loans and receivables as at 31 December 2017 are classified and measured as debt instruments at amortised cost beginning 1 January 2018 as they are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

The Group and the Company have not designated any financial liabilities at FVTPL and FVOCI. There are no changes in classification and measurement for the Group's and for the Company's financial liabilities.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and to the Company.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

The Group and the Company applied the simplified approach and record lifetime expected losses on all trade receivables and contract assets.

The adoption of MFRS 9 did not have a significant financial impact on the Group's and on the Company's financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of MFRS 9, while the hedging accounting requirements under this standard are not relevant to the Group and to the Company.

MFRS 15: *Revenue from Contracts with Customers*

MFRS 15 supersedes MFRS 118: Revenue, MFRS 111: Construction Contracts and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (Cont'd)

2.1 Statement of Compliance (Cont'd)

MFRS 15: *Revenue from Contracts with Customers (Cont'd)*

MFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group and the Company adopted MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient.

The Group has assessed the effects of applying the new revenue standard on the Group's financial statements and based on the analysis of the recognition of various revenue sources, no significant differences with existing accounting principles were identified except for the following:

(i) Determining the transaction price

Transaction price shall be estimated based on the amount of the consideration to which an entity expects to be entitled in exchange for transferring the promised goods and services, to the extent that it is highly probable that a significant reversal will not occur.

(ii) Accounting for separate performance obligations arising from the sale of properties

The application of MFRS 15 resulted in the identification of various separate performance obligations which previously had been bundled as a sale of property. The performance obligations are separated if they are capable of being distinct and are distinct within the context of the contracts. Revenue will then be allocated to the respective performance obligations and recognised when controls in relation to the performance obligations have been transferred.

(iii) Timing of recognition for the sales of properties

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Therefore, revenue from sale of properties under these contracts, without a secured financing arrangement, is recognised when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled, after which, the revenue will be recognised over time. Sales of properties that are governed by other types of contract will be assessed on a contract by contract basis to establish the Group's enforceable right to payment for performance completed to date.

(iv) Accounting for incremental costs of obtaining a contract

Expenses attributable to securing contracts with customers for property development activities and construction contracts had been capitalised and expensed by reference to the progress towards complete satisfaction of that performance obligation.

(v) Classification of land held for property development and property development costs

Upon withdrawal of FRS 201: *Property Development Activities,* land held for property development and property development costs are reclassified as inventories as these assets are in the process of production for sale. These inventories are carried at the lower of cost and net realisable value in accordance with MFRS 102: Inventories.

(vi) Presentation of contract assets and contract liabilities in the statement of financial position

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position. This results in some reclassifications as of 1 January 2017 and 31 December 2017, which were previously included in trade and other receivables and payables line items. Contract assets identified are mainly the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract assets are the excess of cumulative revenue earned over cumulative billings to-date and contract liabilities are the obligations to transfer goods or services to the customers for which the Group or the Company have received the consideration or have billed the customers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (Cont'd)

2.1 Statement of Compliance (Cont'd)

MFRS 140: *Transfers of Investment Property (Amendments to MFRS 140)*

The amendments clarify that when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of change in use.

The application of these amendments has had no impact on the Group and on the Company as the Group's and the Company's practices were in line with the clarifications.

2.2 Standard, issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of the Group's and of the Company's financial statements are as follows. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

DESCRIPTIONS	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
MFRS 16: *Leases*	1 January 2019
MFRS 17: *Insurance Contracts*	1 January 2021
IC Interpretation 23: *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 3: *Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 3: *Definition of a Business*	1 January 2020
Amendments to MFRS 9: *Prepayments Features with Negative Compensation*	1 January 2019
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
Amendments to MFRS 11: *Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 101 and MFRS 108: *Definition of Material*	1 January 2020
Amendments to MFRS 112: *Income Tax Consequences of Payments on Financial Instruments classified as Equity (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 123: *Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 128: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to References to Conceptual Framework in MFRS Standards	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (Cont'd)

2.2 Standard, issued but not yet effective (Cont'd)

The key changes applicable to the Group and the Company include:

MFRS 9: *Prepayment Features with Negative Compensation (Amendments to MFRS 9*

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the "SPPI" criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments are not expected to have significant impact on the Group's and on the Company's financial statements.

MFRS 16: *Leases*

MFRS 16 was issued in January 2016 and it replaces MFRS 117: *Leases*, IC Interpretation 4: *Determining whether an Arrangement contains a Lease*, IC Interpretation 115: *Operating Lease – Incentives*, and IC Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of "low-value assets" and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The management is currently in the process of assessing the financial implications for adopting the new standard.

Annual improvements 2015-2017 cycle (issued in December 2017)

These improvements include:

- MFRS 3: *Business Combinations*

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group and to the Company but may apply on future business combinations of the Group and of the Company.

- MFRS 11: *Joint Arrangements*

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

2. BASIS OF PREPARATION (Cont'd)

2.2 Standard, issued but not yet effective (Cont'd)

Annual improvements 2015-2017 cycle (issued in December 2017) (Cont'd)

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group and to the Company but may apply to future transactions.

- MFRS 112: *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Group and the Company do not expect any effect on the Group's and on the Company's financial statements.

- MFRS 123: *Borrowing Costs*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Group and the Company are in the process of assessing the amendments on the Group's and on the Company's financial statements.

2.3 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 they operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.5 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial period/years presented in the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6 to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as it would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(d) Joint arrangements (Cont'd)

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128: Investments in Associates and Joint Ventures.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.9 to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair values are retranslated at the rates prevailing at the dates when the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Foreign currency transactions and operations (Cont'd)

(b) Translation of foreign operations (Cont'd)

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserve related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

Cost of bearer plants consists of plantation development cost incurred from the commencement of planting of oil palm seedings up to the maturity of crop cultivated. Capitalisation of plantation development and other operating costs ceases upon the commencement of commercial harvesting of the agricultural produce.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When bearer plants reached the end of its useful life and are replanted, the carrying amount of the old bearer plant is derecognized.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Property, plant and equipment (Cont'd)

(c) Depreciation

Freehold land has an unlimited useful live and therefore is not depreciated.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Power plant under construction is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when it is completed and ready for commercial use.

Immature bearer plants are not depreciated. Depreciation commences when the bearer plants mature.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

	Rates
Freehold buildings	2%
Leasehold land and building	Between 15 and 50 years
Plant, machinery and equipment	5% - 50%
Truck and motor vehicles	5% - 20%
Renovations, electrical installation, furniture and fittings	10% - 20%
Office equipment	10%

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(d) Derecognition

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

3.5 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss in period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Investment properties (Cont'd)

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses arising from derecognition of the asset are recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any surplus arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.6 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.7 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time.

In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over cumulative billings-to-date. The balance is classified as contract assets in the statement of financial position.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. The balance is classified as contract liabilities in the statement of financial position.

3.8 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Cont'd)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(i) Subsequent measurement

The Group categorises the financial instruments as follows:

(A) Financial assets

Current financial period

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(a) Debt instruments

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

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss ("FVPL")**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Cont'd)

(i) Subsequent measurement (Cont'd)

(A) Financial assets (Cont'd)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Previous financial years

For the purposes of subsequent measurement, financial assets were classified in the following categories in the previous financial year:

(a) Financial assets at fair value through profit or loss

Financial assets were classified as financial assets at fair value through profit or loss when the financial assets were either held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument) or were designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss were measured at fair value with the gain or loss recognised in profit or loss.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that were held primarily for trading purposes were presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that were not quoted in an active market were classified as loans and receivables.

Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses was in accordance with Note 3.9 to the financial statements. Gains and losses were recognised in profit or loss through the amortisation process.

Loans and receivables were classified as current assets, except for those having maturity dates later than 12 months after the reporting period which were classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities were classified as held-to-maturity when the Group had the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments were measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements. Gains and losses were recognised in profit or loss through the amortisation process.

Held-to-maturity investments were classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which were classified as current.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Cont'd)

(i) Subsequent measurement (Cont'd)

(A) Financial assets (Cont'd)

Previous financial years (Cont'd)

(d) Available-for-sale financial assets

Available-for-sale financial assets comprises investment in equity and debt securities that were designated as available-for-sale or were not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets were measured at fair value. Gains or losses from changes in fair value of the financial assets were recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which were recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income was reclassified from equity to profit or loss as a reclassification adjustment when the financial asset was derecognised. Interest income calculated using the effective interest method was recognised in profit or loss. Dividends on an available-for-sale equity instrument were recognised in profit or loss when the Group's and the Company's right to receive payment was established.

(e) Unquoted equity instruments carried at cost

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses was in accordance with Note 3.9 to the financial statements.

(B) Financial liabilities

The Group classifies their financial liabilities in the following measurement categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with of MFRS 9, and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15. Liabilities arising from financial guarantees are presented together with other provisions.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commits themselves to purchase or sell an asset).

Trade date accounting refers to:

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

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

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when the title passes.

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(a) the contractual rights to receive the cash flows from the financial asset expire, or

(b) the Group has transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group has transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group evaluates if, and to what extent, the Group has retained the risks and rewards of ownership. When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting of financial statements

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of assets

(i) Impairment of financial assets and contract assets

Current financial period

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company established a provision matrix for trade receivable that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Previous financial years

At each reporting date, all financial assets (except for financial assets categorised at fair value through profit or loss and investment in subsidiaries, associates and joint ventures) were assessed whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that could be reliably estimated. Losses expected as a result of future events, no matter how likely, were not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors were experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they would enter bankruptcy or other financial reorganisation, and where observable data indicates that there was a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlated with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assessed whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that were not individually significant. If no objective evidence for impairment existed for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that were individually assessed for impairment for which an impairment loss was or continued to be recognised were not included in the collective assessment of impairment.

The amount of impairment loss was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset was reduced through the use of an allowance account and the loss was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of assets (Cont'd)

(i) Impairment of financial assets and contract assets (Cont'd)

Previous financial years (Cont'd)

Loans and receivables and held-to-maturity investments (Cont'd)

If, in a subsequent period, the amount of the impairment loss decreased due to an event occurring after the impairment that was recognised, the previously recognised impairment loss was then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset did not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance were written off when there was no realistic prospect of future recovery and all collateral had been realised or had been transferred to the Group and the Company. If a write-off was later recovered, the recovery was credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost was considered to be objective evidence of impairment. The Group and the Company used their judgement to determine what was considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset had been recognised in other comprehensive income and there was objective evidence that the asset was impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset had not been derecognised. The amount of cumulative loss that was reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments were not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, was recognised in other comprehensive income.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss was measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life or are not yet available for use, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of assets (Cont'd)

(ii) Impairment of non-financial assets (Cont'd)

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Inventories

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw material: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

(ii) Inventory properties under development

Costs of inventory properties under development consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion (input method). Under this method, profits are recognised as the property development activity progresses.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue and expenses are recognised only to the extent where the recoverability of property development costs incurred is probable, and the property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development project are capitalised and included as part of property development costs in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

(iii) Inventory properties held for development

Inventory properties held for development consists of development costs where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

Inventory properties held for development will be reclassified to inventory properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(ii) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.15 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), the national defined contribution plan. Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(iii) Share-based payments

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3.16 Revenue and other income

The Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Revenue and other income (Cont'd)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract, or forms a part of the existing contracts.

(i) Sales of goods

Revenue from sales of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(ii) Property development

The Group develops and sells residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. If the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date to the estimated total property development costs (input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and includes deposits or advances received from customers. When the progress billings to-date and includes deposits or advances received from customers exceed revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

For residential properties, as part of the statutory requirements, the obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Revenue and other income (Cont'd)

(iii) Construction contracts

The Group's construction service contracts are under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group is contractually restricted from redirecting the properties to another customer and have an enforceable right to payment for work performed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date to the estimated total construction costs (input method).

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction based on achieving a series of performance-related milestones.

The Group recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due. If the milestone payment exceeds the revenue recognised to date and any deposit or advances received from customers then, the Group recognises a contract liability for the difference.

(iv) Rendering of services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(v) Interest Income

Interest income is recognised using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vii) Rental income

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

(viii) Sale of land and completed unsold properties

Revenue from sale of land and completed unsold properties are measured at the fair value of the consideration receivable and are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(ix) Sale of electricity

Revenue is recognised when electricity is consumed by customer based on meter reading of the customer.

(x) Management fees

Management fees are recognised on an accrual basis.

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Income tax (Cont'd)

(ii) Deferred tax

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

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in a joint venture, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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 and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.5 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(iii) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated inclusive of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Group Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.19 Share capital

(i) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.21 Earning per share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise of convertible notes, bonus issue and share options granted to employees.

3.22 Fair value measurements

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Fair value measurements (Cont'd)

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) Impairment of financial assets (Note 13, Noted 17, Note 18 and Note 19)

The measurements of impairments losses both under MFRS 9 and MFRS 139 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and assessment of significant increase in credit risk. These estimates are driven by a number of factors, which can result in different levels of allowances.

MFRS 9 does not distinguish between individual assessment and collective assessment. Accordingly, the Group and the Company have decided to measure impairment on an individual basis.

(b) Impairment of goodwill (Note 7)

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(c) Construction contracts and property development (Note 28 and Note 29)

The Group recognises construction contracts and property development revenue and costs in profit or loss by using the over time criteria of revenue recognition. The over time criteria of revenue recognition is determined using the input method by the proportion that construction contracts and property development costs incurred for the work performed to date, to the estimated total construction contracts and property development costs respectively. Significant judgement is required in determining the extent of the construction contracts and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

(d) Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amounts, which is the higher of its fair value less costs of disposal and its value-in-use. The fair value less costs of disposal calculation is based on available data from binding sales transaction, conducted at arm's length, for similar assets or observable market price less incremental costs for disposing the assets.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd)

(e) Fair value measurement of financial instruments

For financial assets measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. When the fair value of financial assets and financial liabilities recorded cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. Judgement include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

(f) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialist to assess fair value in January 2019 for investment properties. A valuation methodology either based on a discounted cash flow ("DCF"), comparison method, or investment approach was used.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

GROUP 30.06.2019	FREEHOLD LAND AND BUILDINGS RM'000	LONG LEASEHOLD LAND AND BUILDINGS RM'000	SHORT LEASEHOLD LAND AND BUILDINGS RM'000	BEARER PLANTS RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	RENOVATION, ELECTRICAL INSTALLATION, FURNITURE AND FITTINGS RM'000	OFFICE EQUIPMENT RM'000	TRUCK AND MOTOR VEHICLES RM'000	TOTAL RM'000
Cost									
At 1 January 2018	7,222	68,715	1,738	1,000	93,943	31,770	15,737	67,611	287,736
Additions	-	121	-	-	622	15	88	210	1,056
Disposals	(1,634)	(3,443)	-	(1,000)	(7,385)	(54)	(194)	(18,602)	(32,312)
Disposal of subsidiary	(1,018)	-	-	-	(8,214)	(226)	(587)	(3,055)	(13,100)
Written off	-	-	-	-	(215)	(9)	(111)	-	(335)
Reclassification	-	-	-	-	(325)	-	325	-	-
Exchange differences	-	(712)	-	-	(1,278)	274	30	(8)	(1,694)
At 30 June 2019	4,570	64,681	1,738	-	77,148	31,770	15,288	46,156	241,351
Accumulated depreciation									
At 1 January 2018	386	8,374	1,031	-	35,563	14,581	12,048	51,283	123,266
Depreciation charge for the financial period	116	3,269	81	-	4,476	2,079	919	4,684	15,624
Disposals	-	(546)	-	-	(3,345)	(9)	(206)	(11,168)	(15,274)
Disposal of subsidiary	(12)	-	-	-	(3,731)	(279)	(323)	(2,182)	(6,527)
Written off	-	-	-	-	(165)	(9)	(104)	-	(278)
Reclissification	-	-	-	-	-	278	(278)	-	-
Exchange differences	-	9	-	-	(334)	210	30	3	(82)
At 30 June 2019	490	11,106	1,112	-	32,464	16,851	12,086	42,620	116,729
Carrying amounts									
At 30 June 2019	4,080	53,575	626	-	44,684	14,919	3,202	3,536	124,622

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP 31.12.2017	FREEHOLD LAND AND BUILDINGS RM'000	LONG LEASEHOLD LAND AND BUILDINGS RM'000	SHORT LEASEHOLD LAND AND BUILDINGS RM'000	BEARER PLANTS RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	RENOVATION, ELECTRICAL INSTALLATION, FURNITURE AND FITTINGS RM'000	OFFICE EQUIPMENT RM'000	TRUCK AND MOTOR VEHICLES RM'000	TOTAL RM'000
Cost									
At 1 January 2017	10,591	71,814	1,738	-	126,191	33,736	17,247	57,039	318,356
Additions	-	1,616	-	1,000	1,462	36	275	1,296	5,685
Disposals	-	(728)	-	-	(9,502)	(405)	(562)	(5,610)	(16,807)
Written off	-	-	-	-	(2,094)	-	(1,383)	(211)	(3,688)
Transfer to investment properties	(3,369)	-	-	-	-	-	-	-	(3,369)
Reclassification	-	-	-	-	(14,550)	(924)	330	15,144	-
Exchange differences	-	(3,987)	-	-	(7,564)	(673)	(170)	(47)	(12,441)
At 31 December 2017	7,222	68,715	1,738	1,000	93,943	31,770	15,737	67,611	287,736
Accumulated depreciation									
At 1 January 2017	441	6,300	977	-	47,769	14,174	12,470	45,257	127,388
Depreciation for the financial year	136	2,209	54	-	5,360	1,422	843	5,278	15,302
Disposals	-	(34)	-	-	(8,379)	(181)	(351)	(5,036)	(13,981)
Written off	-	-	-	-	(1,802)	-	(1,315)	(211)	(3,328)
Transfer to investment properties	(191)	-	-	-	-	-	-	-	(191)
Reclassification	-	-	-	-	(5,979)	(586)	496	6,069	-
Exchange differences	-	(101)	-	-	(1,406)	(248)	(95)	(74)	(1,924)
At 31 December 2017	386	8,374	1,031	-	35,563	14,581	12,048	51,283	123,266
Carrying amounts									
At 31 December 2017	6,836	60,341	707	1,000	58,380	17,189	3,689	16,328	164,470

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY 30.06.2019	LONG LEASEHOLD LAND AND BUILDINGS RM'000	RENOVATION, ELECTRICAL INSTALLATION, FURNITURE AND FITTINGS RM'000	OFFICE EQUIPMENT RM'000	TRUCK AND MOTOR VEHICLES RM'000	TOTAL RM'000
Cost					
At 1 January 2018	21,482	3,635	1,630	1,328	28,075
Additions	-	-	6	-	6
Disposals	(1,685)	-	-	(190)	(1,875)
Written off	-	-	(7)	-	(7)
At 30 June 2019	19,797	3,635	1,629	1,138	26,199
Accumulated depreciation					
At 1 January 2018	5,260	3,455	1,439	976	11,130
Depreciation for the financial period	740	73	45	220	1,078
Disposals	(442)	-	-	(190)	(632)
Written off	-	-	(7)	-	(7)
At 30 June 2019	5,558	3,528	1,477	1,006	11,569
Carrying amounts					
At 30 June 2019	14,239	107	152	132	14,630

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY 31.12.2017	LONG LEASEHOLD LAND AND BUILDINGS RM'000	RENOVATION, ELECTRICAL INSTALLATION, FURNITURE AND FITTINGS RM'000	OFFICE EQUIPMENT RM'000	TRUCK AND MOTOR VEHICLES RM'000	TOTAL RM'000
Cost					
At 1 January 2017	21,482	3,635	1,630	1,328	28,075
At 31 December 2017	21,482	3,635	1,630	1,328	28,075
Accumulated depreciation					
At 1 January 2017	4,755	3,392	1,415	773	10,335
Depreciation for the financial year	505	63	24	203	795
At 31 December 2017	5,260	3,455	1,439	976	11,130
Carrying amounts					
At 31 December 2017	16,222	180	191	352	16,945

(a) Asset held in trust

Included in property, plant and equipment of the Group is a freehold land with a net book value of RM935,000 (31.12.2017: RM935,000 and 01.01.2017: RM935,000) which is held in trust by a former director of the Company.

(b) Assets pledged as security

The carrying amount of property, plant and equipment of the Group charged to licensed financial institutions for banking facilities granted to the Group as disclosed in Note 24 to the financial statements are as follows:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Freehold land and buildings	9,216	9,059	9,216
Plant, machinery and equipment	1,708	1,562	1,709
Trucks and motor vehicles	62	34	62
Renovations, electrical installation and furniture and fittings	504	-	504
Office equipment	487	384	487
	11,977	11,039	11,978

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(c) Assets under hire purchase arrangements

The carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Plant, machinery and equipment	-	2,394	3,114
Trucks and motor vehicles	3,146	8,674	8,658
	3,146	11,068	11,772

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Trucks and motor vehicles	57	352	555

(d) Lease period for leasehold land

Leasehold land consisting of land with unexpired lease period of more than 50 years, except for leasehold land and buildings with carrying amount of RM886,000 (31.12.2017: RM707,000 and 01.01.2017: RM761,000) which has a lease period of less than 50 years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT PROPERTIES

	GROUP	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
At fair value		
At 1 January	208,290	205,112
Transfer from property, plant and equipment	-	3,178
Net gain arising from fair value adjustment	513	-
At 30 June/31 December	208,803	208,290

Included in the above are:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
At fair value			
Leasehold land	3,203	3,290	112
Shopping mall	205,600	205,000	205,000
	208,803	208,290	205,112

An investment property of a subsidiary with a carrying value of RM205,600,000 (31.12.2017: RM205,000,000 and 01.01.2017: RM205,000,000) has been pledged as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT PROPERTIES (Cont'd)

Fair value information

Fair value of investment properties are categorised as follow:

	GROUP		
	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
At fair value			
30.06.2019			
Leasehold land	-	-	3,203
Shopping mall	-	-	205,600
			208,803
31.12.2017			
Leasehold land	-	-	3,290
Shopping mall	-	-	205,000
			208,290
01.01.2017			
Leasehold land	-	-	112
Shopping mall	-	-	205,000
	-	-	205,112

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT PROPERTIES (Cont'd)

Fair value information (Cont'd)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

PROPERTY CATEGORY	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE	SIGNIFICANT INPUTS BY THE ACCREDITED VALUER	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Leashold land	Information available through internal research and directors' best estimation	Estimated selling price of comparable properties in close proximity	N/A	The higher the estimated selling price, the higher the fair value
Shopping mall	Investment method	Term rental, reversionary rental, carparking income yield	Retail tenant term rental of 5.5% and reversionary rental of 6.0%; carparking income yield of 6.5% per annum	The higher the term yield, the higher the fair value

Valuation processes applied by the Group

The Group's finance department includes a team that performs valuation analysis of land and buildings required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer.

The fair value of the shopping mall is determined by external independent property valuers, a member of the Board of Valuers in Malaysia, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio every year. Changes in Level 3 fair values are analysed by the management annually after obtaining the valuation report from the valuation company. There has been no change to the valuation technique during the financial period. The valuation company provides the fair value for the current financial period to be same as the previous financial period.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT PROPERTIES (Cont'd)

Fair value information (Cont'd)

Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 fair values during the financial period/year ended 30 June 2019 or 31 December 2017.

The following are recognised in profit and loss in respect of investment properties:

	GROUP	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Rental income	27,909	18,446
Direct operating expenses:		
- income generating investment properties	(18,752)	11,927

7. GOODWILL

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Cost	15,858	15,858	15,858
Accumulated impairment losses	(1,273)	(1,273)	(1,273)
Carrying amount at 30 June/31 December	14,585	14,585	14,585

The management of the Company had made a full allowance for impairment of RM1,273,000 on the goodwill on consolidation arising from the acquisition of BP Energy Sdn. Bhd. ("BPESB") in view that the ability to generate any positive cash flows remained uncertain.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. GOODWILL (Cont'd)

Impairment testing for cash generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill is allocated to each unit as follows:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Power supply division	350	350	350
Property division	14,235	14,235	14,235
	14,585	14,585	14,585

Management has assessed the recoverable amounts of goodwill based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGU's covering a period of five (5) years and considering the terminal value of the CGUs.

Management estimates that the CGUs will generate revenue based on its estimated capacity throughout the projected period.

The values assigned to the key assumptions (e.g. sales growth & gross margin) represent management's assessment of future trends of the two divisions and is based on both external and internal sources of information.

The cash flows projection for property division is derived from the most recent financial budgets for the next five (5) years and budgeted property sales. Discount rate of 14% (31.12.2017: 14% and 01.01.2017: 14%) was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

Sensitivity to changes in assumptions

Management believes that while cash flows projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing the recoverable amount have been considered. The management is of the opinion that any such changes in any of the key assumptions would not cause the recoverable amount of the units to be materially below their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Unquoted shares - at cost		
At 1 January		
In Malaysia	108,155	93,155
Outside Malaysia	1,845	1,845
	110,000	95,000
Additions during the financial period/year:		
In Malaysia	1,500	15,000
	111,500	110,000
Capital contribution to subsidiaries, at cost	44,085	45,183
Less: Accumulated impairment losses	(7,341)	(7,341)
At 30 June/31 December	148,244	147,842

Capital contribution represents unsecured, interest free non-trade advances given to subsidiaries. The settlement of these advances is neither planned nor likely to occur in the foreseeable future as it is the Company's intention to treat them as a long-term source of capital to the subsidiaries. As these advances are, in substance, a part of the Company's net investment in those subsidiaries, they are stated at cost less impairment losses, if any.

Movement in allowance for impairment losses in respect of investment in subsidiaries are as follows:

	COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
At 1 January	7,341	9,746
Reversal	-	(2,405)
At 30 June/31 December	7,341	7,341

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST			PRINCIPAL ACTIVITIES
		30.06.2019 %	31.12.2017 %	01.01.2017 %	
Held by the Company					
Bina Puri Sdn. Bhd.	Malaysia	100	100	100	Contractor of earthworks, buildings and road construction
Bina Puri Construction Sdn. Bhd.	Malaysia	100	100	100	Contractor of earthworks, buildings and road construction
Aksi Bina Puri Sdn. Bhd.	Malaysia	60	60	60	Investment holding
Bina Puri Ventures Sdn. Bhd.	Malaysia	100	100	100	Investment holding and contractor of earthworks, buildings and road construction
Bina Puri Infrastructure Pte. Ltd. *	India	100	100	100	Inactive
Gugusan Murni Sdn. Bhd.	Malaysia	100	100	100	Property developer and management
Maskimi Venture Sdn. Bhd.	Malaysia	100	100	100	Commission agent
Bina Puri Power Sdn. Bhd.	Malaysia	80	80	80	Investment holding
DPBS-BPHB Sdn. Bhd.	Malaysia	100	60	60	Investment holding
Bina Puri Juara Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Bina Puri Gah Sdn. Bhd.	Malaysia	60	60	60	Inactive
Bina Puri Pakistan (Private) Ltd. ^	Pakistan	99.97	99.97	99.97	Builder of motorway
Bina Puri Properties (B) Sdn. Bhd. ^	Brunei Darussalam	100	100	100	Renting of service apartment and property management
Bina Puri (B) Sdn. Bhd. ^	Brunei Darussalam	80	80	80	Contractor of earthworks, buildings and road construction
Karak Spring Sdn. Bhd.	Malaysia	-	100	100	Durian Plantation
Bina Puri Properties Sdn. Bhd.	Malaysia	100	100	100	Property developer and management
Bina Puri Hong Kong Limited ^	Hong Kong	100	100	100	Inactive
BP Energy Sdn. Bhd.	Malaysia	100	100	100	Inactive

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Details of the subsidiaries are as follows (Cont'd):

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST			PRINCIPAL ACTIVITIES
		30.06.2019 %	31.12.2017 %	01.01.2017 %	
Held by the Company					
Bina Puri Builder Sdn. Bhd.	Malaysia	100	-	-	Contractor of management earthworks, buildings and road construction
Bina Puri Cambodia Ltd. *	Cambodia	100	100	100	Inactive
Held through Bina Puri Properties Sdn. Bhd.					
Ascotville Development Sdn. Bhd.	Malaysia	100	100	100	Property developer and management
Held through Bina Puri Sdn. Bhd.					
Bina Puri Builder Sdn. Bhd.	Malaysia	-	100	100	Contractor of earthworks, buildings and road construction
Konsortium Syarikat Bina Puri-TA3 JV Sdn. Bhd.	Malaysia	70	70	70	Inactive
Held through Bina Puri Construction Sdn. Bhd.					
Latar Project Management Sdn. Bhd.	Malaysia	60	60	60	Inactive
Bina Puri Development Sdn. Bhd. ^	Malaysia	100	100	100	Inactive
Bina Puri Lao Co. Ltd. *	Laos	100	100	100	Inactive
Held through Bina Puri Ventures Sdn. Bhd.					
Maskimi Polyol Sdn. Bhd.	Malaysia	100	100	100	Manufacturer of polyol
Held through Bina Puri Power Sdn. Bhd.					
PT Megapower Makmur ^	Republic of Indonesia	56	56	56	Power supply

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Details of the subsidiaries are as follows (Cont'd):

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST			PRINCIPAL ACTIVITIES
		30.06.2019 %	31.12.2017 %	01.01.2017 %	
Held through Bina Puri Properties (B) Sdn. Bhd.					
Bina Puri (B) Sdn. Bhd. ^	Brunei Darussalam	10	10	10	Contractor of earthworks, buildings and road construction
Held through Bina Puri Juara Sdn. Bhd.					
Bina Puri Mining Sdn. Bhd.	Malaysia	100	100	100	Inactive
BP Energy (Indonesia) Sdn. Bhd. (formerly known as Sungai Long Bricks Sdn. Bhd.	Malaysia	100	100	100	Inactive
Sungai Long Industries Sdn. Bhd.	Malaysia	51	51	51	Quarry operator and contractor of road paving projects
Easy Mix Sdn. Bhd.	Malaysia	-	100	100	Producer of ready mix concrete
KM Quarry Sdn. Bhd.	Malaysia	70	70	70	Quarry operator and contractor of road paving projects
Held through Aksi Bina Puri Sdn. Bhd.					
Sumbangan Lagenda Sdn. Bhd. ^	Malaysia	60	60	60	Property developer, management and investment holding
Karak Land Sdn. Bhd.	Malaysia	70	70	70	Property developer and management
Semarak Semerah Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Held through Semarak Semerah Sdn. Bhd.					
Star Effort Sdn. Bhd.	Malaysia	95	95	95	Property developer and management

^ *Audited by auditors other than RSL PLT.*

* *Subsidiaries without audited financial statements and auditors' reports but the unaudited financial statements of the subsidiaries were adopted by the Group for the purpose of the financial statements of the Group.*

(b) On 12 June 2019, Bina Puri Properties Sdn. Bhd., a wholly owned subsidiary of the Company, transferred its entire equity interest in Bina Puri Builder Sdn. Bhd. to the Company for a consideration of RM1,500,000.

(c) On 15 April 2019, the Company acquired additional 400 ordinary shares representing 40% of the issued and paid-up capital in DPBS-BPHB Sdn. Bhd. for a total consideration of RM400.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(d) On 31 October 2018, the Company disposed off 100% equity interest in Karak Spring Sdn. Bhd. for total cash consideration of RM4. Karak Land Sdn. Bhd., an indirect subsidiary of the Company, purchased 50% equity interest in Karak Spring Sdn. Bhd. for a consideration of RM2. Karak Spring Sdn. Bhd. ceased to be a wholly-owned subsidiary of the Company after the disposal but has become a 50% indirect associate.

(e) On 30 June 2019, the Group entered into a sale agreement to dispose of 100% off its equity interest in its wholly-owned subsidiary, Easy Mix Sdn. Bhd., at a cash consideration of RM11,500,000. The disposal was completed on 30 June 2019, on which date control of Easy Mix Sdn. Bhd. passed to the acquirer.

The value of assets and liabilities of Easy Mix Sdn. Bhd. recorded in the consolidated financial statements as at 30 June 2019 and the effects of the disposal were:

	RM'000
Property, plant and equipment	6,573
Trade and other receivables	3,990
Inventories	38
Cash and cash equivalents	(542)
	10,059
Trade and other payables	(9,756)
Borrowings	(4,972)
Carrying value of net assets	(4,669)
Cash consideration	11,500
Cash and cash equivalents of the subsidiary	542
Net cash inflow or disposal of a subsidiary	12,042
Gain on disposal	
Cash received	11,500
Net liabilities deregonised	4,669
Gain on disposal	16,169

The gain on disposal was included in other income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(f) On 28 August 2018, the Company and Bina Puri Properties Sdn. Bhd, a wholly-owned subsidiary of the Company, entered into a Conditional Sale and Purchase agreement with Tan Sri Datuk Tee Hock Seng, JP, Dr Tony Tan, Datuk Henry Tee, Datuk Matthew Tee, Mr Tee Kai Soon and Syarikat Masyakin Sdn. Bhd. for the proposed acquisition of 2,477,108 ordinary shares in Ideal Heights Properties Sdn. Bhd., for a total consideration of RM42,682,343 ("Proposed Acquisition"). In addition, the Company also announced that concurrent with the Proposed Acquisition, the Company proposed to undertake the proposed amendments to the memorandum and articles of association of the Company ("Proposed Amendments") to facilitate the issuance of the consideration redeemable preference share and retention redeemable preference shares pursuant to the Proposed Acquisition.

In the Extraordinary Shareholders Meeting held on 24 December 2018, the non-interested shareholders approved ordinary resolution for the Proposed Acquisition whilst the special resolution for the Proposed Amendments was not approved. Given the inter-conditionality of the ordinary resolution and the special resolution, the Proposed Acquisition and Proposed Amendments were not approved. The Company would contemplate the next course of action with regards to the Proposed Acquisition and Proposed Amendments accordingly.

(g) Dilution of PT Megapower Makmur

In the previous financial year, the Group's subsidiary, PT Megapower Makmur had issued additional 575,033,007 number of ordinary shares pursuant to the initial public offering in conjunction with the listing and quotation of the subsidiary on 5 July 2017 in the Indonesia Stock Exchange. Subsequent to the initial public offering, the effective interest ownership had decreased from 64% to 44.8%.

The effect of the dilution of its effective interest ownership are as follows:

	GROUP 31.12.2017 RM'000
Consideration received from non-controlling interest	14,419
Carrying value of the interest in PT Megapower Makmur	(10,819)
Excess recognised in retained earnings	3,600

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(h) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	SUMBANGAN LAGENDA SDN. BHD. RM'000	PT MEGAPOWER MAKMUR RM'000	OTHER INDIVIDUALLY IMMATERIAL SUBSIDIARY COMPANIES RM'000	TOTAL RM'000
30.06.2019				
NCI percentage of ownership interest and voting interest	64%	55%		
Carrying amount of NCI	71,368	19,831	22,464	113,663
Profit allocated to NCI	(2,595)	2,371	33,359	33,135
31.12.2017				
NCI percentage of ownership interest and voting interest	64%	55%		
Carrying amount of NCI (Restated)	73,963	17,756	7,761	99,480
Profit allocated to NCI (Restated)	1,033	1,157	6,943	9,133
01.01.2017				
NCI percentage of ownership interest and voting interest	64%	36%		
Carrying amount of NCI (Restated)	72,930	5,149	2,328	80,407

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(h) Non-controlling interests in subsidiaries (Cont'd)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

Sumbangan Lagenda Sdn. Bhd.

	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Non-current assets	206,096	205,612	205,612
Current assets	13,368	21,154	21,154
Non-current liabilities	(81,072)	(87,355)	(87,355)
Current liabilities	(26,880)	(23,844)	(23,844)
Net assets	111,512	115,567	115,567

	01.01.2018 TO 30.06.2019	01.01.2017 TO 31.12.2017
Revenue	27,909	19,284
(Loss)/Profit for the financial period/year	(4,055)	1,614
Total comprehensive (loss)/income	(4,055)	1,614
Net cash flows from operating activities	9,446	1,153
Net cash flows (used in)/from investing activities	(46)	11
Net cash flows used in financing activities	(9,720)	(1,500)
Net decrease in cash and cash equivalents	(320)	(336)
Dividend paid to NCI	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(h) Non-controlling interests in subsidiaries (Cont'd)

PT Megapower Makmur

	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Non-current assets	72,207	83,364	96,415
Current assets	8,152	6,524	8,604
Non-current liabilities	(237)	(3,340)	(7,975)
Current liabilities	(44,196)	(54,381)	(82,741)
Net assets	35,926	32,167	14,303

	01.01.2018 TO 30.06.2019	01.01.2017 TO 31.12.2017
Revenue	25,504	20,734
Profit for the financial period/year	4,295	2,630
Total comprehensive income	4,295	2,630
Net cash flows from operating activities	10,358	5,334
Net cash flows used in investing activities	(494)	(2,266)
Net cash flows used in financing activities	(10,718)	(3,088)
Net decrease in cash and cash equivalents	(854)	(20)
Dividend paid to NCI	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES

		GROUP	
	NOTE	30.06.2019 RM'000	31.12.2017 RM'000
Unquoted shares - at cost			
In Malaysia		33,210	33,210
Outside Malaysia		3,916	3,916
		37,126	37,126
Disposal during the financial period/year:			
In Malaysia		(900)	-
		36,226	37,126
Share of post-acquisition reserves		(27,355)	(25,452)
Less: Allowance for impairment		(922)	(922)
		7,949	10,752

The Group has not recognised its share of losses of KL-Kuala Selangor Expressway Berhad amounting to RM14,005,000 (31.12.2017: RM14,005,000 and 01.01.2017: Nil) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM44,406,000 (31.12.2017: RM44,406,000 and 01.01.2017: Nil).

		COMPANY	
	NOTE	30.06.2019 RM'000	31.12.2017 RM'000
Unquoted shares - at cost			
In Malaysia		31,700	31,700
Outside Malaysia		3,916	3,916
		35,616	35,616
Less: Allowance for impairment		(711)	(711)
		34,905	34,905

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES (Cont'd)

(a) Details of associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST			PRINCIPAL ACTIVITIES
		30.06.2019 %	31.12.2017 %	01.01.2017 %	
Held through the Company					
Bina Puri Holdings (Thailand) Ltd. ^	Thailand	49	49	49	Investment holding
Bina Puri (Thailand) Ltd. ^	Thailand	49	49	49	Contractor of earthworks, buildings and road construction
Bina Puri Norwest Sdn. Bhd.	Malaysia	50	50	50	Property development and management
Bina Puri Saudi Co. Ltd. *	Arab Saudi	50	50	50	Inactive
KL-Kuala Selangor Expressway Berhad ("KLKSE") ^	Malaysia	50	50	50	Builder and operator of an expressway
Bina Puri Amat Aramak Properties Sdn. Bhd.	Malaysia	50	50	50	Inactive
Bina Puri Amat Aramak Sdn. Bhd.	Malaysia	50	50	50	Inactive
Held through Bina Puri Juara Sdn. Bhd.					
Dimara Building System Sdn. Bhd. ^	Malaysia	30	30	30	Contractor in steel engineering works
Rock Processors (Melaka) Sdn. Bhd. ^	Malaysia	40	40	40	Quarry operator and contractor of road paving project
Bina Puri Sentosa Venture Sdn. Bhd.	Malaysia	50	50	50	Inactive
Held through Bina Puri Power Sdn. Bhd.					
BP Power (Thailand) Ltd. ^	Thailand	49	49	49	Inactive
Held through Bina Puri Construction Sdn. Bhd. ("BPCSB")					
Prosperous Hectares Sdn. Bhd. ^	Malaysia	-	30	30	Property development and management
Held through Bina Puri Properties Sdn. Bhd. ("BPPSB")					
Bina Puri XA Sdn. Bhd.	Malaysia	50	-	-	Inactive

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES (Cont'd)

(a) Details of associates are as follows (cont'd):

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 30.06.2019 %	31.12.2017 %	01.01.2017 %	PRINCIPAL ACTIVITIES
Held through Karak Land Sdn. Bhd.					
Karak Spring Sdn. Bhd.	Malaysia	50	-	-	Durian Plantation

^ *Audited by auditors other than RSL PLT.*

* *Associates without audited financial statements and auditors' reports but the unaudited financial statements of the associates were adopted by the Group for the purpose of the financial statements of the Group.*

On 3 August 2018, BPPSB, a wholly-owned subsidiary of the Company, acquired 500 ordinary shares, representing 50% equity interest in Bina Puri XA Sdn. Bhd. for a consideration of RM500.

On 21 March 2018, BPCSB, a wholly-owned subsidiary of the Company, disposed 900,000 ordinary shares, representing 30% equity interest in Prosperous Hectares Sdn. Bhd. for a consideration of RM900,000.

(b) The summarised financial information of the Group's material associate is as follow:

	30.06.2019 RM'000	KLKSE 31.12.2017 RM'000	01.01.2017 RM'000
Assets and liabilities			
Non-current assets	957,788	979,828	1,025,789
Current Assets	84,546	116,021	162,010
Non-current liabilities	(1,196,326)	(1,204,981)	(1,237,601)
Current liabilities	(28,633)	(39,681)	(66,025)
Net liabilities	(182,625)	(148,813)	(115,827)
Results			
Revenue	106,776	64,308	
Loss for the financial period/year	(33,812)	(28,011)	
Total comprehensive loss	(33,812)	(28,011)	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES (Cont'd)

(c) The reconciliation of net assets to carrying amount of the associates is as follows:

	KLKSE RM'000	OTHER INDIVIDUALLY IMMATERIAL ASSOCIATES RM'000	TOTAL RM'000
30.06.2019			
Group's share of net assets:			
Carrying amount in the consolidated statements of financial position	-	7,949	7,949
Group's share of results:			
Group's share of profit or loss	-	(1,323)	(1,323)
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive loss	-	(1,323)	(1,323)
31.12.2017			
Group's share of net assets:			
Carrying amount in the consolidated statements of financial position	-	10,752	10,752
Group's share of results:			
Group's share of profit or loss	-	2,034	2,034
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income	-	2,034	2,034
01.01.2017			
Group's share of net assets:			
Carrying amount in the consolidated statements of financial position	(11,764)	9,179	(2,585)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. INVESTMENT IN A JOINT OPERATIONS

Details of the Group joint operations are as follow:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST			PRINCIPAL ACTIVITIES
		30.06.2019 %	31.12.2017 %	01.01.2017 %	
Joint operation under the Company					
SPK-Bina Puri Joint Venture	United Arab Emirates	30	30	30	Builder and contractor for general engineering and construction works
Joint operation under Bina Puri Sdn. Bhd.					
UEMC-Bina Puri Joint Venture	Malaysia	40	40	40	Builder and contractor for general engineering and construction works

11. OTHER INVESTMENTS

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
At fair value			
Financial assets at fair value through other comprehensive income			
Unquoted shares in Malaysia	10,085	-	-
Transferable corporate membership in golf and country resort	61	-	-
Less: Accumulated impairment losses	(3,304)	-	-
	6,842	-	-
At cost			
Available-for-sales financial assets			
Unquoted shares in Malaysia	-	7,088	7,088
Transferable corporate membership in golf and country resort	-	157	217
Less: Accumulated impairment losses	-	(3,304)	(3,304)
	-	3,941	4,001

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. OTHER INVESTMENTS (Cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
At fair value			
Financial assets at fair value through other comprehensive income			
Unquoted shares in Malaysia	6,646	-	-
Less: Accumulated impairment losses	(3,304)	-	-
	3,342	-	-
At cost			
Available-for-sale financial assets			
Unquoted shares in Malaysia	-	6,646	6,646
Less: Accumulated impairment losses	-	(3,304)	(3,304)
	-	3,342	3,342

At 1 January 2018, the Group and the Company designated the investments above as financial assets at fair value through other comprehensive income because these financial assets represent investments that the Group and the Company intend to hold for long-term purpose. In the previous financial years, these investments were classified as available-for-sale financial assets.

12. INVENTORY HELD FOR PROPERTIES DEVELOPMENT

	GROUP	
	30.06.2019 RM'000	31.12.2017 RM'000
At 1 January		
- leasehold land	5,240	5,240
- development costs	3,893	3,439
	9,133	8,679
Add: Costs incurred during the financial period/year		
- leasehold land	-	-
- development costs	(1,774)	454
	(1,774)	454
At 30 June/31 December		
- leasehold land	5,240	5,240
- development costs	2,119	3,893
	7,359	9,133

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Trade receivables			
Non-current			
Retention sums	2,595	42,656	53,005
Less: Allowance for expected credit losses	(1,906)		
	689	42,656	53,005
Current			
Third parties	304,709	322,273	407,486
Related parties	113	263	263
	304,822	322,536	407,749
Less: Allowance for impairment losses	-	(25,918)	-
Allowance for expected credit losses	(46,309)	-	-
	258,513	296,618	407,749
Total trade receivables, net	259,202	339,274	460,754
Other receivables			
Third parties	136,499	148,450	130,193
Related parties	668	12	590
	137,167	148,462	130,783
Less: Allowance for impairment losses	-	(4,406)	(4,406)
Allowance for expected credit losses	(35)	-	-
Other receivables, net	137,132	144,056	126,377
Advances to sub-contractors	523	54,894	59,435
GST refundable	4,101	7,493	-
Deposits	30,643	27,844	8,881
Prepayments	8,045	9,814	10,192
Total other receivables, net	180,444	244,101	204,885
Accrued billings in respect of property development costs	13,278	20,739	12,071
	193,722	264,840	216,956
Total trade and other receivables	452,924	604,114	677,710

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (Cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Trade receivables			
Non-current			
Retention sums	-	-	9,857
Current			
Third parties	29,052	15,136	15,179
Less: Allowance for impairment losses	(14,550)	-	-
	14,502	15,136	15,179
Total trade receivables, net	14,502	15,136	25,036
Other receivables			
Third parties	1,777	11,630	7,334
Related parties	-	-	-
Less: Allowance for impairment losses	-	(4,371)	(4,371)
Allowance for expected credit losses	-	-	-
Other receivables, net	1,777	7,259	2,963
Advances to sub-contractors	-	-	677
GST refundable	235	36	-
Deposits	16,580	16,601	438
Prepayments	28	340	35
Total other receivables, net	18,620	24,236	4,113
Total trade and other receivables	33,122	39,372	29,149

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing normal credit terms 30 to 90 days (31.12.2017: 30 to 90 days and 01.01.2017: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

As at the end of the reporting period, the Company has significant concentration of credit risk in the form of outstanding balances owing by 1 (31.12.2017: 2 and 01.01.2017: 2) customers represent 79.22% (31.12.2017: 99.91% and 01.01.2017: 99.96%) of the total trade receivables.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Neither past due nor impaired	108,583	122,519	223,513
Past due but not impaired			
1 to 30 days past due but not impaired	50,073	13,129	13,665
31 to 60 days past due but not impaired	16,722	26,202	14,529
61 to 90 days past due but not impaired	4,613	18,516	12,883
91 to 120 days past due but not impaired	3,332	89,202	97,735
More than 121 days past due but not impaired	75,879	69,708	98,429
	150,619	216,757	237,241
Impaired			
Not past due	-	-	-
Past due	46,309	25,918	-
	46,309	25,918	-
	305,511	365,192	460,754

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables (cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Neither past due nor impaired	-	10,983	20,883
Past due but not impaired			
1 to 30 days past due but not impaired	-	-	-
31 to 60 days past due but not impaired	-	-	-
61 to 90 days past due but not impaired	-	-	-
91 to 120 days past due but not impaired	-	-	-
More than 121 days past due but not impaired	14,502	4,153	4,153
	14,502	4,153	4,153
Impaired			
Not past due	-	-	-
Past due	14,550	25,918	-
	14,550	25,918	
	29,052	41,054	25,036

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group and the Company. The Group and the Company monitor the credit quality of the trade receivables through ageing analysis. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables (Cont'd)

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period are as follows:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Individually impaired			
Trade receivables, nominal value	46,309	25,918	-
Less: Allowance for impairment losses	-	(25,918)	-
Allowance for expected credit losses	(46,309)	-	-
	-	-	-

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Individually impaired			
Trade receivables, nominal value	14,550	-	-
Less: Allowance for expected credit losses	(14,550)	-	-
	-	-	-

The movement in the Group's allowance accounts are as follows:

	GROUP		COMPANY	
	30.06.2019 RM'000	31.12.2017 RM'000	30.06.2019 RM'000	31.12.2017 RM'000
At 1 January	25,918	-	-	-
Additions	20,391	25,918	14,550	-
At 30 June/31 December	46,309	25,918	14,550	-

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Other receivables

The Group's and the Company's amount owing by other receivables are non-trade, unsecured, interest-free and are repayable on demand.

The Group's amount owing by related parties represents interest receivable from companies in which certain directors have interests. The amount is non-trade, unsecured, interest-free and is repayable on demand and is expected to be settled in cash.

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the end of the reporting period are as follows:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Individually impaired			
Other receivables, nominal value	35	4,406	4,406
Less: Allowance for impairment losses	-	(4,406)	(4,406)
Allowance for expected credit losses	(35)	-	-
	-	-	-

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Individually impaired			
Other receivables, nominal value	-	4,371	4,371
Less: Allowance for impairment losses	-	(4,371)	(4,371)
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Other receivables (Cont'd)

Other receivables that are impaired (cont'd)

The movement in the Group's and the Company's allowance accounts are as follows: -

	GROUP		COMPANY	
	30.06.2019 RM'000	31.12.2017 RM'000	30.06.2019 RM'000	31.12.2017 RM'000
At 1 January	4,406	4,406	4,371	4,371
Written off	(4,371)	-	(4,371)	-
At 31 December	35	4,406	-	4,371

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

Included in deposits of the Group and of the Company is an amount of RM16,291,000 (31.12.2017: RM16,291,000 and 01.01.2017: Nil), which is deposits paid for the acquisition of land in Laos. The balance consideration are disclosed as commitment in Note 37 to the financial statements.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	30.06.2019 RM'000	31.12.2017 RM'000	30.06.2019 RM'000	31.12.2017 RM'000
At 1 January	(10,176)	(12,680)	(50)	(900)
Recognised in profit or loss	(4,078)	2,188	50	850
Disposal of subsidiaries	249	-	-	-
Foreign exchange	(153)	316	-	-
At 30 June/31 December	(14,158)	(10,176)	-	(50)
Presented after appropriate offsetting:				
Deferred tax assets	-	3	-	-
Deferred tax liabilities	(14,158)	(10,179)	-	(50)
	(14,158)	(10,176)	-	(50)

14. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

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

(a) Deferred tax assets

	GROUP	
	30.06.2019 RM'000	31.12.2017 RM'000
At 1 January	3	113
Recognised in profit or loss	(3)	(110)
At 30 June / 31 December	-	3

Deferred tax assets are attributable to the following items:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Unutilised tax losses	-	-	148
Unabsorbed capital allowances	-	3	-
Others	-	-	(35)
	-	3	113

Deferred tax assets are recognised by a subsidiary based on the expected probable future taxable profit generated by the said subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

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

(b) Deferred tax liabilities

	GROUP		COMPANY	
	30.06.2019 RM'000	31.12.2017 RM'000	30.06.2019 RM'000	31.12.2017 RM'000
At 1 January	10,179	12,793	50	900
Recognised in profit or loss	4,075	(2,597)	(50)	(850)
Disposal of subsidiaries	(249)	-	-	-
Foreign exchange	153	(17)	-	-
At 30 June/31 December	14,158	10,179	-	50
Representing tax effect of:				
- property, plant and equipment	208	1,124	-	50
- arising from business combination	9,671	9,055	-	-
- arising from investment properties	4,279	-	-	-
	14,158	10,179	-	50

(c) Unrecognised deferred tax assets

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

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Unutilised tax losses	31,760	15,507	13,088
Unabsorbed capital allowances	9,281	9,281	8,633
	41,041	24,788	21,721

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Unutilised tax losses	27,688	-	-
Unabsorbed capital allowances	135	-	-
	27,823	-	-

The availability of the unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset against taxable profits of the subsidiaries in the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVENTORY PROPERTIES UNDER DEVELOPMENT

	GROUP	
	30.06.2019 RM'000	31.12.2017 RM'000
At 1 January		
- freehold land	68,998	68,998
- leasehold land	27,267	29,498
- development costs	167,919	134,730
	264,184	233,226
Add: Costs incurred during the financial period/year		
- freehold land	1,900	-
- development costs	186,613	116,168
	188,513	116,168
Less: Costs recognised in profit or loss during the financial period/year		
- leasehold land	-	(2,231)
- development costs	(212,804)	(82,979)
	(212,804)	(85,210)
At 30 June/31 December		
- freehold land	70,898	68,998
- leasehold land	27,267	27,267
- development costs	141,728	167,919
	239,893	264,184

Included in the inventory properties under development during the financial period/year are:

	GROUP	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Depreciation of property, plant and equipment	48	21
Finance costs	12,087	4,622

The inventory properties under development of the Group amounting to RM68,538,870 (31.12.2017: RM86,081,610 and 01.01.2017: RM86,081,610) were charged to a licensed bank to secure a banking facility granted to the Group as stated in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. INVENTORIES

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
At cost:			
Completed development units	-	134	576
Raw materials and consumables	147	573	929
Finished goods	-	-	13
	147	707	1,518

During the financial period, the amount of inventories recognised as an expense in cost of sales of the Group is RM25,265,000 (31.12.2017: RM17,329,000 and 01.01.2017: RM38,762,000).

17. CONTRACT ASSETS/(LIABILITIES)

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
Aggregate of costs incurred to date	5,328,898	5,781,300	5,077,480
Add: Attributable profits	300,948	308,065	278,091
	5,629,846	6,089,365	5,355,571
Less: Progress billings	(5,258,856)	(5,767,979)	(5,118,972)
	370,990	321,386	236,599
Presented as:			
- Contract assets	370,990	328,273	240,284
- Contract liabilities	-	(6,887)	(3,685)
	370,990	321,386	236,599
- Contract revenue recognised during the financial period/year	584,466	869,439	852,038
- Contract cost recognised during the financial period/year	558,234	833,333	812,847

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Aggregate of costs incurred to date	442,862	815,306	729,160
Add: Attributable profits	19,106	21,026	20,986
	461,968	836,332	750,146
Less: Progress billings	(453,948)	(821,119)	(735,345)
	8,020	15,213	14,801
Presented as:			
- Contract assets	8,020	15,213	14,801
- Contract liabilities	-	-	-
	8,020	15,213	14,801
- Contract revenue recognised during the financial period/year	19,659	86,187	171,488
- Contract cost recognised during the financial period/year	18,925	86,147	161,643

(a) Included in the Group's and the Company's gross amount due from contract customers is an amount of RM17,909,000 (31.12.2017: RM17,909,000 and 01.01.2017: RM17,909,000) which relates to the construction costs incurred on a project related to the project as disclosed in Note 18(b)(i) to the financial statements. The Group is currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The recoverability of the said amounts is dependent on the outcome of the mediation process which, based on the advice of the Group's solicitors, the directors are of the opinion that the outcome of the mediation amount is sufficient to recover the amount due from contract customer. The status of the arbitration is disclosed in Note 38(b)(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. AMOUNT OWING BY/(TO) SUBSIDIARIES

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Current			
Amount owing by subsidiaries			
- Trade	11,542	11,542	11,520
- Non-trade	90,825	89,918	141,702
	102,367	101,460	153,222
Less: Allowance for impairment losses			
- Trade	-	(11,542)	(11,520)
- Non-trade	-	(33,018)	(32,919)
Less: Allowance for expected credit losses			
- Trade	(11,542)	-	-
- Non-trade	(33,018)	-	-
	57,807	56,900	108,783
Amount owing to subsidiaries			
- Trade	(565)	(565)	-
- Non-trade	(33,178)	(18,050)	(45,391)
	(33,743)	(18,615)	(45,391)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. AMOUNT OWING BY/(TO) SUBSIDIARIES (Cont'd)

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (31.12.2017: 30 to 60 days and 01.01.2017: 30 to 60 days). The amounts owing are to be settled in cash.

Ageing analysis of the Company's trade-related amount owing by subsidiaries

The ageing analysis of the Company's trade-related amount owing by subsidiaries is as follows:

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Neither past due nor impaired	-	-	-
Past due but not impaired			
1 to 30 days past due but not impaired	-	-	-
31 to 60 days past due but not impaired	-	-	-
61 to 90 days past due but not impaired	-	-	-
91 to 120 days past due but not impaired	-	-	-
More than 120 days past due not impaired	-	-	-
	-	-	-
Impaired	11,542	11,542	11,520
	11,542	11,542	11,520

Trade-related amount owing by subsidiaries that are neither past due nor impaired

The Company monitors the credit quality of the trade-related amount owing by subsidiaries through ageing analysis.

Trade amount owing by subsidiaries that are impaired

The Company's trade amount owing by subsidiaries that are impaired at the end of the reporting period are as follows:

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Individually impaired	-	-	-
Trade amount owing by subsidiaries, nominal value	11,542	11,542	11,520
Less: Allowance for impairment losses	-	(11,542)	(11,520)
Allowance for expected credit losses	(11,542)	-	-
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. AMOUNT OWING BY/(TO) SUBSIDIARIES (Cont'd)

(a) Trade amounts owing (Cont'd)

The movement in the Company's allowance accounts are as follows:

	COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
At 1 January	11,542	11,520
Additions	-	22
At 30 June/31 December	11,542	11,542

Trade amount owing by subsidiaries that are individually impaired at the end of the reporting period relate to a subsidiary that is in significant financial difficulties and have defaulted on payments. The receivables are not secured by any collateral or credit enhancements.

(b) Non-trade amounts owing

The non-trade amounts owing represent unsecured interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

<u>Non-trade amount owing by subsidiaries that are impaired</u>

The Company's non-trade amount owing by subsidiaries that are impaired at the end of the reporting period are as follows:

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Individually impaired			
Non-trade amount owing by subsidiaries, nominal value	33,018	33,018	32,515
Less: Allowance for impairment losses	-	(33,018)	(20,349)
Allowance for expected credit losses	(33,018)	-	-
	-	-	12,166

18. AMOUNT OWING BY/(TO) SUBSIDIARIES (Cont'd)

(b) Non-trade amounts owing (Cont'd)

Non-trade amount owing by subsidiaries that are impaired (Cont'd)

The movement in the Company's allowance accounts are as follows:

	COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
At 1 January	33,018	32,919
Additions	-	99
At 30 June/31 December	33,018	33,018

Non-trade amount owing by subsidiaries that are individually impaired at the end of the reporting period relate to subsidiaries that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(i) Included in the Company's amount owing by subsidiaries is an advance of RM17,876,000 (31.12.2017: RM17,347,000 and 01.01.2017: RM17,347,000) to a foreign subsidiary to undertake a project awarded by the Government of Pakistan. The project had been subsequently terminated by the Government of Pakistan. As disclosed in Note 17(a) to the financial statements, included in the Group's and the Company's contract assets is an amount of RM19,006,000 (31.12.2017: RM17,909,000 and 01.01.2017: RM17,909,000) which relates to the construction costs incurred on the same project. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The details of the arbitration proceedings are as disclosed in Note 38(b)(ii) to the financial statements. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for expected credit losses is required.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. AMOUNT OWING BY/(TO) ASSOCIATES

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Amount owing by associates:			
- Trade	9,283	9,466	9,283
- Non-trade	39,903	32,560	30,684
	49,186	42,026	39,967
Less: Allowance for impairment losses			
- Trade	-	-	-
- Non-trade	-	(4,679)	(3,318)
Less: Allowance for expected credit losses			
- Trade	-	-	-
- Non-trade	(4,679)	-	-
	44,507	37,347	36,649
Amount owing to associates:			
- Trade	(11,358)	(10,273)	(6,676)
- Non-trade	(718)	-	(818)
	(12,076)	(10,273)	(7,494)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Amount owing by associates:			
- Trade	9,283	9,283	9,283
- Non-trade	37,990	30,925	29,470
	47,273	40,208	38,753
Less: Allowance for impairment losses			
- Trade	-	-	-
- Non-trade	-	(4,679)	(3,318)
Less: Allowance for expected credit losses			
- Trade	-	-	-
- Non-trade	(4,679)	-	-
	42,594	35,529	35,435
Amount owing to associates:			
- Trade	(6)	(6)	(6)
- Non-trade	-	-	–
	(6)	(6)	(6)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. AMOUNT OWING BY/(TO) ASSOCIATES (Cont'd)

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (31.12.2017: 30 to 60 days and 01.01.2017: 30 to 60 days). The amounts owing are to be settled in cash.

Ageing analysis of the Group's and the Company's trade-related amount owing by associates

The ageing analysis of the Group's and the Company's trade-related amount owing by associates are as follows:

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
More than 121 days past due but not impaired	9,283	9,466	9,283

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
More than 121 days past due but not impaired	9,283	9,283	9,283

Trade-related amount owing by associates that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these associates. The directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these associates.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. AMOUNT OWING BY/(TO) ASSOCIATES (Cont'd)

(b) Non-trade amounts owing

The non-trade amounts owing represent unsecured, interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

Non-trade related amount owing by associates that are impaired

The Group's and the Company's non-trade related amount owing by associates that are impaired at the end of the reporting period are as follows:

	GROUP AND COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Individually impaired			
Nominal value	4,679	4,679	3,318
Less: Allowance for impairment losses	–	(4,679)	(3,318)
Allowance for expected credit losses	(4,679)	–	–
	-	-	-

The movement in the Group's and the Company's allowance accounts are as follows:

	GROUP AND COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
At 1 January	4,679	3,318
Additions	-	1,361
At 30 June/31 December	4,679	4,679

Non-trade related amount owing by associates that are individually impaired at the end of the reporting period relate to an associate that is in significant financial difficulties and have defaulted on payments. This receivable is not secured by any collateral or credit enhancements.

(c) Included in the Group's and the Company's amount owing by associates are amounts of RM26,707,341 (31.12.2017: RM22,876,751 and 01.01.2017: RM26,224,000) owing by certain associates which have been long outstanding. The directors are of the opinion that the amounts due from these associates are recoverable as these associates have committed to the Group and the Company to repay the amounts owing when they have successfully recovered the performance bond from their customer. The recovery of the said amounts is also dependent on the successful outcome the legal claims against the customer which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits placed with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates at 0.45% to 3.59% (31.12.2017: 0.45% to 3.59% and 01.01.2017: 0.45% to 3.60%) per annum.

Included in fixed deposits placed with licensed banks of the Group and of the Company at the end of the reporting period were amounts of RM11,173,000 (31.12.2017: RM13,675,000 and 01.01.2017: RM12,036,000) and RM6,000 (31.12.2017: RM2,583,000 and 01.01.2017: RM2,506,000) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

21. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:

(a) an amount of RM1,140,000 (31.12.2017: RM8,111,000 and 01.01.2017: RM34,502,000) held in a special project's bank account from which withdrawals are restricted to contract expenditure incurred in respect of specific projects, and

(b) an amount of RM1,625,000 (31.12.2017: RM9,895,000 and 01.01.2017: RM3,783,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. Withdrawals from the Housing Development Account are restricted to property development expenditure incurred in respect of the specific development project.

22. SHARE CAPITAL

	GROUP AND COMPANY		
	30.06.2019 NUMBER OF SHARES UNIT '000	31.12.2017 NUMBER OF SHARES UNIT '000	01.01.2017 NUMBER OF SHARES UNIT '000
Issued and fully paid:			
At 1 January	267,160	242,873	230,639
Issued during the financial period/year	114,879	24,287	8,684
Exercise of ESOS	–	–	3,550
At 30 June/31 December	382,039	267,160	242,873

	GROUP AND COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Issued and fully paid:			
At 1 January	136,705	121,437	115,319
Issued during the financial period/year	21,116	10,391	4,343
Exercise of ESOS	–	–	1,775
Transfer pursuant to Section 618(2) of Companies Act 2016	–	4,877	–
At 30 June/31 December	157,821	136,705	121,437

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. SHARE CAPITAL (Cont'd)

The Companies Act 2016 in Malaysia which came into effect on 31 January 2017 has abolished the concept of authorized share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM4,877,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM4,877,000 for purposes as set out in Section 618(3) of the Companies Act 2016 in Malaysia. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company had completed the following corporate proposals:

(i) issued 3,000,000 new ordinary shares at an issue price of RM0.29 arising from the first tranche of the 2017 private placement exercise completed on 9 April 2018;

(ii) issued 2,000,000 new ordinary shares at an issue price of RM0.25 arising from the second tranche of the 2017 private placement exercise completed on 14 May 2018;

(iii) issued 6,000,000 new ordinary shares at an issue price of RM0.25 arising from the third tranche of the 2017 private placement exercise completed on 21 May 2018;

(iv) issued 10,250,000 new ordinary shares at an issue price of RM0.25 arising from the fourth tranche of the 2017 private placement exercise completed on 14 June 2018;

(v) issued 5,466,000 new ordinary shares at an issue price of RM0.24 arising from the fifth and final tranche of the 2017 private placement exercise completed on 3 August 2018;

(vi) issued 3,000,000 new ordinary shares at an issue price of RM0.19 arising from the first tranche of the 2018 private placement exercise completed on 9 October 2018;

(vii) issued 42,900,000 new ordinary shares at an issue price of RM0.171 arising from the second tranche of the 2018 private placement exercise completed on 30 October 2018;

(viii) issued 42,262,900 new ordinary shares at an issue price of RM0.153 arising from the third and final tranche of the 2018 private placement exercise completed on 26 December 2018;

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

23. RESERVES

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
Share premium	–	–	4,877
Exchange reserve	(9,858)	(9,349)	(9,076)
Share option reserve	–	3,078	3,078
Retained earnings	105,577	102,037	96,983
	95,719	95,766	95,862

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RESERVES (Cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
Share premium	–	–	4,877
Exchange reserve	52	52	54
Share option reserve	–	3,078	3,078
Retained earnings	42,054	79,857	77,525
	42,106	82,987	85,534

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Companies Act 2016 in Malaysia, the amount of RM4,877,000 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 22 to the financial statements.

(b) Exchange reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries or foreign operation and is not distributable by way of dividends.

(c) Share option reserve

The Employee's Share Option Scheme ("ESOS") of the Company was terminated on 24 September 2018. The outstanding ESOS options were no longer attractive in view of their exercise price which were higher than the prevailing market price of the Company's shares. A total of 12,934,850 ESOS options granted under the ESOS were exercised into 12,934,850 new ordinary shares of the Company since the ESOS effective date up to the termination of the ESOS.

A New Share Investment Scheme ("SIS") has been implemented on 1 March 2019 to replace the ESOS and to enable the Company to grant new and additional SIS option to the eligible persons in accordance with the By-Laws of the SIS.

No New SIS option has been granted during the financial period.

The salient features of the New SIS are as follows:

(i) Maximum number of SIS shares

The maximum number of SIS shares shall not exceed in aggregate 15% of the total number of issued ordinary shares (excluding treasury shares, if any) at any time over the duration of the New SIS, as provided for in the By-Laws.

(ii) Eligibility

Subject to the determination and discretion of the option committee, a director or employee of our Group (excluding dormant subsidiaries) who fulfils the following criteria as at the date of offer shall be eligible to participate in the New SIS:

(a) Any employee who fulfils the following criteria as at the date of offer:

(i) he/she has attained the age of 18 years of age and is not an undischarged bankrupt;

(ii) he/she is employed by a company within the Group (excluding dormant subsidiaries); and

(iii) he/she fulfils any other criteria and/or falls within such category as may be determined by the option committee at its sole discretion from time to time.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RESERVES (Cont'd)

(c) Share option reserve (Cont'd)

(ii) Eligibility (Cont'd)

(b) Any person who holds a directorship in a company within the Group (excluding dormant subsidiaries), in an executive capacity, and shall have the meaning given in Section 2(1) of the Companies Act 2016 and Section 2(1) of the Capital Markets and Services Act 2007 (excluding independent director, non-executive director and alternate director), who fulfils the following criteria as at the date of offer:

(i) he/she has attained the age of 18 years of age and is not an undischarged bankrupt;

(ii) he/she is a director named in the register of directors of a company within the Group (excluding dormant subsidiaries) for a continuous period of at least 12 months; and

(iii) he/she fulfils any other criteria and/or falls within such category as may be determined by the option committee at its sole discretion from time to time.

(iii) Basis of allotment and maximum allowable allotment of SIS shares

The basis of allocation of the number of SIS shares and the maximum number of SIS shares which may be offered and allotted to an eligible person shall be determined entirely at the discretion of the option committee and subject to the provisions of the By-Laws as well as taking into consideration, where relevant, the eligible person's position, seniority, performance, length of service, contribution to the continued success of the Group and such other factors that the option committee may deem relevant.

Notwithstanding the foregoing, the total number of SIS shares is subject to the following:

(a) not more than 80% of the total number of SIS shares to be issued under the New SIS shall be allocated, in aggregate, to the eligible directors and senior management of the Group (excluding dormant subsidiaries);

(b) not more than 10% of the total number of SIS Shares shall be allocated to an eligible person who either singly or collectively through persons connected with the eligible person holds 20% or more of the total number of issued shares in the Company (excluding treasury shares, if any); and

(c) the eligible directors and senior management of the Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their own allocation of SIS options,

provided always that it is in accordance with the Listing Requirements or prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other requirement of the relevant authorities and as amended from time to time.

(iv) Option price

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the option price shall be based on the price to be determined by the Board of Directors upon recommendation of the option committee based on the five (5) days volume-weighted average price of the Company's shares immediately preceding the date of offer, with a discount of not more than 10%.

(v) Ranking of the SIS share

The SIS shares shall, upon allotment and issuance, rank pari passu in all respects with the then existing shares of the Company, save and except that the SIS shares will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment and issuance of such SIS shares.

(vi) Duration of the New SIS

The New SIS shall be in force for a period of 5 years from 1 March 2019. However, the Board of Directors may at its absolute discretion extend the duration of the New SIS upon the recommendation of the option committee, subject always that the duration of the New SIS shall not exceed 10 years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. BANK BORROWINGS

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Non-current			
Secured			
Term loans	208,154	180,366	204,812
Current			
Secured			
Bank overdrafts	11,089	17,618	14,121
Revolving credit	68,849	147,023	148,732
Term loans	32,349	32,499	49,325
Bridging loan	19,778	23,405	39,545
Trust receipt	76,761	87,340	96,300
	208,826	307,885	348,023
Unsecured			
Bank overdrafts	27,548	32,041	58,671
Bankers acceptance	-	10,000	13,330
Revolving credit	56,500	61,000	18,097
	84,048	103,041	90,098
	292,874	410,926	438,121
Total bank borrowings	501,028	591,292	642,933

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Current			
Unsecured			
Bank overdrafts	13,185	19,455	31,094
Revolving credit	56,500	46,000	21,000
Total bank borrowings	69,685	65,455	52,094

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. BANK BORROWINGS (Cont'd)

Term loans

The term loans are secured by:

(i) a fixed charge over the property, plant and equipment of the subsidiaries;

(ii) floating charges over the entire assets of certain subsidiaries;

(iii) deeds of assignment over the proceeds of the contracts awarded to the Group;

(iv) deeds of assignment over the power supply rental agreement with the grantor;

(v) corporate guarantee provided by the Company; and

(vi) negative pledge over the assets of the Company.

The repayment terms of the term loans are as follows:

(i) Term loan at an effective interest rate of 7.10% per annum is repayable in 72 monthly instalments of RM4,000 effective from April 2010.

(ii) Term loan at an effective interest rate of 5.00% per annum repayable in 120 monthly instalments of Brunei Dollar 44,547 effective from July 2017.

(iii) Term loan at an effective interest rate of 7.60% per annum repayable in 144 monthly instalments of RM124,047 effective from September 2013.

(iv) Term loan at an effective interest rate of 7.10% per annum is repayable in 96 monthly instalments of RM12,500 effective from May 2013.

(v) Term loan at an effective interest rate of 4.10% per annum repayable in 83 monthly instalments of US Dollar 91,000 and final repayment of US Dollar 115,000 effective from May 2015.

(vi) Term loan at an effective rate of 5.85% per annum repayable in 60 monthly instalments of RM577,893 effective from June 2014.

(vii) Term loan at an effective rate of 5.25% per annum repayable in 9 monthly instalments of RM407,708, 17 monthly instalments of RM158,007, 36 monthly instalments of RM148,690 and 58 monthly instalments of RM693,885 effective from December 2014.

(viii) Term loan at an effective rate of 3.90% per annum repayable in 6 monthly instalments of US Dollar 25,000 effective for month of 1-6, US Dollar 50,000 for month 7-12, US Dollar 55,000 for month 13-23 and final repayment of US Dollar 30,000 effective from January 2015.

(ix) Term loan at an effective rate of 3.90% per annum repayable in 24 monthly instalments of US Dollar 25,000 effective for month 1-6, US Dollar 50,000 for month 7-12, US Dollar 145,000 for month 13-24 effective from July 2014.

(x) Term loan at an effective rate of 7.60% per annum repayable in 84 monthly instalments of RM120,000 effective from October 2014.

(xi) Term loan at an effective rate of 4.10% per annum repayable in 36 monthly instalments of US Dollar 73,000 and a final repayment of US Dollar 75,000 effective from January 2015.

(xii) Term loan at an effective rate of 3.00% above cost of funds per annum repayable in 84 monthly instalments of US Dollar 36,000 and final repayment of US Dollar 12,000 effective from November 2015.

(xiii) Term loan at an effective rate of 4.40% per annum repayable in 120 monthly instalments of RM6,412 effective from July 2015.

(xiv) Term loan at an effective rate of 7.15% per annum repayable in 120 monthly instalments of RM32,079 effective from March 2015.

(xv) Term loan at an effective rate of 6.30% per annum repayable in 120 monthly instalments between RM100,000 to RM830,000 effective from January 2017.

(xvi) Term loan at an effective rate of 6.30% per annum repayable in 117 monthly instalments between RM25,000 to RM500,000 effective from January 2017.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. BANK BORROWINGS (Cont'd)

Term loans (Cont'd)

(xvii) Term loan at an effective rate of 6.10% per annum repayable in 120 monthly instalments of RM11,280 effective from January 2015.

(xviii) Term loan of an effective interest rate of 12% per annum repayable in 36 monthly instalments of RM351,347 effective from February 2017.

Other bank borrowings

The Group's and the Company's other bank borrowings bear effective interest rates ranging from 4.60% to 11.00% (31.12.2017: 3.90% to 12.00% and 01.01.2017: 3.20% to 10.35%) and 4.87% to 8.65% (31.12.2017: 4.87% to 8.65% and 01.01.2017: 4.83% to 7.60%) per annum respectively.

The other bank borrowings are secured by:

(i) Fixed charges over the property, plant and equipment and floating charges over the entire assets of certain subsidiaries;

(ii) A negative pledge over the assets of the certain subsidiaries;

(iii) Deeds of assignment over the proceeds of contracts awarded to the Group;

(iv) Third party Memorandum of Deposit of stocks and shares incorporating a Power of Attorney over ordinary shares of the Company of not less than 15,342,778 units; and

(v) Letter of undertaking from the Company to remit the retention sum proceeds from Melawati Mall Project into the Company's escrow account.

The unsecured bank borrowings of the Group are guaranteed by the Company.

25. HIRE PURCHASE PAYABLES

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Minimum hire purchase payables:			
- not later than one year	943	3,445	5,640
- later than one year but not later than five years	501	2,757	5,912
	1,444	6,202	11,552
Less: Future finance charges	(70)	(387)	(807)
Present value of hire purchase payables	1,374	5,815	10,745
Represented by:			
Current			
- not later than one year	1,250	3,180	5,316
Non-current			
- later than one year but not later than five years	124	2,635	5,429
	1,374	5,815	10,745

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. HIRE PURCHASE PAYABLES (Cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Minimum hire purchase payables:			
- not later than one year	74	112	158
- later than one year but not later than five years	-	121	239
	74	233	397
Less: Future finance charges	(1)	(10)	(22)
Present value of hire purchase payables	73	223	375
Represented by:			
Current			
- not later than one year	73	104	153
Non-current			
- later than one year but not later than five years	-	119	222
	73	223	375

The Group's and the Company's hire purchase payables bear effective interest rates ranging from 4.33% to 12.32% (31.12.2017: 2.36% to 10.29% and 01.01.2017: 2.36% to 12.32%) and 4.48% to 7.25% (31.12.2017: 4.48% to 7.25% and 01.01.2017: 2.36% to 3.20%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. TRADE AND OTHER PAYABLES

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
Non-current			
Retention sums	1,866	43,776	60,997
Current			
Trade payables	381,530	439,842	449,683
Other payables			
Other payables	123,082	145,106	135,063
Sundry deposits	10,746	18,446	17,990
Accruals	27,015	18,335	15,433
Progress billings	36,724	67,245	28,500
Obligations under associates	-	-	11,764
Total other payables	197,567	249,132	208,750
	579,097	688,974	658,433
Total trade and other payables	580,963	732,750	719,430

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. TRADE AND OTHER PAYABLES (Cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Non-current			
Retention sums	-	-	8,802
Current			
Trade payables	22,010	35,968	56,789
Retention sums	-	-	-
	22,010	35,968	56,789
Other payables			
Other payables	15,154	14,336	8,018
Sundry deposits	49	107	107
Accruals	2,451	607	6,511
Total other payables	17,654	15,050	14,636
	39,664	51,018	71,425
Total trade and other payables	39,664	51,018	80,227

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 30 to 90 days (31.12.2017: 30 to 90 days and 01.01.2017: 30 to 90 days). Whereas, retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

(b) Other payables

Included in other payables of the Group is advances received for contract work yet to be performed amounting to RM16,253,023 (31.12.2017: RM48,548,000 and 01.01.2017: RM47,181,000).

27. AMOUNT OWING TO JOINT VENTURE

The amount owing to joint venture represents non-trade unsecured interest-free advances which is repayable on demand. The amount owing is to be settled in cash.

28. REVENUE

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Contract revenue	584,466	869,439	19,659	86,187
Sales of goods	64,113	50,173	-	-
Sales of electricity	25,504	20,734	-	-
Management fees	1,080	12,730	4,122	12,729
Rental income	34,960	23,613	-	-
Sales of development properties	330,866	118,640	-	-
	1,040,989	1,095,329	23,781	98,916

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. COST OF SALES

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Contract costs	558,234	833,333	18,925	86,147
Costs of goods sold	62,541	50,950	-	-
Costs of electricity sold	10,310	7,820	-	-
Costs of inventory properties under development	227,712	79,964	-	-
Operation costs for rental income	26,613	16,256	-	-
	885,410	988,323	18,925	86,147

30. FINANCE COSTS

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Interest expense:				
- bank borrowings	28,090	15,901	7,678	4,902
- hire purchase	75	350	9	15
- unwinding of discount on trade payables	6,685	5,913	196	847
- others	1,323	-	1,411	1,712
	36,173	22,164	9,294	7,476

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Allowance for expected credit losses on:				
- trade receivables	20,391	-	14,550	-
Allowance for impairment losses on:				
- amount owing by subsidiaries	-	-	-	121
- amount owing by associates	-	1,361	-	1,361
- investment in an associate	-	461	-	250
- trade receivables	-	25,918	-	-
Auditors' remuneration:				
- current year	644	563	200	164
- prior year	446	38	-	-
Depreciation of property, plant and equipment	15,624	15,302	1,078	795
Directors' fee:				
- directors of the Company	531	462	531	462
Directors' non-fee emoluments:				
- directors of the Company	3,454	3,710	2,268	1,816
- directors of the subsidiaries	1,743	1,484	-	-
Property, plant and equipment written down	57	360	-	-
Trade and other receivable debts written off	4,488	-	4,371	-
Rental expense on:				
- land and premises	4,234	470	-	-
- machinery and equipment	829	6	-	-
- motor vehicles	-	420	-	-
Staff cost:				
- salaries, wages, bonuses and allowances	27,835	38,651	6,725	5,172
- Employee Provident Fund	2,625	4,480	1,021	600
- SOCSO	268	275	71	-
- other benefits	1,887	1,783	-	312
Unrealised foreign exchange (gain)/loss	(2,564)	283	-	-
Dividend income	(37)	-	(37)	-
Gain/(Loss) on disposal of:				
- property, plant and equipment	(4,987)	(2,801)	(742)	(15,038)
- other investments	16,169	-	-	-
Interest income:				
- fixed deposits	(88)	(160)	(39)	(77)
- others	(8,770)	(3,516)	(97)	(102)
Accretion of discount on trade receivables	(7,133)	(6,115)	(271)	(896)
Rental income of:				
- machinery and motor vehicles	-	-	-	(352)
- others	(461)	(357)	(566)	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	(2,450)
Reversal of expected credit losses on trade receivables	(4,371)	-	(4,371)	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. INCOME TAX EXPENSE

The major components of income tax expense for the financial period/years ended 30 June 2019 and 31 December 2017 are as follows:

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Income tax				
- current year				
- Malaysian income tax	24,496	6,600	-	201
- Foreign income tax	30	990	-	199
- prior year				
- Malaysian income tax	-	1,801	-	-
- Foreign income tax	-	-	-	-
	24,526	9,391	-	400
Deferred taxation (Note 14)				
- current year	4,362	(1,417)	-	-
- prior years	(284)	(771)	(50)	(850)
	4,078	(2,188)	(50)	(850)
	28,604	7,203	(50)	(450)

Domestic income tax rate is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the reporting year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Profit/(Loss) before tax	62,201	17,790	(40,881)	1,882
Tax at applicable statutory tax rate of 24% (31.12.2017: 24%)	14,928	4,270	(9,811)	452
Tax effects arising from:				
- non-taxable income	(3,661)	(4,256)	(199)	(3,950)
- non-deductible expenses	2,368	5,423	3,942	3,699
- deferred tax asset not recognised	11,843	736	6,041	-
- taxable timing difference not provided	-	-	27	-
- under provision of tax in prior year	-	1,030	-	(651)
- reversal of deferred tax liability in prior year	(284)	-	(50)	-
- different tax rates	(869)	-	-	-
- changes in tax rate on real property gain tax	4,279	-	-	-
Income tax expense	28,604	7,203	(50)	(450)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings/(loss) per share

	GROUP	
	01.01.2018 TO 30.06.2019 '000	01.01.2017 TO 31.12.2017 '000 (RESTATED)
Profit after tax attributable to owners of the Company (RM)	462	1,454
Weighted average number of ordinary shares (unit):		
- Issued ordinary shares at 1 January	267,160	242,873
- Effect of issuance of ordinary shares	54,181	18,475
Weighted average number of ordinary shares at 30 June/31 December	321,341	261,348
Basic earnings per ordinary share (sen)	0.14	0.56

(b) Diluted earnings per ordinary share

The New SIS have not been included in the calculation of earnings per share as they have not been granted.

In the previous financial year, the diluted earnings per ordinary share is equivalent to the basic earnings per ordinary share as the potential ordinary shares arising from the exercise of options under the ESOS have anti-dilutive effect.

34. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial period/year are as follows:

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Executive directors				
Fees	46	48	46	48
Non-fee emoluments	3,299	3,494	2,542	1,816
Non-executive directors				
Fees	485	414	485	414
Non-fee emoluments	153	216	-	-
	3,983	4,172	3,073	2,278
Benefits-in-kind	59	59	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. DIRECTORS' REMUNERATION (Cont'd)

(b) The number of directors of the Group and of the Company whose total remuneration during the financial period/year fall within the following bands is analysed below:

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019	01.01.2017 TO 31.12.2017	01.01.2018 TO 30.06.2019	01.01.2017 TO 31.12.2017
Executive directors				
Below RM50,000	-	-	2	2
RM250,001 - RM300,000	1	-	-	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	-	-	-	-
RM400,001 - RM450,000	1	-	-	-
RM550,001 - RM600,000	-	-	-	-
RM600,001 - RM650,000	-	1	-	1
RM650,001 - RM700,000	-	1	-	-
RM700,001 - RM750,000	-	-	-	-
RM800,001 - RM850,000	-	-	1	-
RM900,001 - RM950,000	1	-	-	-
RM950,001 - RM1,000,000	-	-	-	-
RM1,000,001 - RM1,050,000	-	1	-	-
RM1,050,001 - RM1,100,000	-	-	-	-
RM1,100,001 - RM1,200,000	-	-	-	-
RM1,250,001 - RM1,300,000	-	1	-	1
RM1,300,001 - RM1,350,000	-	-	-	-
RM1,350,001 - RM1,550,000	-	-	-	-
RM1,350,001 - RM1,550,000	1	-	1	-
RM1,700,001 - RM1,750,000				
Non-executive directors				
Below RM50,000	-	1	1	2
RM50,001 - RM100,000	3	2	3	2
RM150,001 - RM200,000	1	-	-	-
RM200,001 - RM250,000	1	2	1	1

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SEGMENT INFORMATION

The information reported to the Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Business segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into five (5) main business segments as follows:

(i) Construction segment – involved in construction of earthworks, building and road;

(ii) Property development segment – involved in property development;

(iii) Quarry and readymix concrete segment – involved in quarry operation and production of readymix concrete;

(iv) Polyol manufacturing segment – involved in the manufacturing of polyol; and

(v) Power supply segment – involved in the generation and supply of electricity.

Geographical information

The Group's five (5) major business segments are operating in two (2) principal geographical areas, namely Malaysia and other Asian countries. The other Asian countries include Brunei, Hong Kong, Indonesia, Thailand, Vietnam, Abu Dhabi, Pakistan, Cambodia and India.

35. SEGMENT INFORMATION (Cont'd)

(a) Business segments

01.01.2018 to 30.06.2019	CONSTRUCTION RM'000	PROPERTY DEVELOPMENT RM'000	QUARRY AND READYMIX CONCRETE RM'000	POLYOL RM'000	POWER SUPPLY RM'000	OTHERS* RM'000	GROUP RM'000
Revenue:							
External customer	584,466	365,826	64,113	-	25,504	1,080	1,040,989
Inter-segment revenue	-	-	-	-	-	-	-
	584,466	365,826	64,113	-	25,504	1,080	1,040,989
Adjustments and eliminations							-
Consolidated revenue							1,040,989
Results:							
Segment results	(25,337)	107,841	8,665	367	7,677	91	99,304
Adjustments and eliminations							393
							99,697
Share of results of associates	(581)	(1,008)	266	-	-	-	(1,323)
Finance costs	(21,751)	(9,950)	(655)	(44)	(3,773)	-	(36,173)
Segment profit/(loss)	(47,669)	96,883	8,276	323	3,904	91	62,201
Income tax expense							(28,604)
Profit for the financial period							33,597

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SEGMENT INFORMATION (Cont'd)

(a) Business segments (Cont'd)

01.01.2018 to 30.06.2019	CONSTRUCTION RM'000	PROPERTY DEVELOPMENT RM'000	QUARRY AND READYMIX CONCRETE RM'000	POLYOL RM'000	POWER SUPPLY RM'000	OTHERS* RM'000	GROUP RM'000
Additions to property, plant and equipment	110	96	20	-	830	-	1,056
Additions to inventory properties held for development	-	(1,774)	-	-	-	-	(1,774)
Depreciation of property, plant and equipment	6,233	2,449	1,698	90	5,153	1	15,624
Other non-cash expenses/ (income)							
Allowance for expected credit losses on:							
- receivables	20,391	-	-	-	-	-	20,391
(Gain)/loss on disposal of:							
- property, plant and equipment	(4,414)	-	(575)	-	2	-	(4,987)
Property, plant and equipment written off	57	-	-	-	-	-	57
Unwinding of discount on trade payables	6,685	-	-	-	-	-	6,685
Accretion of interest on trade receivables	(7,133)	-	-	-	-	-	(7,133)
Unrealised (gain)/loss on foreign exchange	(4,476)	-	-	-	1,912	-	(2,564)
Share of results of associates	-	-	-	-	-	-	-
Trade receivables written off	4,371	117	-	-	-	-	4,488
Reversal of allowance for expected credit losses on receivables	(4,371)	-	-	-	-	-	(4,371)

35. SEGMENT INFORMATION (Cont'd)

(a) Business segments (Cont'd)

01.01.2018 to 30.06.2019	CONSTRUCTION RM'000	PROPERTY DEVELOPMENT RM'000	QUARRY AND READYMIX CONCRETE RM'000	POLYOL RM'000	POWER SUPPLY RM'000	OTHERS* RM'000	ELIMINATION RM'000	GROUP RM'000
Assets								
Segment assets	849,317	662,359	42,621	3,441	83,495	2,856	(177,107)	1,466,982
Investment in associates	34,211	822	3,082	-	-	-	(30,166)	7,949
Other investments	6,403	545	-	-	-	-	(106)	6,842
Goodwill	-	14,235	-	-	350	-	-	14,585
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	627	-	179	-	-	29	-	835
Total assets	890,558	677,961	45,882	3,441	83,845	2,885	(207,379)	1,497,193
Liabilities								
Segment liabilities	393,721	263,820	28,866	2,278	25,256	2,095	(121,589)	594,447
Borrowings	314,989	156,043	3,709	272	26,015	-	-	501,028
Deferred tax liabilities	-	14,038	6	-	114	-	-	14,158
Tax payable	2,273	18,089	(122)	-	117	-	-	20,357
Total liabilities	710,983	451,990	32,459	2,550	51,502	2,095	(121,589)	1,129,990

** Others – involved as commission agent.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SEGMENT INFORMATION (Cont'd)

(a) Business segments (Cont'd)

01.01.2017 to 31.12.2017 (RESTATED)	CONSTRUCTION RM'000	PROPERTY DEVELOPMENT RM'000	QUARRY AND READYMIX CONCRETE RM'000	POLYOL RM'000	POWER SUPPLY RM'000	OTHERS* RM'000	GROUP RM'000
Revenue:							
External customer	884,169	140,253	50,174	-	20,733	-	1,095,329
Inter-segment revenue	39,688	10,660	604	-	-	-	50,952
	923,857	150,913	50,778	-	20,733	-	1,146,281
Adjustments and eliminations							(50,952)
Consolidated revenue							1,095,329
Results:							
Segment results	(10,752)	36,940	(4,611)	(402)	6,363	11,853	39,391
Adjustments and eliminations							(1,471)
							37,920
Share of results of associates	657	(60)	1,437	-	-	-	2,034
Finance costs	(8,417)	(9,020)	(1,400)	(54)	(3,273)	-	(22,164)
Segment profit/(loss)	(18,512)	27,860	(4,574)	(456)	3,090	11,853	17,790
Income tax expense							(7,203)
Profit for the financial period							10,587

35. SEGMENT INFORMATION (Cont'd)

(a) Business segments (Cont'd)

01.01.2017 to 31.12.2017	CONSTRUCTION RM'000	PROPERTY DEVELOPMENT RM'000	QUARRY AND READYMIX CONCRETE RM'000	POLYOL RM'000	POWER SUPPLY RM'000	OTHERS* RM'000	GROUP RM'000
Additions to property, plant and equipment	1,045	287	775	-	2,578	1,000	5,685
Additions to land held for property development	-	454	-	-	-	-	454
Depreciation of property, plant and equipment	6,392	1,766	1,432	176	5,535	1	15,302
Other non-cash expenses/ (income)							
Allowance for impairment losses losses on:							
- trade receivables	25,918	-	-	-	-	-	25,918
(Gain)/loss on disposal of:							
- property, plant and equipment	(2,041)	-	(991)	246	(15)	-	(2,801)
Property, plant and equipment written off	110	-	250	-	-	-	360
Unwinding of discount on trade payables	5,913	-	-	-	-	-	5,913
Accretion of interest on trade receivables	(6,115)	-	-	-	-	-	(6,115)
Unrealised (gain)/loss on foreign exchange	-	3	-	-	280	-	283
Share of results of associates	657	(60)	1,437	-	-	-	2,034

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SEGMENT INFORMATION (Cont'd)

(a) Business segments (Cont'd)

01.01.2017 to 31.12.2017 (RESTATED)	CONSTRUCTION RM'000	PROPERTY DEVELOPMENT RM'000	QUARRY AND READYMIX CONCRETE RM'000	POLYOL RM'000	POWER SUPPLY RM'000	OTHERS* RM'000	ELIMINATION RM'000	GROUP RM'000
Assets								
Segment assets	1,071,778	641,967	54,879	3,580	92,806	2,132	(199,635)	1,667,507
Investment in associates	35,271	1,888	3,313	-	-	-	(29,720)	10,752
Other investments	3,503	545	-	-	-	-	(107)	3,941
Goodwill	-	14,235	-	-	350	-	-	14,585
Deferred tax assets	-	1	2	-	-	-	-	3
Tax recoverable	470	1	648	-	-	10	-	1,129
Total assets	1,111,022	658,637	58,842	3,580	93,156	2,142	(229,462)	1,697,917
Liabilities								
Segment liabilities	520,444	300,849	43,367	2,497	23,252	1,434	(144,452)	747,391
Borrowings	355,946	189,713	10,750	515	40,183	-	-	597,107
Deferred tax liabilities	339	9,118	254	-	468	-	-	10,179
Tax payable	3,393	7,312	-	-	584	-	-	11,289
Total liabilities	880,122	506,992	54,371	3,012	64,487	1,434	(144,452)	1,365,966

** Others – involved as commission agent.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SEGMENT INFORMATION (Cont'd)

(b) Reconciliation of reportable segment revenue, profit and loss, assets, liabilities and other material items are as follows:

	SEGMENT RESULTS	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000 (RESTATED)
Total segment results	99,304	39,391
Elimination of inter-segment profit	393	(1,471)
Consolidated total	99,697	37,920

	SEGMENT ASSETS	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Total reportable segments	1,704,572	1,927,379
Elimination of inter-segment transactions or balances	(207,379)	(229,462)
Consolidated total	1,497,193	1,697,917

	SEGMENT LIABILITIES	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Total reportable segments	1,251,579	1,510,418
Elimination of inter-segment transactions or balances	(121,589)	(144,452)
Consolidated total	1,129,990	1,365,966

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SEGMENT INFORMATION (Cont'd)

(c) Geographical Information

The Group's business segments operate substantially from Malaysia. In determining the geographical segments of the Group, revenue are based on the country in which the customer is located.

Revenue, assets and liabilities information based on the geographical location of customers are as follows:

	MALAYSIA RM'000	OTHER ASIAN COUNTRIES RM'000	CONSOLIDATED RM'000
01.01.2018 to 30.06.2019			
Revenue from external customers	1,008,434	32,555	1,040,989
Non-current assets (exclude deferred tax assets)	282,096	88,753	370,849
Segment assets	1,387,214	79,768	1,466,982
Segment liabilities	445,280	147,793	593,073
01.01.2017 to 31.12.2017 (Restated)			
Revenue from external customers	1,066,208	29,121	1,095,329
Non-current assets (exclude deferred tax assets)	349,257	104,570	453,827
Segment assets	1,522,990	174,927	1,697,917
Segment liabilities	565,422	181,969	747,391

(d) Information about a major customer

Revenue from a major customer amounting to RM232,391,000 (31.12.2017: RM206,609,000 and 01.01.2017: RM166,311,000) arising from the construction segment.

36. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and the Company include:

(i) Subsidiaries;

(ii) Associates;

(iii) A company in which directors of the Company have substantial financial interest;

(iv) A corporate shareholder of a subsidiary; and

(v) Key management personnel, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. RELATED PARTIES (Cont'd)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Transactions with:				
Subsidiaries				
Dividend income			37	15,038
Management fees income			3,042	12,730
Project commission			-	-
Rental income			540	476
Interest payable			863	1,712
Associates				
Purchases of quarry product	-	(21,309)	-	-
Management fees	1,080	804	1,080	720
Secretarial fee	-	-	-	-
Dividend income	(500)	600	-	-
A company in which a director of the Company has interests in				
Project management fee	(36)	(40)	-	-
Purchase of air tickets	(686)	(692)	-	-
Contract works	(2,572)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. RELATED PARTIES (Cont'd)

(c) Compensation of key management personnel

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Short-term employee benefits	2,670	4,284	1,129	2,082
Employee Provident Fund	304	340	131	194
	2,974	4,624	1,260	2,276

Included in the key management personnel remuneration is:

	GROUP		COMPANY	
	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Directors' remuneration:				
- directors of the Company	3,985	4,172	3,073	2,278
- directors of the subsidiaries	1,743	1,484	-	-
	5,728	5,656	3,073	2,278

37. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures:

	GROUP AND COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Capital expenditure approved and not contracted for:			
- Leasehold land	13,810	13,810	-

38. FINANCIAL GUARANTEES AND CONTINGENCIES

(a) Financial guarantees

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:			
- associates	135,903	297,942	160,750

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:			
- subsidiaries	516,703	696,661	913,008
- associates	271,806	297,942	160,750
Guarantee given in favour of suppliers of goods for credit terms granted to subsidiaries	152	6,695	8,624
Guarantee given to secure hire purchase payables of subsidiaries	442	2,931	6,149

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Material litigation

(i) In the matter of an arbitration between BK Asiapacific (Malaysia) Sdn Bhd (formerly known as BK Burns & Ong Sdn Bhd) ("BK Burns") v UEMC-Bina Puri JV (unincorporated joint venture), UEM Construction Sdn Bhd and Bina Puri Sdn Bhd (collectively, "UEM-BPSB JV")

UEM-BPSB JV is an unincorporated joint venture between UEM Construction Sdn Bhd and Bina Puri Sdn Bhd (on a 60:40 proportion basis). Malaysia Airport Holdings Berhad had awarded a contract to UEM-BPSB JV to carry out construction works in respect of the development of the new low cost carrier terminal at the Kuala Lumpur International Airport, Sepang. UEM-BPSB JV thereafter engaged BK Burns for provision of commercial and contractual management & advisory services.

A statement of case was filed by BK Burns against UEM-BPSB JV on 16 June 2017 for wrongful termination, claiming for an alleged amount of RM6.9 million for loss and damage and loss of profit, including 5% incentive payment for any commercial settlement. This does not include BK Burns' claim for a monthly fee effective January 2012 until completion and 5% incentive payment during this period.

UEM-BPSB JV filed its defence on 16 August 2017 which contended inter-alia that there is no agreement of the alleged 5% incentive payment, the termination is valid and no further payments are due and owing to BK Burns.

The hearing for the arbitration proceedings has been concluded and parties are in the midst of submitting post-hearing submissions.

Based on the documents available, UEM-BPSB JV's solicitors are of the view that there is a good chance of defending this claim.

(ii) In the matter of an arbitration between Bina Puri Pakistan Private Limited ("Bina Puri Pakistan") v National Highway Authority of Pakistan ("NHA")

Bina Puri Pakistan had filed an application under Section 20 of the Arbitration Act 1940 before the High Court of Sindh on 28 September 2012 for reference of a dispute to arbitration for the alleged unlawful termination by NHA of the concession agreement dated 16 January 2012 entered into between Bina Puri Pakistan and NHA **("Concession Agreement")**. The application was granted on 23 April 2013.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. FINANCIAL GUARANTEES AND CONTINGENCIES (Cont'd)

(b) Material litigation (Cont'd)

(ii) In the matter of an arbitration between Bina Puri Pakistan Private Limited ("Bina Puri Pakistan") v National Highway Authority of Pakistan ("NHA") (Cont'd)

Bina Puri Pakistan commenced the arbitral proceedings on 21 October 2013 claiming for a sum of PKR26,760,300,964 (approximately RM715 million) for loss and damage including loss of profit, interest, cost and expenses. NHA contended on 9 December 2013 that the termination is lawful. The arbitration has been concluded.

One of the 2 arbitrators passed an award on 13 January 2018 for PKR25,650,745,200 (approximately RM685 million) in favour of Bina Puri Pakistan whilst another arbitrator was of the view that Bina Puri Pakistan is entitled to termination payments to be computed by joint auditors. As the arbitrators of the arbitral proceedings differed in their decisions, a jointly appointed umpire shall determine the dispute and deliver the final decision. However, due to health problems of the appointed umpire, Bina Puri Pakistan filed an application at the High Court of Sindh for a new umpire to be appointed. On 27 September 2018, the High Court of Sindh referred the matter for decision by a new umpire, Mr Justice (R) Nasir-ul-Mulk.

On 27 March 2019, Mr Justice (R) Nasir-ul-Mulk allowed Bina Puri Pakistan's claims against NHA as follows:

(a) a declaration that the termination notice issued by NHA was unlawful repudiation and therefore anticipatory breach of the Concession Agreement; and

(b) Bina Puri Pakistan shall be entitled for the actual pre-development cost and actual development costs to be determined by a joint auditor in accordance with the award.

("Adjudication Award")

On 6 April 2019, the Adjudication Award was filed in High Court of Sindh at Karachi to be enforced and made a rule of court. On 1 October 2019, the Registrar directed the matter back to the High Court of Sindh at Karachi for further orders for the enforcement of the Adjudication Award in view that NHA has failed to appear or file any objections despite being served with the notice of the proceedings.

(iii) Conaire Engineering Sdn Bhd – L.L.C ("Conaire") v Pembinaan SPK Sdn Bhd ("SPK") and Bina Puri Holdings Bhd

SPK-Bina Puri is an unincorporated joint venture between SPK and Bina Puri (on a 70:30 proportion basis) **("SPK-BPHB JV")**. An agreement was entered into between Conaire and the SPK-BPHB JV in respect of the electromechanical and plumbing works at Phase 1, Plot 1, Area B for "residential, commercial and entertainment development at Al Reem Island, Abu Dhabi, UAE". On 17 March 2015, Conaire obtained a judgment in default at the Abu Dhabi Court against SPK-BPHB JV for, amongst others, AED20,718,958.25 (approximately RM23.6 million) **("Abu Dhabi Judgment")**.

On 11 April 2016, Conaire issued and served a writ to SPK and Bina Puri to enforce the Abu Dhabi Judgment at the High Court of Pulau Pinang **("Conaire's Claim")**. On 31 October 2017, the High Court of Pulau Pinang directed the case to be heard at the High Court of Kuala Lumpur. Conaire thereafter applied for a summary judgement to enforce the Abu Dhabi Judgement but it was dismissed by the High Court of Kuala Lumpur. On 18 January 2019, the High Court of Kuala Lumpur allowed the Conaire's Claim **("High Court Judgement")**.

On 14 February 2019, SPK and the Company filed an appeal at the Court of Appeal on the High Court Judgement **("Appeal")**. On 22 February 2019, SPK and the Company applied to stay the High Court Judgement pending the disposal of the Appeal **("Stay of Execution Application")**. On 17 April 2019, the High Court of Kuala Lumpur allowed the Stay of Execution Application. On 12 September 2019, the Court of Appeal has granted SPK and Bina Puri's notice of motion to amend the notice of appeal.

The next case management of the Appeal is fixed on 20 November 2019.

The Company's solicitors are of the view that there is a reasonable chance of success subject to the Court of Appeal agreeing to, amongst others, that the judgment obtained by Conaire at the Abu Dhabi Court on 17 March 2015 cannot be enforced in Malaysia under the Reciprocal Enforcement of Judgments Act 1958.

(iv) Bina Puri Mining Sdn Bhd ("BPM") v Bukit Biru Quarry Sdn Bhd ("BB Quarry")

BPM had filed a suit against BB Quarry on 11 May 2015, claiming for the sum of RM8,714,779.84 for the breach of the quarry operation agreement dated 1 January 2013 entered into between the parties **("Quarry Operation Agreement")**, which includes a claim for misrepresentation. BB Quarry counter-claimed against BPM for a sum of RM1,412,023.79 being the alleged contract fees, insurance premium and reimbursement of commission fees payable by BPM pursuant to the Quarry Operation Agreement.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. FINANCIAL GUARANTEES AND CONTINGENCIES (Cont'd)

(b) Material litigation (Cont'd)

(iv) Bina Puri Mining Sdn Bhd ("BPM") v Bukit Biru Quarry Sdn Bhd ("BB Quarry") (Cont'd)

The Miri High Court has directed to split the trials into two tiers, firstly, liability of the parties and thereafter the computation of the quantum. The trial has been concluded on 16 May 2018. On 24 December 2018, BPM's claim has been dismissed while the counter-claim by BB Quarry has been allowed.

On 21 January 2019, BPM has filed an appeal at the Court of Appeal. The hearing is fixed on 16 April 2020.

(v) In the matter of an arbitration between Bina Puri Construction Sdn Bhd ("BPCSB") v Genbina Sdn Bhd ("Genbina")

MRCB Engineering Sdn Bhd has awarded a contract to BPCSB to carry out a relocation of water and sewerage pipelines. BPCSB thereafter engaged Genbina as the sub-contractor for the works.

Genbina had initiated an adjudication proceeding against BPCSB on 23 May 2018 for the alleged outstanding payment of works. The adjudication was opposed by BPCSB by way of set-off for backcharges, overpayment, materials supplied by BPCSB on Genbina's behalf and liquidated damages and accordingly the obligation on BPCSB to pay the alleged outstanding sum claimed has not arisen.

The adjudicator had on 13 November 2018 awarded the following to the parties:

(i) allowed Genbina's claim of RM5,874,396.83;

(ii) allowed BPCSB to set off RM2,883,579.64; and

(iii) found that Genbina is liable for the delay but was not able to quantify the liquidated damages to be awarded in favour of BPCSB.

(collectively referred to as the **"Genbina Adjudication Decision"**).

On 17 April 2019, BPCSB obtained leave from the High Court of Shah Alam to commence arbitration against Genbina for final determination of the Genbina Adjudication Decision and an application to stay the Genbina Adjudication Decision.

On 22 April 2019, BPCSB had issued a notice of arbitration to Genbina on the basis that the amount awarded in the Genbina Adjudication Decision is not the accurate amount that ought to be paid by Genbina **("BPCSB Arbitration")**.

On 7 December 2018, Genbina filed an application to the High Court of Kuala Lumpur for an order to enforce the Genbina Adjudication Decision and it was allowed by the High Court of Kuala Lumpur on 26 July 2019 **("Enforcement Order")**. On 2 August 2019, BPCSB filed a notice of appeal to the Court of Appeal against the Enforcement Order **("BPCSB Appeal 1")**.

Correspondingly, on 23 April 2019, BPCSB also filed an application to the High Court of Kuala Lumpur to stay the Genbina Adjudication Decision pending the BPCSB Arbitration. On 26 July 2019, the High Court of Kuala Lumpur dismissed BPCSB's application and ordered that the adjudication sum shall be deposited with the Asian International Arbitration Centre pending the final determination of the BPCSB Arbitration **("Deposit Order")**. On 2 August 2019, BPCSB filed a notice of appeal to the Court of Appeal against the Deposit Order **("BPCSB Appeal 2")**.

On 6 August 2019, BPCSB filed 2 applications for stay of execution of the Enforcement Order and Deposit Order respectively at the High Court of Kuala Lumpur pending the determination of BPCSB Appeal 1 and BPCSB Appeal 2 (collectively, the **"BPCSB Stay Applications")**. The High Court of Kuala Lumpur granted an interim stay for both the Enforcement Order and Deposit Order pending the disposal of the BPCSB Stay Applications.

BPCSB and Genbina are currently in the midst of negotiating for a settlement. The High Court of Kuala Lumpur and the Court of Appeal have directed the parties to update the courts on the status of the settlement on 8 October 2019 and 31 October 2019 respectively.

BPCSB's solicitors are of the view that based on the documents available, BPCSB's claim for the difference between the amount awarded in the Genbina Adjudication Decision and the accurate amount ought to be paid by Genbina has a reasonable likelihood of success.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS

(a) Financial risk management and objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, and foreign currency risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables, amount owing by subsidiaries and amount owing by associates. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company established an allowance account for expected credit losses that represents its estimate of incurred losses in respect of the financial assets as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Expected credit losses are estimated by Management based on prior experience and the current economic environment.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 13, Note 17, Note 18, Note 19, Note 20 and Note 21 to the financial statements; and

(ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' and associates' credit facilities as disclosed in Note 38 the financial statements.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables (including trade-related amounts owing by subsidiaries and associates) on an on-going basis.

The credit risk concentration profile of the Group's and of the Company's trade receivables at the end of the reporting period are as follows:

	GROUP		COMPANY	
COUNTRIES	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000	01.01.2018 TO 30.06.2019 RM'000	01.01.2017 TO 31.12.2017 RM'000
Brunei Darussalam	30,431	31,472	-	-
Pakistan	-	19,550	-	-
Indonesia	3,871	1,914	-	-
Malaysia	282,398	288,052	49,877	15,136
	316,700	340,988	49,877	15,136

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management and objectives (Cont'd)

(i) Credit risk (Cont'd)

Financial assets that are neither past due nor impaired

Information regarding financial assets that are neither past due nor impaired are disclosed in Note 13, Note 18 and Note 19 to the financial statements. Fixed deposits placed with licensed banks and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13, Note 18 and Note 19 to the financial statements.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and associates. The Company monitors the results of the subsidiaries and associates and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM789,103,000 (31.12.2017: RM1,004,229,000 and 01.01.2017: RM1,088,531,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 38(a) to the financial statements. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management and objectives (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

GROUP	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000
30.06.2019					
Financial liabilities					
Trade and other payables**	564,710	564,710	564,710	-	-
Amount owing to associates	12,076	12,076	12,076	-	-
Amount owing to a joint venture	34	34	34	-	-
Hire purchase payables	1,374	1,444	943	501	-
Bank borrowings	501,028	540,074	304,235	174.985	60,854
Financial guarantee	-	135,903	135,903	-	-
	1,079,222	1,254,241	1,017,901	175,486	60,854
31.12.2017					
Financial liabilities					
Trade and other payables**	658,227	666,275	614,451	51,824	-
Amount owing to associates	10,273	10,273	10,273	-	-
Amount owing to a joint venture	34	34	34	-	-
Hire purchase payables	5,815	6,202	3,445	2,757	-
Bank borrowings	591,292	637,502	417,988	119,479	100,035
Financial guarantee	-	297,942	297,942	-	-
	1,265,641	1,618,228	1,344,133	174,060	100,035

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management and objectives (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

COMPANY	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000
30.06.2019					
Financial liabilities					
Trade and other payables**	39,664	39,664	39,664	-	-
Amount owing to subsidiaries	33,743	33,743	33,743	-	-
Amount owing to associates	6	6	6	-	-
Amount owing to a joint venture	34	34	34	-	-
Hire purchase payables	73	73	73	-	-
Bank borrowings	69,685	69,685	69,685	-	-
Financial guarantee	-	789,103	789,103	-	-
	143,205	932,308	932,308	-	-
31.12.2017					
Financial liabilities					
Trade and other payables**	51,018	51,018	51,018	-	-
Amount owing to subsidiaries	18,615	18,615	18,615	-	-
Amount owing to associates	6	6	6	-	-
Amount owing to a joint venture	34	34	34	-	-
Hire purchase payables	223	223	112	121	-
Bank borrowings	65,455	65,455	65,455	-	-
Financial guarantee	-	1,004,239	1,004,229	-	-
	135,351	1,139,590	1,139,469	121	-

*** excludes advances received for contracts work not yet performed.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management and objectives (Cont'd)

(iii) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:

GROUP	EFFECTIVE INTEREST RATE %	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	> 5 YEAR RM'000	TOTAL RM'000
30.06.2019					
Financial assets					
Fixed deposits placed with licensed banks	0.45 - 3.59	11,173	-	-	11,173
Financial liabilities					
Hire purchase payables	4.33 - 12.32	1,250	124	-	1,374
Bank borrowings	4.52 - 12.00	294,635	149,408	56,985	501,028
31.12.2017					
Financial assets					
Fixed deposits placed with licensed banks	0.45 - 3.59	13,675	-	-	13,675
Financial liabilities					
Hire purchase payables	2.36 - 10.29	3,180	2,635	-	5,815
Bank borrowings	3.90 - 12.00	408,513	96,344	86,435	591,292

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management and objectives (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest rate profile (Cont'd)

COMPANY	EFFECTIVE INTEREST RATE %	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	> 5 YEAR RM'000	TOTAL RM'000
30.06.2019					
Financial assets					
Fixed deposits placed with licensed banks	3	6	-	-	6
Financial liabilities					
Hire purchase payables	4.60	73	-	-	73
Bank borrowings	5.45 - 7.50	69,685	-	-	69,685
31.12.2017					
Financial assets					
Fixed deposits placed with licensed banks	3.00 - 3.15	2,583	-	-	2,583
Financial liabilities					
Hire purchase payables	2.36 - 3.20	104	119	-	223
Bank borrowings	4.85 - 8.35	65,455	-	-	65,455

Interest rate risk sensitivity analysis

An increase in market interest rates by 5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM1,753,000 (31.12.2017: RM2,956,000 and 01.01.2017: RM3,214,000) and RM244,000(31.12.2017: RM327,000 and 01.01.2017: RM260,000). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 0.5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management and objectives (Cont'd)

(iv) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Brunei, Hong Kong, Indonesia, Thailand, Vietnam, Abu Dhabi, Pakistan, Cambodia and India. The Group's investments in foreign operations are not hedged.

Foreign currency exposure profile

The foreign currency exposure profile of the financial instruments of the Group and of the Company is as follows:

GROUP	BRUNEI DOLLAR RM'000	PAKISTAN RUPEE RM'000	INDO. RUPIAH RM'000	US DOLLAR RM'000	OTHER CURRENCY RM'000	TOTAL RM'000
30.06.2019						
Financial assets						
Contract assets	-	23,396	-	-	-	23,396
Trade and other receivables*	41,115	71	7,334	-	-	48,520
Fixed deposits placed with licensed banks	6,882	-	-	-	-	6,882
Cash and bank balances	132	8	659	32	-	831
	48,129	23,475	7,993	32	-	79,629
Financial liabilities						
Trade and other payables**	35,382	182	3,354	-	-	38,918
Hire purchase payables	-	-	124	-	-	124
Bank borrowings	10,213	-	3,301	-	-	13,514
	45,595	182	6,779	-	-	52,556

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management and objectives (Cont'd)

(iv) Foreign currency risk (Cont'd)

Foreign currency exposure profile (Cont'd)

GROUP	BRUNEI DOLLAR RM'000	PAKISTAN RUPEE RM'000	INDO. RUPIAH RM'000	US DOLLAR RM'000	OTHER CURRENCY RM'000	TOTAL RM'000
31.12.2017						
Financial assets						
Contract assets	-	19,550	-	-	-	19,550
Trade and other receivables*	32,175	103,008	4,586	-	8	139,777
Fixed deposits placed with licensed banks	6,762	-	185	-	-	6,947
Cash and bank balances	697	13,324	1,543	1	13	15,578
	39,634	135,882	6,314	1	21	181,852
Financial liabilities						
Trade and other payables**	28,547	178,882	2,170	41	15	209,655
Hire purchase payables	-	-	73	-	-	73
Bank borrowings	2,690	-	8,412	-	-	11,102
	31,237	178,882	10,655	41	15	220,830

* *exclude prepayments and accrued billings.*
** *exclude advances received for contracts work not yet performed.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(b) Classification of financial instruments

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

The following table analyses the financial statements in the statements of financial position by the classes of financial instruments to which they are assigned.

(i) Financial assets measured at amortised cost ("FA")

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

(iii) Financial liabilities measured at amortised cost ("FL")

	MFRS 9 MEASUREMENT CATEGORY			
GROUP	FA RM'000	FVOCI RM'000	FL RM'000	TOTAL RM'000
30.06.2019				
Financial assets				
Other investments	-	6,842	-	6,842
Contract assets	370,990	-	-	370,990
Trade and other receivables*	431,601	-	-	431,601
Amount owing by associates	44,507	-	-	44,507
Fixed deposits placed with licensed banks	11,173	-	-	11,173
Cash and bank balances	6,564	-	-	6,564
Total carrying amount	864,835	6,842	-	871,677
Financial liabilities				
Trade and other payables**	-	-	564,710	564,710
Amount owing to associates	-	-	12,076	12,076
Amount owing to a joint venture	-	-	34	34
Hire purchase payables	-	-	1,374	1,374
Bank borrowings	-	-	501,028	501,028
	-	-	1,079,222	1,079,222

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(b) Classification of financial instruments (Cont'd)

	MFRS 139 MEASUREMENT CATEGORY			
GROUP	LOAN AND RECEIVABLES RM'000	AVAILABLE -FOR-SALE RM'000	FL RM'000	TOTAL RM'000
31.12.2017 (Restated)				
Financial asset				
Other investments	-	3,941	-	3,941
Contract assets	328,273	-	-	328,273
Trade and other receivables*	573,561	-	-	573,561
Amount owing by associates	37,347	-	-	37,347
Fixed deposits placed with licensed banks	13,675	-	-	13,675
Cash and bank balances	37,314	-	-	37,314
	990,170	3,941	-	994,111
Financial liabilities				
Trade and other payables**	-	-	658,227	658,227
Amount owing to associates	-	-	10,273	10,273
Amount owing to a joint venture	-	-	34	34
Hire purchase payables	-	-	5,815	5,815
Bank borrowings	-	-	591,292	591,292
Total carrying amount	-	-	1,265,641	1,265,641

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(b) Classification of financial instruments (Cont'd)

	MFRS 9 MEASUREMENT CATEGORY			
COMPANY	FA RM'000	FVOCI RM'000	FL RM'000	TOTAL RM'000
30.06.2019				
Financial assets				
Other investments	-	3,342	-	3,342
Contract assets	8,020	-	-	8,020
Trade and other receivables*	33,094	-	-	33,094
Amount owing by subsidiaries	57,807	-	-	57,807
Amount owing by associates	42,594	-	-	42,594
Fixed deposits placed with licensed banks	6	-	-	6
Cash and bank balances	255	-	-	255
	141,776	3,342	-	145,118
Financial liabilities				
Trade and other payables**	-	-	39,664	39,664
Amount owing to subsidiaries	-	-	33,743	33,743
Amount owing to associates	-	-	6	6
Amount owing to a joint venture	-	-	34	34
Hire purchase payables	-	-	73	73
Bank borrowings	-	-	69,685	69,685
	-	-	143,205	143,205

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(b) Classification of financial instruments (Cont'd)

	MFRS 139 MEASUREMENT CATEGORY			
COMPANY	LOAN AND RECEIVABLES RM'000	AVAILABLE-FOR-SALE RM'000	FL RM'000	TOTAL RM'000
31.12.2017				
Financial assets				
Other investments	-	3,342	-	3,342
Contract assets	15,213	-	-	15,213
Trade and other receivables*	38,996	-	-	38,996
Amount owing by subsidiaries	56,900	-	-	56,900
Amount owing by associates	35,529	-	-	35,529
Fixed deposits placed with licensed banks	2,583	-	-	2,583
Cash and bank balances	2,412	-	-	2,412
	151,633	3,342	-	154,975
Financial liabilities				
Trade and other payables**	-	-	51,018	51,018
Amount owing to subsidiaries	-	-	18,615	18,615
Amount owing to associates	-	-	6	6
Amount owing to a joint venture	-	-	34	34
Hire purchase payables	-	-	223	223
Bank borrowings	-	-	65,455	65,455
	-	-	135,351	135,351

* *exclude prepayments and accrued billing.*
** *exclude provision for foreseeable losses and advances received for contract work not yet performed.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair values of financial instruments

Determination of fair value

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and bank balances, trade and other receivables and payables

The carrying amounts of cash and bank balances, short term receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments. The fair value of non-current receivables and payables are estimated by discounting future cash flows using current lending rates for similar types of arrangements.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

Fair values hierarchy

Policy on transfer between levels

The fair value of asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

During the financial period ended 30 June 2019 and financial year ended 31 December 2017, there was no transfer between the fair value measurement hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between Level 1 and Level 2

There has been no transfer between Level 1 and 2 fair values during the financial period (31.12.2017: no transfer in either directions).

39. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair values of financial instruments (Cont'd)

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE					
	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	TOTAL RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	TOTAL RM'000	TOTAL FAIR VALUE RM'000	CARRYING AMOUNT RM'000
30.06.2019										
Group										
Financial assets										
Other investments										
- Unquoted shares	-	-	6,781	6,781	-	-	-	-	6,781	6,781
- Transferable corporate golf membership	-	-	61	61	-	-	-	-	61	61
	-	-	6,842	6,842	-	-	-	-	6,842	6,842
31.12.2017										
Group										
Financial assets										
Other investments										
- Unquoted shares	-	-	-	-	-	-	-	-	#	3,784
- Transferable corporate golf membership	-	-	-	-	157	-	-	157	157	157
	-	-	-	-	157	-	-	157	157	3,941

The fair value cannot be reliably estimated using valuation techniques due to the lack of marketability of the unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40 EFFECTS OF TRANSITION FROM FRS TO MFRS

The financial effects of the transition from FRS to MFRS are as follows:

(a) Impact on Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2017

	AS PREVIOUSLY REPORTED RM'000	EFFECTS OF MFRS RM'000	AS RESTATED RM'000
Revenue	1,097,330	(2,001)	1,095,329
Cost of sales	(983,077)	(5,246)	(988,323)
Gross profit	114,253	(7,247)	107,006
Other operating income	19,798		19,798
Adminstrative expense	(94,187)	5,303	(88,884)
Operating profit/(loss)	39,864	(1,944)	37,920
Finance costs	(22,164)		(22,164)
Share of results in associates	2,034		2,034
Profit before tax	19,734	(1,944)	17,790
Income tax expense	(7,661)	458	(7,203)
Profit for the period	12,073	(1,486)	10,587
Other comprehensive loss net of tax			
- Foreign currency translation	(1,152)		(1,152)
	10,921	(1,486)	9,435
Profit attributable to:			
Owner of the Company	3,099	(1,645)	1,454
Non-controlling interests	8,974	159	9,133
	12,073	(1,486)	10,587
Total comprehensive profit attributable to:			
Owners of the Company	2,826	(1,645)	1,181
Non-controlling interests	8,095	159	8,254
	10,921	(1,486)	9,435

40 EFFECTS OF TRANSITION FROM FRS TO MFRS (Cont'd)

(b) Impact on Consolidated Statements of Financial Position

	31.12.2017 RM'000 AUDITED	EFFECT OF MFRS	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 AUDITED	EFFECT OF MFRS	01.01.2017 RM'000 (RESTATED)
Non-current Assets						
Property, plant and equipment	164,470		164,470	190,968		190,968
Investment properties	208,290		208,290	205,112		205,112
Investment in associates	10,752		10,752	9,179		9,179
Other investments	3,941		3,941	4,001		4,001
Goodwill	14,585		14,585	14,585		14,585
Trade receivables	42,656		42,656	53,005		53,005
Deferred tax assets	3		3	113		113
Land held for development	9,133	(9,133)	-	8,679	(8,679)	-
Inventory properties held for development	-	9,133	9,133	-	8,679	8,679
Total non-current assets	453,830		453,830	485,642		485,642
Current assets						
Inventories	707		707	1,518		1,518
Inventory properties under development	-	264,184	264,184	-	248,359	248,359
Property development cost	248,993	(248,993)	-	233,226	(233,226)	-
Gross amount due from contract customers	328,273	(328,273)	-	240,284	(240,284)	-
Contract assets	-	328,273	328,273	-	240,284	240,284
Trade and other receivables	561,458		561,458	624,705		624,705
Amount owing by associates	37,347		37,347	36,649		36,649
Tax recoverable	1,129		1,129	837		837
Fixed depostits with licensed banks	13,675		13,675	12,036		12,036
Cash and bank balances	37,314		37,314	59,798		59,798
Total current assets	1,228,896		1,244,087	1,209,053		1,224,186

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40 EFFECTS OF TRANSITION FROM FRS TO MFRS (Cont'd)

(b) Impact on Consolidated Statements of Financial Position (Cont'd)

	31.12.2017 RM'000 AUDITED	EFFECT OF MFRS	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 AUDITED	EFFECT OF MFRS	01.01.2017 RM'000 (RESTATED)
Current liabilities						
Gross amount due to contract cutomers	6,887	(6,887)	-	3,685	(3,685)	-
Contract liabilities		6,887	6,887	-	3,685	3,685
Trade and other payables	663,029	25,945	688,974	634,490	23,943	658,433
Amount owing to associates	10,273		10,273	7,494		7,494
Amount owing to a joint venture	34		34	34		34
Hire purchase payables	3,180		3,180	5,316		5,316
Bank borrowings	410,926		410,926	438,121		438,121
Tax payable	11,289	(2,553)	8,736	17,103	(2,095)	15,008
Total current liabilites	1,105,618		1,129,010	1,106,243		1,128,091
	123,278		115,077	102,810		96,095
	577,108		568,907	588,452		581,737
Equity						
Share Capital	136,705		136,705	121,437		121,437
Reserves	103,104	(7,338)	95,766	101,555	(5,693)	95,862
Shareholders' funds	239,809		232,471	222,992		217,299
Non-controlling interest	100,343	(863)	99,480	81,429	(1,022)	80,407
Total equity	340,152		331,951	304,421		297,706
Non-current liabilities						
Hire purchase payables	2,635		2,635	5,429		5,429
Bank borrowings	180,366		180,366	204,812		204,812
Trade payables	43,776		43,776	60,997		60,997
Deferred tax liabilities	10,179		10,179	12,793		12,793
Total non-current liabilities	236,956		236,956	284,031		284,031
	577,108		568,907	588,452		581,737

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40 EFFECTS OF TRANSITION FROM FRS TO MFRS (Cont'd)

(c) Impact on Consolidated Statement of Cash Flows for the financial year ended 31 December 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	AS PREVIOUSLY REPORTED RM'000	EFFECT OF MFRS RM'000	AS RESTATED RM'000
Profit before taxation	19,734	(1,944)	17,790
Adjustments for:			-
Depreciation	15,302		15,302
Interest expense	16,251		16,251
Interest income	(3,676)		(3,676)
Gain on disposal of property, plant and equipment	(2,801)		(2,801)
Impairment loss	27,740		27,740
Property, plant and equipment written off	360		360
Share of results in associates	(2,034)		(2,034)
Unrealised loss on foreign exchange	283		283
	71,159		69,215
Net changes in current assets	(49,388)	(58)	(49,446)
Net changes in current liabilities	17,779	2,002	19,781
	39,550		39,550
Interest paid	(16,251)		(16,251)
Tax paid	(15,630)		(15,630)
Net Operating Cash Flows	7,669		7,669
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest received	3,676		3,676
Proceeds from dilution of interest in subsidiary	14,419		14,419
Proceeds from disposal of property, plant and equipment	5,627		5,627
Proceeds from disposal of investment	60		60
Purchase of property, plant and equipment	(5,685)		(5,685)
Release/(placement) of fixed deposits	-		-
Advance to associates	(2,059)		(2,059)
Net Investing Cash Flows	16,038		16,038

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40 EFFECTS OF TRANSITION FROM FRS TO MFRS (Cont'd)

(c) Impact on Consolidated Statement of Cash Flows for the financial year ended 31 December 2017 (Cont'd)

	AS PREVIOUSLY REPORTED RM'000	EFFECT OF MFRS RM'000	AS RESTATED RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown/(repayment) of bank borrowings	(28,508)		(28,508)
Repayment of hire purchase obligations	(4,930)		(4,930)
Proceeds from issuance of shares	10,391		10,391
Increase in deposit pledged	(1,639)		(1,639)
Repayment of associates	(635)		(635)
Net Financing Cash Flows	(25,321)		(25,321)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,614)		(1,614)
EFFECT OF CHANGES IN EXCHANGE RATE	2,263		2,263
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(12,994)		(12,994)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(12,345)	-	(12,345)
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	37,314		37,314
Bank overdrafts	(49,659)		(49,659)
	(12,345)		(12,345)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40 EFFECTS OF TRANSITION FROM FRS TO MFRS (Cont'd)

(d) Impact on the Company's Statements of Financial Position

	31.12.2017 RM'000 AUDITED	EFFECT OF MFRS	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 AUDITED	EFFECT OF MFRS	01.01.2017 RM'000 (RESTATED)
Non-current Assets						
Property, plant and equipment	16,945		16,945	17,740		17,740
Investment in subsidiaries	147,842		147,842	108,192		108,192
Investment in associates	34,905		34,905	35,155		35,155
Other investments	3,342		3,342	3,342		3,342
Trade receivables and other receivables	-		-	9,857		9,857
Total non-current assets	203,034		203,034	174,286		174,286
Current assets						
Trade and other receivables	39,372		39,372	19,292		19,292
Amount due from contract customers	15,213	(15,213)	-	14,801	(14,801)	-
Contract assets	-	15,213	15,213	-	14,801	14,801
Amount owing by subsidiaries	56,900		56,900	108,783		108,783
Amount owing by associates	35,529		35,529	35,435		35,435
Current tax assets	50		50	-		-
Fixed deposits placed with licensed banks	2,583		2,583	2,506		2,506
Cash and bank balances	2,412		2,412	31,924		31,924
Total current assets	152,059		152,059	212,741		212,741

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40 EFFECTS OF TRANSITION FROM FRS TO MFRS (Cont'd)

(d) Impact on the Company's Statements of Financial Position (Cont'd)

	31.12.2017 RM'000 AUDITED	EFFECT OF MFRS	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 AUDITED	EFFECT OF MFRS	01.01.2017 RM'000 (RESTATED)
Current liabilities						
Bank borrowings	65,455		65,455	52,094		52,094
Hire purchase payables	104		104	153		153
Trade and other payables	51,018		51,018	71,425		71,425
Amount owing to subsidiaries	18,615		18,615	45,391		45,391
Amount owing to associates	6		6	6		6
Amount owing to joint venture	34		34	34		34
Current tax liabilities	-		-	1,029		1,029
Total current liabilites	135,232		135,232	170,132		170,132
	16,827		16,827	42,609		42,609
	219,861		219,861	216,895		216,895
Equity						
Share Capital	136,705		136,705	121,437		121,437
Reserves	82,987		82,987	85,534		85,534
Shareholders' funds	219,692		219,692	206,971		206,971
Non-controlling interest	-		-	-		-
Total equity	219,692		219,692	206,971		206,971
Non-current liabilities						
Hire purchase payables	119		119	222		222
Trade payables	-		-	8,802		8,802
Deferred tax liabilities	50		50	900		900
Total non-current liabilities	169		169	9,924		9,924
	219,861		219,861	216,895		216,895

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. CAPITAL MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as long and short-term borrowings less fixed deposits placed with licensed banks and cash and bank balances.

	GROUP		
	30.06.2019 RM'000	31.12.2017 RM'000 (RESTATED)	01.01.2017 RM'000 (RESTATED)
Borrowings			
Hire purchase payables	1,374	5,815	10,745
Bank borrowings	501,028	591,292	642,933
	502,402	597,107	653,678
Less:			
Fixed deposits placed with licensed banks	(11,173)	(13,675)	(12,036)
Cash and bank balances	(6,564)	(37,314)	(59,798)
Net debt	484,665	546,118	581,844
Total equity	367,203	331,951	297,706
Debt-to-equity ratio	1.32	1.65	1.95

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. CAPITAL MANAGEMENT (Cont'd)

	COMPANY		
	30.06.2019 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Borrowings			
Hire purchase payables	73	223	375
Bank borrowings	69,685	65,455	52,094
	69,758	65,678	52,469
Less:			
Fixed deposits placed with licensed banks	(6)	(2,583)	(2,506)
Cash and bank balances	(255)	(2,412)	(31,924)
Net debt	69,497	60,683	18,039
Total equity	199,927	219,692	206,971
Debt-to-equity ratio	0.35	0.28	0.09

The Group and certain subsidiary companies are required to comply with certain debt equity ratio and interest coverage ratio in respect of the term loans and revolving credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

On 7 August 2019, the Company announced the proposal to undertake the renounceable rights issue of up to 439,345,450 new ordinary shares of the Company together with up to 439,345,450 free detachable warrants in the Company on the basis of 1 right share together with 1 free warrant for every 1 existing share held by the shareholders of the Company on an entitlement date to be determined. The proposed rights issue with warrants was approved by the shareholders of the Company through the Extraordinary Shareholders' Meeting held on 22 October 2019.

43. CHANGE IN FINANCIAL YEAR END

During the financial period, the Group and its subsidiaries changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and the Company for the financial period ended 30 June 2019 covered an 18-months period from 1 January 2018 to 30 June 2019 as compared to a 12-month period from 1 January 2017 to 31 December 2017 for the previous financial year. Consequently, the comparative figures are not comparable for the statements of comprehensive income, statements of changes in equity, statements of cash flows and certain notes to the financial statements of the Group and the Company.

Thereafter, the financial year end of the Group and the Company shall be on 30 June for each subsequent financial year. The next set of financial statements will be for a period of 12 months commencing from 1 July 2019.

STATEMENT BY DIRECTORS

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

We, **TAN SRI DATUK TEE HOCK SENG, JP** and **DATUK MATTHEW TEE KAI WOON**, being two of the directors of **BINA PURI HOLDINGS BHD.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 80 to 214 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the financial period then ended.

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

TAN SRI DATUK TEE HOCK SENG, JP
Director

DATUK MATTHEW TEE KAI WOON
Director

Selayang
Date: 31 October 2019

STATUTORY DECLARATION

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

I, **DATUK MATTHEW TEE KAI WOON,** being the director primarily responsible for the financial management of **BINA PURI HOLDINGS BHD.**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 80 to 214 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Klang in the State of Selangor on)
31 October 2019)

DATUK MATTHEW TEE KAI WOON
Director
MIA Memberhip No.: 19635

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BINA PURI HOLDINGS BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bina Puri Holdings Bhd., which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 214.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independent 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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatements due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BINA PURI HOLDINGS BHD. (Cont'd)

Key Audit Matters (Cont'd)

Group

Trade and other receivables, other receivables, contract assets, and amount owing by associates (Note 4(a), 13, 17 and 19 to the financial statements)

The Group and the Company adopted MFRS 9 "Financial Instruments" ("MFRS 9") on 1 January 2018. MFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of financial assets in the calculation of loss allowance.

The Group and the Company have assessed the expected credit loss of financial assets incorporating expected loss rates, forward-looking information and probability-weighted estimates. We focused on this area because management's assessment of ECL requires significant judgement over the expected loss rates, forward-looking information and probability-weighted estimates.

Our audit procedures included, among others:

- checked the expected timing and quantum of receipts of receivables by comparing to the historical payment trend of debtors and sighting of correspondences between the Group and the debtors;
- assessed and considered the reasonableness of the forward-looking information included in management's assessment;
- discussed with management to understand the status of the ongoing negotiation on the recovery of receivables and corroborated the key assumptions included in the ECL model, namely on likelihood, quantum and timing of receipt of the balances; and
- assessed the appropriateness of the disclosures.

Revenue and expenses recognition for construction contracts and property development activities (Notes 4(c), 28 and 29 to the financial statements)

We focused on this area as the accounting for construction contracts and property development activities is inherently complex as it involved the use of significant judgements made by management in the stage of completion and overall progress of projects as to whether provision for liquidated ascertained damages is required, the extent of costs incurred and costs yet to be incurred, and the status of variation orders and claims with customers.

Our audit procedures on a sample of major projects included, among others:

- understand the Group's process in preparing project budgets, the reviews and approval of construction contract and property development project budgets to assess the reliability of these budgets;
- checked the extend of costs incurred to date to internal quantity surveyors' latest valuations or sub-contractor claim certificates to corroborate the stage of completion;
- checked the reasonableness of the estimated total construction costs and property development costs, including subsequent changes to the costs, by agreeing to supporting documentation;
- compared the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussions with management;
- assessed the reasonableness of computed stage of completion for identified projects against architect certificates;
- understand the causes of delays, with regards to projects whereby actual progress is behind planned progress, inspected correspondences with customers and sub-contractors and corroborated key judgements applied by management as to whether provision for liquidated ascertained damages is required;
- discussed with the management to understand the nature of variation orders and claims included in revenue and inspected correspondences with customers and minutes of meetings to corroborate the key judgements applied by the management; and
- checked the mathematical computations of recognised revenue and corresponding costs for the projects during the financial period.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BINA PURI HOLDINGS BHD. (Cont'd)

Key Audit Matters (Cont'd)

Company

Investment in subsidiaries and amount owing by subsidiaries (Notes 4(d), 8 and 18 to the financial statements)

The Company determined whether there is any indication of impairment in investment in subsidiaries and amount owing by subsidiaries and expected credit losses on amount owing by subsidiaries.

The recoverable amount of investment in subsidiaries and amount owing by subsidiaries was determined based on value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which includes future sales, gross profit margin and operating expenses.

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which includes, among others:

- compared the actual results with previous budget to assess the performance of the businesses and reliability of the forecasting process;
- compared the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- tested the mathematical accuracy of the impairment assessment; and
- performed sensitivity analysis around the key assumptions.

Information other than the Financial Statements and Auditors' Report thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BINA PURI HOLDINGS BHD. (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BINA PURI HOLDINGS BHD. (Cont'd)

Other Matters

As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information on the financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, the statement of comprehensive income, statement of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 31 December 2017 and related disclosure. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial period ended 30 June 2019, in these circumstances, included obtaining sufficient appropriate audit evidences that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 30 June 2019 and the financial performance and cash flows for the financial period then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

RSL PLT
(LLP 0020047-LCA & AF-0071)
Chartered Accountants

DATO' LEE TECK HUA
(No. 02374/08/2021 J)
Chartered Accountant

Klang

Date: 31 October 2019

ANALYSIS OF SHAREHOLDINGS
As At 30 September 2019

ISSUED SHARE CAPITAL : 382,039,550 ordinary shares
CLASS OF SHARES : Ordinary shares
VOTING RIGHTS : One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS
(as per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Jentera Jati Sdn. Bhd.	20,388,000*	5.34	-	-
Tan Sri Datuk Tee Hock Seng, JP	18,739,778*	4.91	4,998,925**	1.31

DIRECTORS' INTEREST
(as per Register of Directors' Shareholdings)

Name of Directors	Direct Interest	%	Indirect Interest	%
Tan Sri Datuk Tee Hock Seng, JP	18,739,778*	4.91	4,998,925**	1.31
Dr. Tony Tan Cheng Kiat	9,668,902*	2.53	-	-
Datuk Matthew Tee Kai Woon	4,598,925	1.20	19,139,778***	5.01

* *including shares held through nominee company.*
** *indirect interest - 400,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd. and 4,598,925 Shares held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.*
*** *indirect interest – 18,739,778 Shares held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP and 400,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd.*

DISTRIBUTION OF SHAREHOLDINGS
(as per Record of Depositors)

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares
Less than 100	53	0.84	1,206	0.00
100 - 1,000	814	12.97	589,883	0.15
1,001 - 10,000	2,531	40.34	15,254,015	3.99
10,001 - 100,000	2,439	38.87	90,493,905	23.69
100,001 to less than 5% of issued shares	437	6.97	275,700,541	72.17
5% and above of issued shares	0	0.00	0	0.00
Total	**6,274**	**100.00**	**382,039,550**	**100.00**

THIRTY LARGEST SHAREHOLDERS

		No. of Shares	%
1.	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Bank Of China (Malaysia) Berhad Pledged Securities Account for Tan Sri Datuk Tee Hock Seng, JP	15,342,778	4.02
2.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB for Ng Keong Wee	14,093,600	3.69
3.	Maybank Nominees (Asing) Sdn. Bhd. Qualifier: Pledged Securities Account For San Tuan Sam	10,500,000	2.75
4.	Jentera Jati Sdn. Bhd.	10,388,000	2.72
5.	Kittipat Songcharoen	10,000,000	2.62
6.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Jentera Jati Sdn. Bhd. (KLC)	10,000,000	2.62
7.	Datin Lee Kuan Chen	8,000,000	2.09
8.	Datuk Henry Tee Hock Hin	5,594,668	1.46
9.	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ong Kok Thye	5,568,300	1.46
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dato' Mohamed Feisal Bin Ibrahim (514123808681)	5,238,000	1.37
11.	Amsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dr. Tony Tan Cheng Kiat	5,000,000	1.31
12.	Chan Fong Yun	5,000,000	1.31
13.	Datuk Matthew Tee Kai Woon	4,598,925	1.20
14.	Dr. Tony Tan Cheng Kiat	4,328,902	1.13
15.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Ong Siew Eng @ Ong Chai (8040800)	3,808,800	1.00
16.	Lim Seng Chee	3,420,000	0.90
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Low Seng Kern (JDB Tunggal-CL)	3,399,000	0.89
18.	Tan Sri Datuk Tee Hock Seng, JP	3,370,000	0.88
19.	Lee Tai Fatt	3,270,000	0.86
20.	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ker Cherk Yee	3,236,700	0.85

THIRTY LARGEST SHAREHOLDERS (Cont'd)

	No. of Shares	%
21. Cheo Chet Lan @ Chow Sak Nam, KMN	3,126,884	0.82
22. UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: UOBM for Goh Kui Lian (PBM)	2,860,000	0.75
23. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ong Kok Thye	2,600,200	0.68
24. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Tan Lim Soon (E-KPG)	2,518,600	0.66
25. HSBC Nominees (Asing) Sdn. Bhd. Qualifier: Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	2,422,000	0.63
26. Chen Shiang Yih	2,266,400	0.59
27. Chng Kim Chye	2,250,000	0.59
28. Lim Kau	2,090,000	0.55
29. Rama Krishnan A/L Rajoo	2,000,000	0.52
30. Tay Hock Lee	1,807,707	0.47

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 28 June 2018, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad listing requirements, the details of recurrent related party transactions conducted during the financial period ending 1 January 2018 to 30 June 2019 (18 months) pursuant to the Shareholders' Mandate are disclosed as follows:

NATURE OF TRANSACTIONS UNDERTAKEN BY THE COMPANY AND ITS SUBSIDIARIES	RELATED PARTIES	TRANSACTING PARTIES	VALUE OF TRANSACTIONS RM'000
Purchase of air tickets (to facilitate air travel in the course of business, eg. travel to project sites)	Sea Travel and Tours Sdn Bhd, a company in which Director Tan Sri Datuk Tee Hock Seng,JP and members of his family collectively hold approximately 20% equity interest	(i) Bina Puri Holdings Bhd (ii) Bina Puri Sdn Bhd (iii) Bina Puri Properties Sdn Bhd	306 326 54
Project management services	Ideal Heights Properties Sdn Bhd , a company in which Tan Sri Datuk Tee Hock Seng,JP, Dr Tony Tan Cheng Kiat, Mr Tay Hock Lee, Datuk HenryTee Hock Hin, collectively hold 51% equity interest	(i) Star Efforts Sdn Bhd	36
Contract works	Dimara Holdings Sdn Bhd, a company in which Director of the Company's subsidiary Mr Ang Kiam Chai has 61.66% equity interest	(i) Bina Puri Holdings Bhd	2,572

LIST OF PROPERTIES

30 June 2019

LOCATION	DESCRIPTION	DATE OF ACQUISITION	TENURE	YEAR EXPIRY	LAND / BUILT-UP AREA	AGE BUILDING (YEARS)	EXISTING USE	NET BOOK VALUE 30 JUNE 2019 RM'000
HS(M) 13570 PT No. 22184 Mukim of Batu District of Gombak Selangor Darul Ehsan	5 1/2 storey office building	1 July 1998	Leasehold	2089	17,920 sq ft/ 62,451sq ft	21	Office	12,496
HS (M) 12980 PT No. 21686 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units condominium	9 Feb 1995	Leasehold	2089	3,900 sq ft	25	Guest house	886
Parcel No B-5-3 Tower Banyan The Haven Lakeside Residences Held under master title PN 342582 Lot 398127, Mukim Hulu Kinta Daerah Kinta, Perak	Condominium	14-Jan-15	Leasehold	2108	1,455 sq ft	5	Guest house	839
Unit 104, 105, 106 & 107 Block L Alamesra Plaza Permai, Alamesra Sabah	2 storey shop cum office	18 Jan 2005	Leasehold	2098	18,331 sq ft	15	Office	2,305
Unit 65, Block H Alamesra Plaza Permai, Alamesra Sabah	2 storey shop cum office	8 March 2013	Leasehold	2098	228.8 sq m	6	Office	1,321
H.S.(D) 102462 PT No. 17604 32 Jalan Kajang Perdana 2/3 Taman Kajang Perdana, Kajang, Selangor Darul Ehsan	3 storey shoplot	10 July 2014	Freehold	–	7,389 sq m	14	Office	2,901
GM806/MI/4/34 & GM806/MI/4/35 PTK No. 34 & 35, TLET 4 BGN MI - Lot 5820 Mukim of Sri Rusa, Port Dickson	2 units condominium	1 Jan 1997	Freehold	–	1,992 sq ft	22	Guest house	240

LIST OF PROPERTIES (Cont'd)

30 June 2019

LOCATION	DESCRIPTION	DATE OF ACQUISITION	TENURE	YEAR EXPIRY	LAND / BUILT-UP AREA	AGE BUILDING (YEARS)	EXISTING USE	NET BOOK VALUE 30 JUNE 2019 RM'000
Parcel A-1009 No. 10 Block A MPAJ Square Mukim Ampang Selangor Darul Ehsan	Office building	1 Apr 2000	Leasehold	2093	1,085 sq ft	20	Vacant	112
Lot 3261, Mukim Beranang Daerah Ulu Langat Negeri Selangor Darul Ehsan	Freehold land Building	26 Oct 2009 July 2014	Freehold	–	1,996.43 sq m	5	Renting	3,091
3 Level Shopping Mall Main Place Mall Lot 49113 Pekan Subang Jaya District of Petaling Selangor Darul Ehsan	Shopping Mall	20-Mar-14	Freehold	–	645,834 sq ft	5	Renting	205,600
Plot A,B & C Daerah Alor Gajah Mukim Melaka Pindah Melaka	Granite deposit area	2-Mar-98	Leasehold	2027	95 acres	–	Extracting of granite aggregates	433
Lot 925, 1867 Lot 843 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Leasehold land	12-Aug-97	Leasehold	2033 2024	3.7 acres 2.4 acres	–	Premix plant	184
Lot 709, 952, 954, 955, 956, 958, 1060 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Freehold land	12 Aug 1997	Freehold	–	15.4 acres	–	Weigh bridge & crusher plant	935
Mukim 701 Lot No.960 Mukim Semenyih Daerah Hulu Langat Selangor Darul Ehsan	Land	1 Dec 2016	Leasehold	2081	2.13 Hectares		Workshop cum storage	6,973

GROUP CORPORATE DIRECTORY

BINA PURI HOLDINGS BERHAD
(207184-X)

Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan, Malaysia.
TEL: +603-61363333 | FAX: +603-61369999 | EMAIL: corpcomm@binapuri.com.my
WEBSITE: http://www.binapuri.com.my

MAJOR SUBSIDIARIES & ASSOCIATES

CONSTRUCTION

BINA PURI SDN BHD

Kuala Lumpur Office:

Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia

TEL : +603 6136 3333
FAX : +603 6136 9999
E-MAIL : corpcomm@binapuri.com.my

Sarawak Regional Office:

No. 19 & 20, Travillion Commercial Centre
Jalan Petanak, 93100 Kuching Sarawak
Malaysia

TEL : +6082 241 991
FAX : +6082 241 994
E-MAIL : bp.kuc@binapuri.com

Sabah Regional Office:

Lot 104-107, Block L, Alamesra, Sulaman
- Coastal Highway, 88400, Kota Kinabalu
Sabah, Malaysia

TEL : +6088 485 727
FAX : +6088 485 739
E-MAIL : binapuri.kk@binapuri.com

BINA PURI BUILDER SDN BHD

Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1
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Selangor Darul Ehsan, Malaysia

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PROPERTY DEVELOPMENT

BINA PURI PROPERTIES SDN. BHD

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Selangor Darul Ehsan, Malaysia

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FAX : +603 6136 9999
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IDEAL HEIGHTS PROPERTIES SDN BHD

No. 1 & 2, Jalan Bukit Idaman 8/1
Bukit Idaman 68100 Selayang
Selangor Darul Ehsan, Malaysia

TEL : +603 6138 6102
FAX : +603 6136 2141
E-MAIL : ihp@idealheights.com.my

HIGHWAY CONCESSION

KL-KUALA SELANGOR EXPRESSWAY BERHAD (LATAR EXPRESSWAY)

Kompleks Operasi LATAR
45600 Bestari Jaya
Selangor Darul Ehsan, Malaysia

TEL : +603 6145 1500
FAX : +603 6145 1400
LATAR LINE : +603 6145 1515
WEBSITE : http://www.latar.com.my

QUARRY OPERATION

KM QUARRY SDN BHD

No. 16-1, Jalan PE35
Taman Paya Emas Fasa 2A
76450 Paya Rumput, Melaka
Malaysia

TEL : +606 312 4286
FAX : +606 312 4278
E-MAIL : kmquarry@binapuri.com.my

UTILITIES

BINA PURI POWER SDN BHD

Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia

TEL : +603 6136 3333
FAX : +603 6136 9999
E-MAIL : corpcomm@binapuri.com.my

PT MEGAPOWER MAKMUR TBK

Galeri Niaga Mediterania 2
Blok M8 I - J
Jalan Pantai Indah Utara 2
Pantai Indah Kapuk
Jakarta Utara, 14460, Indonesia

TEL : +6221 588 3595
FAX : +6221 588 3594
E-MAIL : info@megapowermakmur.co.id
WEBSITE : https://www.megapowermakmur.co.id

INTERNATIONAL DIRECTORY

BINA PURI (THAILAND) LTD.

947/127 Moo 12
Bangna Sub District, Bangna District
10260 Bangkok, Thailand

TEL : +0066 2 744 1366 / 1367
FAX : +0066 2 744 1369

BINA PURI (B) SDN BHD

Rimbun Suites & Residences
Level 1, Block 1C
Jalan Ong Sum Ping
BA 1311 Bandar Seri Begawan
Brunei Darussalam

TEL : +00673 223 2373
FAX : +00673 223 37711
E-MAIL : rimbunsuites@gmail.com
WEBSITE : www.rimbunsuites.com

BINA PURI HOLDINGS BHD (207184-X) PROXY FORM

(Incorporated in Malaysia)

I/We ....
(Full Name in block letters & IC No./Company no.)

of ....
(Address)

being a member of BINA PURI HOLDINGS BHD. hereby appoint ....
(Full name in block letters & IC No.)

of ....
(Address)

or failing whom ....
(Full name in block letters & IC No.)

of ....
(Address)

or failing whom, CHAIRMAN OF THE MEETING as my / our proxy to vote for me / us and on my / our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held at the Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor on Thursday, 5th December, 2019 at 11.00 a.m. and at every adjournment thereof for/against the resolutions to be proposed thereat.

My / our proxy is to vote as indicated hereunder.

RESOLUTION	AGENDA	FOR	AGAINST
Ordinary Resolution 1	Re-election of Director – Ir Ghazali Bin Bujang		
Ordinary Resolution 2	Re-election of Director – Mr Mohd Najib Bin Abdul Aziz		
Ordinary Resolution 3	Re-election of Director – Dato' Leong Sir Ley		
Ordinary Resolution 4	To approve Directors' fee for the year ended 2019		
Ordinary Resolution 5	To approve Directors' fee for the year ended 2020		
Ordinary Resolution 6	To re-appoint RSL PLT as Auditor of the Company		
Ordinary Resolution 7	To approve renewal of related party transactions – Sea Travel and Tours Sdn. Bhd.		
Ordinary Resolution 8	To approve renewal of related party transactions – Kumpulan Melaka Berhad		
Ordinary Resolution 9	To approve renewal of related party transactions – Ideal Heights Properties Sdn Bhd		
Ordinary Resolution 10	To approve renewal of related party transactions – Dimara Holdings Sdn Bhd		
Ordinary Resolution 11	To approve Authority to Allot Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016		
Ordinary Resolution 12	To approve proposed renewal of authority to purchase its own shares		
Special Resolution 13	To approve proposed adoption of new constitution of the Company.		

[Please indicate with (X) in the spaces provided on how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his(her) discretion]

First Proxy	%
Second Proxy	%
Total:	100 %

No. Of Shares Held:	
CDS Accounts No.	

Dated this .... day of ...., 2019

....
Signature of Shareholder/Common Seal

NOTES:

1. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
2. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. In the event the Member duly executes the Form of Proxy but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. A Member of the Company who is entitled to attend and vote at a meeting of the Company or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the Meeting.
5. Where a Member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
8. To be valid the proxy form duly completed must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
9. Only members whose names appear in the Record of Depositors as at 26 November 2019 shall be eligible to attend the Twenty-Eighth Annual General Meeting or appointed proxy(ies) to attend and vote on his behalf.

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AFFIX STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia