

**BCB BERHAD (172003 - W)**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**30 JUNE 2018**

BCB BERHAD

(Incorporated in Malaysia)

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**BCB BERHAD**

(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities and the details of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities for the Group and the Company during the financial year.

**RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) for the financial year	<u>45,418,933</u>	<u>(9,430,516)</u>
Attributable to:		
Owners of the parent	29,294,402	(9,430,516)
Non-controlling interests	<u>16,124,531</u>	<u>-</u>
	<u>45,418,933</u>	<u>(9,430,516)</u>

**DIVIDEND**

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend payment of any dividend in respect of the current financial year.

**RESERVES AND PROVISIONS**

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

**ISSUE OF SHARES AND DEBENTURES**

There were no new shares or debentures issued during the financial year.

## **TREASURY SHARES**

During the financial year, the Company repurchased 2,000 (2017: 101,000) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM890 (2017: RM45,802). The average price paid for the shares repurchased was RM0.45 (2017: RM0.46) per share. Details of the treasury shares are set out in Note 14 to the financial statements.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

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

## **DIRECTORS**

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

Tan Sri Dato' Tan Seng Leong\*  
Tan Lay Hiang\*  
Tan Lindy\*  
Ash'ari Bin Ayub  
Tan Sri Datuk Seri Ismail Bin Yusof  
Tan Vin Sern\*  
Low Kok Yung\*  
Tan Kok Wee (appointed on 18 October 2018)  
Abd Manap Bin Hussain (deceased on 25 August 2018)  
Tan Vin Shyan\* (resigned on 28 May 2018)

*\* Directors of the Company and its subsidiaries*

The Directors of the subsidiaries of the Company who held office during the financial year up to date of this report, excluding those who are listed above are:

Puan Sri Datin Lim Sui Yong  
Shi Zhongming  
Miao Weiwei  
He Jie  
Chan Wai Keung Barry  
Chan Wai Chung  
Kong Lee Kuan  
Lai Lucai

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows.

	<----- Number of ordinary shares ----->			
	Balance as at 1.7.2017	Bought	Sold	Balance as at 30.6.2018
<b>Shares in the Company</b>				
<b>Direct interest:</b>				
Low Kok Yung	6,000	-	-	6,000
<b>Indirect interest:</b>				
Tan Sri Dato' Tan Seng Leong <sup>^</sup>	231,767,400	-	-	231,767,400
	<----- Number of ordinary shares ----->			
	Balance as at 1.7.2017	Bought	Sold	Balance as at 30.6.2018
<b>Shares in ultimate holding company, Evergreen Ratio Sdn. Bhd.</b>				
<b>Direct interests:</b>				
Tan Sri Dato' Tan Seng Leong	700,000	-	-	700,000
Tan Lindy	50,000	-	-	50,000
Tan Vin Sern	100,000	-	-	100,000
<b>Indirect interest:</b>				
Tan Sri Dato' Tan Seng Leong <sup>#</sup>	50,000	-	-	50,000

<sup>^</sup> Deemed interest by virtue of his substantial shareholdings in the ultimate holding company, pursuant to Section 8(4) of the Companies Act 2016 in Malaysia.

<sup>#</sup> Deemed interest of virtue of shareholdings held by spouse, pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

By virtue of their interests in the ordinary shares of the ultimate holding company, Tan Sri Dato' Tan Seng Leong is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interests in ordinary shares or debentures of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in 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 other than certain Directors who received remunerations from the subsidiaries as Directors of the subsidiaries and the transactions entered into in the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

Fees and other benefits of the Directors who held office during the financial year ended 30 June 2018 are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Non-executive Directors:</b>				
- fees	496,000	496,000	172,000	172,000
<b>Executive Directors:</b>				
- salaries and bonus	5,701,538	5,395,000	1,900,288	1,810,650
- defined contribution plan	1,000,935	952,444	361,055	346,133
- others	161,008	119,519	75,767	36,186
	<u>6,863,481</u>	<u>6,466,963</u>	<u>2,337,110</u>	<u>2,192,969</u>
	<u>7,359,481</u>	<u>6,962,963</u>	<u>2,509,110</u>	<u>2,364,969</u>

The estimated monetary value of benefits-in-kind paid to the Directors of the Group and of the Company during the financial year amounted to RM95,150 (2017: RM100,650) respectively.

## **INDEMNITY AND INSURANCE**

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM19,371.

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

## **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

### **(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### **(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY  
(continued)**

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT  
(continued)**

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

**ULTIMATE HOLDING COMPANY**

The Directors regard Evergreen Ratio Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.



## AUDITORS

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

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2018 amounted to RM95,500 and RM134,500 respectively.

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



.....  
**Tan Sri Dato' Tan Seng Leong**  
Group Managing Director

Kluang, Johor Darul Ta'zim  
18 October 2018



.....  
**Low Kok Yung**  
Group Finance Director

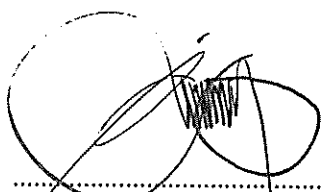
**BCB BERHAD**

(Incorporated in Malaysia)

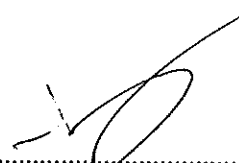
**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 15 to 73 have been drawn up in accordance with Financial Reporting Standards and the provisions 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 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,



**Tan Sri Dato' Tan Seng Leong**  
Group Managing Director



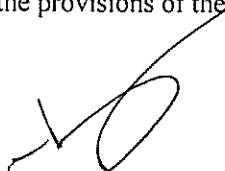
**Low Kok Yung**  
Group Finance Director

Kluang, Johor Darul Ta'zim  
18 October 2018

**STATUTORY DECLARATION**

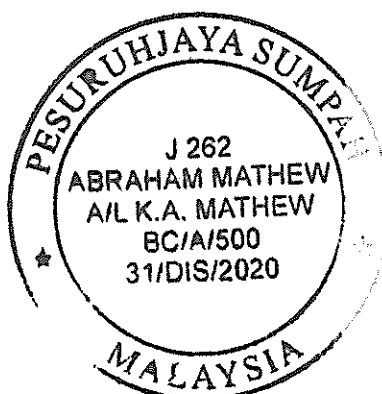
I, Low Kok Yung, being the Director primarily responsible for the financial management of BCB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 15 to 73 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing 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 Kluang, Johor Darul Ta'zim )  
this 18 October 2018 )



**Low Kok Yung**  
CA 12915

Before me:



NO. 16, JALAN LAMBAK,  
KLUANG, JOHOR.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BCB BERHAD  
(Incorporated in Malaysia)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of BCB Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 73.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards ('FRS') 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 ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *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.

**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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BCB BERHAD (continued)  
(Incorporated in Malaysia)**

**Key Audit Matters (continued)**

**(a) Revenue and cost of sales recognition for property development**

Revenue from property development of the Group and of the Company for the financial year ended 30 June 2018 amounted to RM247.3 million and RM26.0 million respectively as disclosed in Note 20 to the financial statements. Cost of sales from property development of the Group and of the Company for the financial year ended 30 June 2018 amounted to RM152.1 million and RM23.5 million respectively as disclosed in Note 21 to the financial statements.

The Group and the Company recognised revenue and costs from property development based on the stage of completion determined by reference to architect certifications of work performed to date.

Significant management judgement and estimates are involved in estimating the total property development including obligation to contract variations, claims and cost contingencies.

**Audit response**

Our audit procedures included the following:

- (i) Obtained an understanding of the related controls over the revenue process in relation to the recognition of revenue and costs;
- (ii) Verified the stage of completion to architect's certifications and progress billings issued to ascertain the appropriateness of the revenue and costs recognised;
- (iii) Compared prior contract budgets to actual outcomes to assess reliability of management's budgeting process; and
- (iv) Inquired and inspected correspondences from external technical experts and sub-contractors in relation to variations and claims to corroborate key judgement applied by management.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BCB BERHAD (continued)  
(Incorporated in Malaysia)**

**Key Audit Matters (continued)**

**(b) Recoverability of trade receivables**

As at 30 June 2018, trade receivables of the Group and of the Company that were past due but not impaired amounted to RM48.7 million and RM18.2 million respectively. The details of trade receivables and credit risk have been disclosed in Note 12 to the financial statements.

Management recognised allowances for impairment losses on trade receivables based on specific known facts or circumstances on customers' abilities to pay.

The determination of whether trade receivables are realisable involves significant management judgement.

**Audit response**

Our audit procedures included the following:

- (i) Obtained an understanding of the credit process operated by management over the recoverability of trade receivables of the Group and of the Company;
- (ii) Assessed recoverability of debts that were past due but not impaired with reference to the past historical repayment trends, customers credit profiles, cash received subsequent to year end and including discussion with management to enquire the status of attempts by management to recoup the amounts outstanding; and
- (iii) Inspected relevant correspondences and reports which supported management's assessment that property buyers are able to secure loans subsequent to the end of the reporting period.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BCB BERHAD (continued)  
(Incorporated in Malaysia)**

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

Our opinion on the financial statements of the Group and of the Company 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 FRSs 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BCB BERHAD (continued)  
(Incorporated in Malaysia)**

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

- (a) 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.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 ability of the Group or of the Company 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.
- (e) 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.
- (f) 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BCB BERHAD (continued)  
(Incorporated in Malaysia)**

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized signature of the BDO firm, consisting of the letters 'BDO' in a cursive, handwritten style.

**BDO**  
AF : 0206  
Chartered Accountants

18 October 2018  
Kuala Lumpur

A handwritten signature in black ink, appearing to read 'Koo Swee Lin'.

**Koo Swee Lin**  
03281/08/2020 J  
Chartered Accountant



**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	57,632,831	60,986,597	50,594,031	52,585,090
Investment properties	6	57,858,914	60,580,418	7,300,000	7,300,000
Land held for property development	7	254,188,012	119,374,684	20,285,039	14,480,379
Investments in subsidiaries	8	-	-	147,300,087	57,550,013
Deferred tax assets	9	2,337,196	2,960,814	1,940,782	2,609,132
		372,016,953	243,902,513	227,419,939	134,524,614
<b>CURRENT ASSETS</b>					
Property development costs	10	615,232,514	675,098,407	101,261,087	106,884,718
Inventories	11	108,962,381	123,086,107	90,289,022	111,274,868
Trade and other receivables	12	108,274,292	96,295,600	51,682,992	197,097,123
Current tax assets		10,772,398	7,935,564	5,649,039	3,603,662
Cash and bank balances	13	22,237,617	22,589,219	2,590,343	2,224,608
		865,479,202	925,004,897	251,472,483	421,084,979
<b>TOTAL ASSETS</b>		<b>1,237,496,155</b>	<b>1,168,907,410</b>	<b>478,892,422</b>	<b>555,609,593</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>					
Share capital	14	206,250,000	206,250,000	206,250,000	206,250,000
Treasury shares	14	(3,167,695)	(3,166,805)	(3,167,695)	(3,166,805)
Revaluation reserve	15	6,788,088	6,788,088	6,788,088	6,788,088
Retained earnings		267,022,151	237,727,749	89,471,840	98,902,356
		476,892,544	447,599,032	299,342,233	308,773,639
<b>Non-controlling interests</b>	8(d)	<b>42,408,185</b>	<b>13,033,629</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>519,300,729</b>	<b>460,632,661</b>	<b>299,342,233</b>	<b>308,773,639</b>

**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2018 (continued)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	16	234,118,703	263,849,984	21,948,770	34,449,544
<b>CURRENT LIABILITIES</b>					
Borrowings	16	243,397,553	211,321,174	71,680,299	69,532,869
Trade and other payables	18	239,624,916	230,795,693	85,921,120	142,853,541
Current tax liabilities		1,054,254	2,307,898	-	-
		<u>484,076,723</u>	<u>444,424,765</u>	<u>157,601,419</u>	<u>212,386,410</u>
<b>TOTAL LIABILITIES</b>		<u>718,195,426</u>	<u>708,274,749</u>	<u>179,550,189</u>	<u>246,835,954</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,237,496,155</u>	<u>1,168,907,410</u>	<u>478,892,422</u>	<u>555,609,593</u>

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

**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Revenue	20	305,009,185	222,153,915	67,691,086	49,055,566
Cost of sales	21	<u>(174,104,497)</u>	<u>(133,625,780)</u>	<u>(46,371,404)</u>	<u>(30,349,610)</u>
Gross profit		130,904,688	88,528,135	21,319,682	18,705,956
Other operating income		2,391,868	3,860,596	2,497,008	1,946,594
Administrative expenses		(38,712,146)	(43,429,989)	(19,243,088)	(21,951,487)
Marketing and selling expenses		(22,358,580)	(9,695,934)	(1,873,112)	(2,771,631)
Other operating expenses		(6,713,797)	(4,126,439)	(618,901)	(540,600)
Finance income	22	212,450	439,032	97,914	194,842
Finance costs	22	<u>(14,018,694)</u>	<u>(14,524,613)</u>	<u>(11,025,109)</u>	<u>(11,354,128)</u>
Profit/(Loss) before tax	24	51,705,789	21,050,788	(8,845,606)	(15,770,454)
Taxation	25	<u>(6,286,856)</u>	<u>(10,009,182)</u>	<u>(584,910)</u>	<u>1,734,269</u>
Profit/(Loss) for the financial year		45,418,933	11,041,606	(9,430,516)	(14,036,185)
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss)		<u>45,418,933</u>	<u>11,041,606</u>	<u>(9,430,516)</u>	<u>(14,036,185)</u>
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		29,294,402	9,796,753	(9,430,516)	(14,036,185)
Non-controlling interests	8(d)	<u>16,124,531</u>	<u>1,244,853</u>	<u>-</u>	<u>-</u>
		<u>45,418,933</u>	<u>11,041,606</u>	<u>(9,430,516)</u>	<u>(14,036,185)</u>

**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (continued)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		29,294,402	9,796,753	(9,430,516)	(14,036,185)
Non-controlling interests		<u>16,124,531</u>	<u>1,244,853</u>	<u>-</u>	<u>-</u>
		<u><u>45,418,933</u></u>	<u><u>11,041,606</u></u>	<u><u>(9,430,516)</u></u>	<u><u>(14,036,185)</u></u>
<b>Earnings per share attributable to owners of the parent (sen)</b>					
- Basic and diluted	26	<u><u>7.32</u></u>	<u><u>2.45</u></u>		

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

**BCB BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

Group	Note	-----Non-distributable-----  Distributable					Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM				
Balance as at 1 July 2016		206,250,000	(3,121,003)	6,788,088	227,930,996		437,848,081	11,788,776	449,636,857
Profit for the financial year		-	-	-	9,796,753		9,796,753	1,244,853	11,041,606
Other comprehensive income, net of tax		-	-	-	-		-	-	-
Total comprehensive income		-	-	-	9,796,753		9,796,753	1,244,853	11,041,606
<b>Transaction with owners</b>									
Purchase of treasury shares	14	-	(45,802)	-	-		(45,802)	-	(45,802)
Total transaction with owners		-	(45,802)	-	-		(45,802)	-	(45,802)
Balance as at 30 June 2017		206,250,000	(3,166,805)	6,788,088	237,727,749		447,599,032	13,033,629	460,632,661

Company No:  
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**BCB BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (continued)**

Group	Note	-----Non-distributable-----  Distributable					Total equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	
Balance as at 1 July 2017		206,250,000	(3,166,805)	6,788,088	237,727,749	447,599,032	460,632,661
Profit for the financial year		-	-	-	29,294,402	29,294,402	45,418,933
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	29,294,402	29,294,402	45,418,933
<b>Transactions with owners</b>							
Issuance of shares in subsidiaries	8	-	-	-	-	-	13,250,025
Purchase of treasury shares	14	-	(890)	-	-	(890)	(890)
Total transactions with owners		-	(890)	-	-	(890)	13,249,135
Balance as at 30 June 2018		206,250,000	(3,167,695)	6,788,088	267,022,151	476,892,544	519,300,729

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

**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

Company	Note	-----Non-distributable-----			Distributable	Total equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	
Balance as at 1 July 2016		206,250,000	(3,121,003)	6,788,088	112,938,541	322,855,626
Loss for the financial year		-	-	-	(14,036,185)	(14,036,185)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(14,036,185)	(14,036,185)
<b>Transaction with owners</b>						
Purchase of treasury shares	14	-	(45,802)	-	-	(45,802)
Total transaction with owners		-	(45,802)	-	-	(45,802)
Balance as at 30 June 2017		206,250,000	(3,166,805)	6,788,088	98,902,356	308,773,639
Balance as at 1 July 2017		206,250,000	(3,166,805)	6,788,088	98,902,356	308,773,639
Loss for the financial year		-	-	-	(9,430,516)	(9,430,516)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(9,430,516)	(9,430,516)
<b>Transaction with owners</b>						
Purchase of treasury shares	14	-	(890)	-	-	(890)
Total transaction with owners		-	(890)	-	-	(890)
Balance as at 30 June 2018		206,250,000	(3,167,695)	6,788,088	89,471,840	299,342,233

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

**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		51,705,789	21,050,788	(8,845,606)	(15,770,454)
Adjustments:					
Bad debts written off	12(e)	991,034	614,325	59,766	556,028
Depreciation of property, plant and equipment	5	3,250,439	3,427,641	2,129,399	2,368,067
Fair value adjustment on investment properties	6	(115,185)	(611,002)	-	-
Loss/(Gain) on disposals of:					
- property, plant and equipment		82,654	(554,639)	-	-
- investment properties		(257,511)	(120,428)	-	-
Inventories written off	11(c)	-	635	-	-
Impairment losses on:					
- trade receivables	12(h)	258,793	-	208,939	-
- other receivables	12(h)	1,856,833	-	316,316	-
- amounts due from subsidiaries	12(h)	-	-	-	402,561
Finance income	22	(212,450)	(439,032)	(97,914)	(194,842)
Finance costs	22	14,018,694	14,524,613	11,025,109	11,354,128
Property, plant and equipment written off	5	2,646	2,945	-	-
Write back of other payables		(266,933)	(9,450)	(387,464)	(1,082)
Operating profit/(loss) before working capital changes		71,314,803	37,886,396	4,408,545	(1,285,594)
Working capital changes:					
Property development costs		(49,749,069)	(7,501,091)	(1,841,067)	8,560,260
Inventories		25,869,096	5,140,590	22,645,884	4,860,682
Trade and other receivables		(15,085,352)	(17,395,256)	79,829,110	(6,017,858)
Trade and other payables		9,096,156	11,237,356	(56,544,957)	5,935,945
Cash generated from operations		41,445,634	29,367,995	48,497,515	12,053,435
Tax paid		(10,100,216)	(17,533,861)	(1,961,937)	(4,709,226)
Tax refunded		346,500	362,458	-	-
Net cash from operating activities		31,691,918	12,196,592	46,535,578	7,344,209



**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (continued)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions to land held for property development	7	(36,943,736)	(1,193,591)	-	(146,010)
Acquisition of additional proportionate interest in subsidiaries	8	-	-	(24,750,074)	(1)
Interest received		212,450	439,032	97,914	194,842
Proceeds from disposals of:					
- property, plant and equipment		492,193	993,299	-	-
- investment properties		3,094,200	1,844,000	-	-
Purchase of property, plant and equipment	5(e)	<u>(305,166)</u>	<u>(1,019,624)</u>	<u>(138,340)</u>	<u>(292,612)</u>
Net cash (used in)/from investing activities		<u>(33,450,059)</u>	<u>1,063,116</u>	<u>(24,790,500)</u>	<u>(243,781)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Deposits lifted from licensed banks		760,775	4,586,151	200,000	1,733,949
Interest paid		(14,018,694)	(14,524,613)	(11,025,109)	(11,354,128)
(Repayments)/Drawdowns of borrowings		(4,937,603)	7,256,424	(7,870,252)	3,986,913
Ordinary share capital contributed by non-controlling interests of subsidiaries	8	13,250,025	-	-	-
Purchase of treasury shares	14	(890)	(45,802)	(890)	(45,802)
Repayments of hire purchase creditors		<u>(651,661)</u>	<u>(669,112)</u>	<u>(264,754)</u>	<u>(300,335)</u>
Net cash used in financing activities		<u>(5,598,048)</u>	<u>(3,396,952)</u>	<u>(18,961,005)</u>	<u>(5,979,403)</u>
Net (decrease)/increase in cash and cash equivalents		(7,356,189)	9,862,756	2,784,073	1,121,025
Cash and cash equivalents at beginning of financial year		<u>(26,887,703)</u>	<u>(36,750,459)</u>	<u>(44,542,071)</u>	<u>(45,663,096)</u>
Cash and cash equivalents at end of financial year	13(e)	<u>(34,243,892)</u>	<u>(26,887,703)</u>	<u>(41,757,998)</u>	<u>(44,542,071)</u>

**BCB BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (continued)**

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

		<b>Group</b>
	<b>Note</b>	<b>Borrowings* RM</b>
At 1 July 2017		424,841,757
Cash flows		(4,937,603)
Non-cash flows:		
- Purchase of property, plant and equipment	5(e)	169,000
At 30 June 2018		1,495,593

		<b>Company</b>
		<b>Borrowings* RM</b>
At 1 July 2017		56,953,387
Cash flows		(7,870,252)
At 30 June 2018		397,593

\* Net of bank overdrafts and hire purchase creditors

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

**BCB BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

**1. CORPORATE INFORMATION**

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

The principal place of business and the registered office of the Company are located at No. 4B, 2<sup>nd</sup> & 3<sup>rd</sup> Floor, Jalan Sentol, South Wing - Kluang Parade, 86000, Kluang, Johor.

The ultimate holding company of the Company is Evergreen Ratio Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The consolidated financial statements for the financial year ended 30 June 2018 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 18 October 2018.

**2. PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities for the Group and the Company during the financial year.

**3. BASIS OF PREPARATION**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The accounting policies adopted are consistent with those of the previous financial year. The new FRSs and Amendments to FRSs adopted during the financial year are set out in Note 32(a) to the financial statements.

#### **4. OPERATING SEGMENTS**

BCB Berhad and its subsidiaries are principally engaged in investment holding, property development and management activities, construction and related activities and hotel operations.

BCB Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

**(a) Property development and management services**

Development and property management of residential and commercial properties.

**(b) Construction and related activities**

Securing and carrying out construction contracts.

**(c) Hotel operations**

Provision of hotel services as well as food and beverages services.

**(d) Others**

Dormant companies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

No geographical segment information is presented as the operations of the Group and the location of the customers are principally in Malaysia.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities.

#### 4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segment of the Group:

2018	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
<b>Revenue</b>					
Total revenue	296,596,543	49,456,354	4,352,620	-	350,405,517
Inter-segment revenue	-	(45,396,332)	-	-	(45,396,332)
Revenue from external customers	296,596,543	4,060,022	4,352,620	-	305,009,185
<b>Results</b>					
Finance income	212,450	-	-	-	212,450
Finance costs	(12,423,119)	(1,574,868)	(20,707)	-	(14,018,694)
Net finance costs	(12,210,669)	(1,574,868)	(20,707)	-	(13,806,244)
Depreciation of property, plant and equipment	1,434,866	415,381	1,395,928	4,264	3,250,439
<b>Segment profit/(loss) before income tax</b>	49,468,178	3,854,500	(1,582,290)	(34,599)	51,705,789
Tax expense	(6,104,394)	(182,462)	-	-	(6,286,856)
<b>Other non-cash items:</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	37,122,699	167,090	243,298	-	37,533,087
Bad debts written off	883,539	107,495	-	-	991,034
Fair value adjustments on investment properties	-	(115,185)	-	-	(115,185)
(Gain)/Loss on disposal of:					
- investment properties	(30,000)	(227,511)	-	-	(257,511)
- property, plant and equipment	(472)	83,126	-	-	82,654
Impairment losses on:					
- trade receivables	258,793	-	-	-	258,793
- other receivables	1,856,833	-	-	-	1,856,833
Property, plant and equipment written off	2,150	496	-	-	2,646
Write back of other payables	(266,933)	-	-	-	(266,933)
<b>Segment assets</b>	1,151,886,601	37,286,267	35,210,736	2,957	1,224,386,561
<b>Segment liabilities</b>	634,587,401	81,426,658	1,116,858	10,255	717,141,172

#### 4. OPERATING SEGMENTS (continued)

The following table provides an analysis of the revenue, results, assets, liabilities and other information by business segment of the Group (continued):

2017	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
<b>Revenue</b>					
Total revenue	210,098,260	46,043,446	7,190,427	-	263,332,133
Inter-segment revenue	-	(41,178,218)	-	-	(41,178,218)
Revenue from external customers	210,098,260	4,865,228	7,190,427	-	222,153,915
<b>Results</b>					
Finance income	439,032	-	-	-	439,032
Finance costs	(13,161,911)	(1,322,634)	(40,068)	-	(14,524,613)
Net finance costs	(12,722,879)	(1,322,634)	(40,068)	-	(14,085,581)
Depreciation of property, plant and equipment	1,575,308	452,141	1,395,928	4,264	3,427,641
<b>Segment profit/(loss) before income tax</b>	26,241,647	(3,144,996)	(2,015,322)	(30,541)	21,050,788
Tax expense	(10,049,347)	40,165	-	-	(10,009,182)
<b>Other non-cash items:</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	2,496,889	1,123,030	243,298	-	3,863,217
Bad debts written off	611,190	45	-	3,090	614,325
Fair value adjustments on investment properties	-	(611,002)	-	-	(611,002)
Gain on disposal of:					
- investment properties	-	(120,428)	-	-	(120,428)
- property, plant and equipment	-	(554,639)	-	-	(554,639)
Inventories written off	-	635	-	-	635
Property, plant and equipment written off	2,944	1	-	-	2,945
Write back of other payables	(9,450)	-	-	-	(9,450)
<b>Segment assets</b>	1,076,171,753	46,619,017	35,210,736	9,526	1,158,011,032
<b>Segment liabilities</b>	605,778,434	99,059,984	1,116,858	11,575	705,966,851

#### 4. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment assets and liabilities to the corresponding amounts of the Group are as follows:

	2018 RM	2017 RM
<b>Assets</b>		
Total assets for reportable segments	1,224,386,561	1,158,011,032
Tax assets	<u>13,109,594</u>	<u>10,896,378</u>
Assets of the Group per consolidated statement of financial position	<u>1,237,496,155</u>	<u>1,168,907,410</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	717,141,172	705,966,851
Tax liabilities	<u>1,054,254</u>	<u>2,307,898</u>
Liabilities of the Group per consolidated statement of financial position	<u>718,195,426</u>	<u>708,274,749</u>

**Group  
2018**

	Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	4,602,125	-	-	4,602,125
Leasehold land	3,164,506	-	(436,485)	2,728,021
Hotel properties, at valuation	-	40,997,058	(5,042,771)	35,954,287
Buildings	11,069,946	-	(4,124,566)	6,945,380
Plant and machinery	1,709,595	-	(1,633,795)	75,800
Motor vehicles	8,222,688	-	(6,470,046)	1,752,642
Renovation	9,927,296	-	(7,776,956)	2,150,340
Furniture, fittings and office equipment	19,622,302	-	(16,198,066)	3,424,236
	58,318,458	40,997,058	(41,682,685)	57,632,831



**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

<b>Group 2017</b>	<b>Balance as at 1.7.2016 RM</b>	<b>Additions RM</b>	<b>Disposals RM</b>	<b>Written off RM</b>	<b>Depreciation charge for the financial year RM</b>	<b>Balance as at 30.6.2017 RM</b>
<b>Carrying amount</b>						
Freehold land	4,930,957	20,258	(215,047)	-	-	4,736,168
Leasehold land	2,800,768	-	-	-	(36,373)	2,764,395
Hotel properties, at valuation	37,018,385	-	-	-	(532,049)	36,486,336
Buildings	7,520,078	433,361	(43,200)	-	(335,921)	7,574,318
Plant and machinery	135,415	18,698	-	-	(44,354)	109,759
Motor vehicles	2,220,519	1,176,119	-	(1)	(926,316)	2,470,321
Renovation	3,058,669	42,460	-	-	(547,250)	2,553,879
Furniture, fittings and office equipment	5,112,428	367,728	(180,413)	(2,944)	(1,005,378)	4,291,421
	<b>62,797,219</b>	<b>2,058,624</b>	<b>(438,660)</b>	<b>(2,945)</b>	<b>(3,427,641)</b>	<b>60,986,597</b>
<b>&lt;----- At 30.6.2017 -----&gt;</b>						
		<b>Cost RM</b>	<b>Valuation RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>	
Freehold land		4,736,168	-	-	4,736,168	
Leasehold land		3,164,506	-	(400,111)	2,764,395	
Hotel properties, at valuation		-	40,997,058	(4,510,722)	36,486,336	
Buildings		11,385,903	-	(3,811,585)	7,574,318	
Plant and machinery		1,722,842	-	(1,613,083)	109,759	
Motor vehicles		8,059,010	-	(5,588,689)	2,470,321	
Renovation		9,881,193	-	(7,327,314)	2,553,879	
Furniture, fittings and office equipment		19,664,960	-	(15,373,539)	4,291,421	
		<b>58,614,582</b>	<b>40,997,058</b>	<b>(38,625,043)</b>	<b>60,986,597</b>	

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2018	Balance as at 1.7.2017 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 30.6.2018 RM
<b>Carrying amount</b>				
Freehold land	1,920,056	-	-	1,920,056
Leasehold land	2,764,395	-	(36,374)	2,728,021
Hotel properties, at valuation	36,486,336	-	(532,049)	35,954,287
Buildings	6,238,706	-	(243,250)	5,995,456
Motor vehicles	800,793	-	(365,250)	435,543
Renovation	1,865,432	43,332	(319,718)	1,589,046
Furniture, fittings and office equipment	2,509,372	95,008	(632,758)	1,971,622
	52,585,090	138,340	(2,129,399)	50,594,031
<----- At 30.6.2018 ----->				
	Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,920,056	-	-	1,920,056
Leasehold land	3,164,506	-	(436,485)	2,728,021
Hotel properties, at valuation	-	40,997,058	(5,042,771)	35,954,287
Buildings	9,365,084	-	(3,369,628)	5,995,456
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles	3,925,854	-	(3,490,311)	435,543
Renovation	8,487,039	-	(6,897,993)	1,589,046
Furniture, fittings and office equipment	15,422,026	-	(13,450,404)	1,971,622
	43,456,647	40,997,058	(33,859,674)	50,594,031

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2017	Balance as at 1.7.2016 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 30.6.2017 RM
<b>Carrying amount</b>				
Freehold land	1,920,056	-	-	1,920,056
Leasehold land	2,800,768	-	(36,373)	2,764,395
Hotel properties, at valuation	37,018,385	-	(532,049)	36,486,336
Buildings	6,481,956	-	(243,250)	6,238,706
Motor vehicles	1,258,611	-	(457,818)	800,793
Renovation	2,240,540	42,460	(417,568)	1,865,432
Furniture, fittings and office equipment	2,940,229	250,152	(681,009)	2,509,372
	54,660,545	292,612	(2,368,067)	52,585,090
<b>&lt;----- At 30.6.2017 -----&gt;</b>				
	<b>Cost RM</b>	<b>Valuation RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Freehold land	1,920,056	-	-	1,920,056
Leasehold land	3,164,506	-	(400,111)	2,764,395
Hotel properties, at valuation	-	40,997,058	(4,510,722)	36,486,336
Buildings	9,365,084	-	(3,126,378)	6,238,706
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles	3,925,854	-	(3,125,061)	800,793
Renovation	8,443,706	-	(6,578,274)	1,865,432
Furniture, fittings and office equipment	15,327,019	-	(12,817,647)	2,509,372
	43,318,307	40,997,058	(31,730,275)	52,585,090

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The estimated useful periods and principal annual depreciation rates are as follows:

Leasehold land	87 years
Hotel properties	50 - 87 years
Buildings	50 years
Plant and machinery	20%
Motor vehicles	20%
Renovation	15%
Furniture, fittings and office equipment	10% to 20%

Freehold land has unlimited useful life and is not depreciated.

Hotel properties of the Group and of the Company were revalued by the Directors based on a valuation exercise carried out in June 2018 by an independent professional valuer using the open market value basis.

- (c) Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount would have been:

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Hotel properties	<u>17,903,487</u>	<u>18,139,060</u>

- (d) The fair value of hotel properties (at valuation) of the Group and of the Company are categorised as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Hotel properties</b>				
<b>Group and Company</b>				
2018	-	35,954,287	-	35,954,287
2017	-	36,486,336	-	36,486,336

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2018 and 30 June 2017.
- (ii) Level 2 fair value of hotel properties (at valuation) was determined by an independent qualified valuer using the comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square feet basis.
- (iii) The fair value measurements of the hotel properties (at valuation) were based on the highest and best use which did not differ from their actual use.

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (e) The Group and the Company have assessed and classified leasehold land of the Group and of the Company as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group and the Company arising from the lease term. Consequently, the Group and the Company have classified leasehold land as finance leases in accordance with FRS 117 *Leases*.
- (f) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Purchase of property, plant and equipment	474,166	2,058,624	138,340	292,612
Financed by hire purchase and lease arrangements	(169,000)	(1,039,000)	-	-
Cash payments on purchase of property, plant and equipment	<u>305,166</u>	<u>1,019,624</u>	<u>138,340</u>	<u>292,612</u>

- (g) The carrying amount of the property, plant and equipment of the Group and of the Company under hire purchase and lease agreements at the end of the reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Motor vehicles	1,585,964	2,234,906	434,875	768,943
Furniture, fittings and office equipment	-	39,616	-	39,616
	<u>1,585,964</u>	<u>2,274,522</u>	<u>434,875</u>	<u>808,559</u>

- (h) The carrying amount of property, plant and equipment that were charged to financial institutions as securities for bank borrowings granted to the Group and the Company as disclosed in Note 16 to the financial statements are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Carrying amounts</b>				
Freehold land	3,160,056	3,160,056	1,920,056	1,920,056
Buildings	6,457,833	6,688,066	5,769,965	5,981,157
Hotel properties including leasehold land	<u>38,629,776</u>	<u>39,224,465</u>	<u>38,629,776</u>	<u>39,224,465</u>
	<u>48,247,665</u>	<u>49,072,587</u>	<u>46,319,797</u>	<u>47,125,678</u>

## 6. INVESTMENT PROPERTIES

- (a) The details of the investment properties are as follows:

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
At beginning of financial year		60,580,418	61,692,988	7,300,000	7,300,000
Fair value adjustments		115,185	611,002	-	-
Disposals		(2,836,689)	(1,723,572)	-	-
At end of financial year		<u>57,858,914</u>	<u>60,580,418</u>	<u>7,300,000</u>	<u>7,300,000</u>
Investment properties pledged as security for borrowings	16	<u>35,628,914</u>	<u>35,560,000</u>	<u>7,300,000</u>	<u>7,300,000</u>

- (b) The investment properties consist of freehold land, leasehold land and buildings which reflect rental income from current leases.
- (c) Investment properties are initially measured at costs, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period and changes in fair value are included in profit or loss.
- (d) The fair value of investment properties of the Group and of the Company are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Land and buildings</b>				
<b>Group</b>				
2018	-	57,858,914	-	57,858,914
2017	-	60,580,418	-	60,580,418
<b>Company</b>				
2018	-	7,300,000	-	7,300,000
2017	-	7,300,000	-	7,300,000

- (i) There were no transfers between Level 1, Level 2, and Level 3 fair value measurements during the financial year ended 30 June 2018 and 30 June 2017.
- (ii) Investment properties at Level 2 fair value measurements are based on the comparison method which refers to recent market transactions of similar properties within the vicinities.
- (iii) The fair value measurement of the investment properties are based on the highest and best use which does not differ from its actual use.
- (e) The leasehold land and buildings have remaining lease periods of 85 years and 75 years (2017: 86 years and 76 years) respectively.

## 6. INVESTMENT PROPERTIES (continued)

- (f) Income and direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Rental income	7,117,840	7,424,871	2,081,201	2,291,264
Repair and maintenance	4,915,024	4,856,958	-	-
Quit rent and assessment	463,758	477,962	203,765	196,279

## 7. LAND HELD FOR PROPERTY DEVELOPMENT

		Group		Company	
	Note	2018	2017	2018	2017
		RM	RM	RM	RM
Freehold land including improvements, at cost:					
At beginning of financial year		119,374,684	142,620,031	14,480,379	13,143,352
Additions		36,943,736	1,193,591	-	146,010
Transfer to property development costs	10	(3,180,856)	(26,580,439)	-	-
Transfer from property development costs	10	101,050,448	2,141,501	5,804,660	1,191,017
At end of financial year		254,188,012	119,374,684	20,285,039	14,480,379
Carrying amount of land held for property development pledged as security for borrowings	16	176,648,037	75,127,752	564,319	564,319

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

## 8. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	87,300,087	62,550,013
Equity loan	<u>65,000,000</u>	<u>-</u>
	152,300,087	62,550,013
Less: Impairment losses	<u>(5,000,000)</u>	<u>(5,000,000)</u>
	<u>147,300,087</u>	<u>57,550,013</u>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by FRSSs.
- (b) The advances to subsidiaries are deemed by the Company as a capital contribution as it is considered as a long term investment which are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future.
- (c) Details of subsidiaries are as follows:

Name of company	Interest in equity held by				Principal activities
	Company 2018 %	2017 %	Subsidiaries 2018 %	2017 %	
Subsidiaries					
BCB Concrete Sdn. Bhd.	100%	100%	-	-	Manufacturing of concrete products
BCB Construction Sdn. Bhd.	100%	100%	-	-	Provision of project construction services
BCB Furniture Sdn. Bhd.	100%	100%	-	-	Dormant
BCB Land Sdn. Bhd.	100%	100%	-	-	Property development
BCB Management Sdn. Bhd.	100%	100%	-	-	Provision of project management services
BCB Medini Residences Sdn. Bhd.	100%	100%	-	-	Property development
BCB Resources Sdn. Bhd.	100%	100%	-	-	Property development
BCB Road Builder Sdn. Bhd.	100%	100%	-	-	Provision of road construction services
BCB Technologies Sdn. Bhd.	100%	100%	-	-	Dormant



## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of subsidiaries are as follows (continued):

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2018 %	2017 %	2018 %	2017 %	
Subsidiaries					
BCB Trading Sdn. Bhd.	100%	100%	-	-	Trading of building materials
Golden Power Construction Sdn. Bhd.	100%	100%	-	-	Dormant
Johbase Development Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Laser Lagun Sdn. Bhd.	100%	100%	-	-	Dormant
Luna Starcity Sdn. Bhd.	100%	100%	-	-	Dormant
Global Earnest Sdn. Bhd.	86.6%	86.6%	-	-	Property development and letting of properties
BCB Medini Development Sdn. Bhd.	75%	75%	-	-	Property development
BCB Development Sdn. Bhd.	70%	70%	-	-	Property development
BCB Heights Sdn. Bhd.	60%	60%	-	-	Property development
BCB Ventures Sdn. Bhd.	75%	75%	-	-	Property development and investment
Subsidiary of BCB Development Sdn. Bhd.					
Total Builder Generation Sdn. Bhd.	-	-	100%	100%	Provision of project construction services

*All subsidiaries are audited by BDO.*

**8. INVESTMENTS IN SUBSIDIARIES (continued)**

(d) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	BCB Development Sdn. Bhd.	BCB Heights Sdn. Bhd.	BCB Medini Development Sdn. Bhd.	BCB Ventures Sdn. Bhd.	Global Earnest Sdn. Bhd.	Total Builder Generation Sdn. Bhd.
<b>2018</b>						
NCI percentage of ownership and voting interest	30.00%	40.00%	25.00%	25.00%	13.40%	30.00%
Carrying amount of NCI (RM)	11,534,363	19,486,270	3,662,218	(2,462)	7,444,540	283,256
(Loss)/Profit allocated to NCI (RM)	(111,281)	14,664,168	717,093	(2,487)	126,240	730,798
<b>2017</b>						
NCI percentage of ownership and voting interest	30.00%	40.00%	25.00%	-	13.40%	30.00%
Carrying amount of NCI (RM)	11,645,644	(5,177,898)	(304,875)	-	7,318,300	(447,542)
Profit/(Loss) allocated to NCI (RM)	4,549,389	(2,317,457)	(334,014)	-	(245,664)	(407,401)
						1,244,853

**8. INVESTMENTS IN SUBSIDIARIES (continued)**

- (e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2018	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	BCB Medini Development Sdn. Bhd. RM	BCB Ventures Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
<b>Assets and liabilities</b>						
Non-current assets	1,334,981	76,473,578	57,084,891	-	29,630,659	967,032
Current assets	219,120,764	219,851,426	24,236,737	25	34,678,682	11,699,076
Non-current liabilities	(47,908,349)	(110,340,266)	(26,892,323)	-	(4,722)	-
Current liabilities	(134,099,522)	(137,269,063)	(39,780,432)	(9,874)	(8,748,355)	(11,721,923)
Net assets/(liabilities)	38,447,874	48,715,675	14,648,873	(9,849)	55,556,264	944,185
<b>Results</b>						
Revenue	16,760,286	107,071,786	10,304,743	-	13,915,654	754,425
(Loss)/Profit for the financial year	(370,937)	36,660,421	2,868,371	(9,949)	942,087	2,435,992
Total comprehensive (loss)/income	(370,937)	36,660,421	2,868,371	(9,949)	942,087	2,435,992
<b>Cash flows (used in)/from</b>						
- operating activities	(22,097,827)	(866,171)	(886,746)	(75)	(1,176,496)	(2,349,382)
- investing activities	8,838,525	(5,031,065)	(6,534,129)	100	6,442,499	2,326,127
- financing activities	4,036,993	7,299,381	8,889,612	-	(5,622,802)	-
Net (decrease)/increase in cash and cash equivalents	(9,222,309)	1,402,145	1,468,737	25	(356,799)	(23,255)

**8. INVESTMENTS IN SUBSIDIARIES (continued)**

- (e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

2017	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	BCB Medini Development Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
<b>Assets and liabilities</b>					
Non-current assets	1,545,018	1,505,561	39,453,631	27,114,353	1,327,583
Current assets	183,421,812	222,041,516	33,090,405	49,833,521	13,861,540
Non-current liabilities	(30,805,282)	(108,779,701)	(36,142,737)	(32,650)	-
Current liabilities	(115,342,737)	(127,712,122)	(37,624,907)	(22,301,047)	(16,680,930)
Net assets/(liabilities)	38,818,811	(12,944,746)	(1,223,608)	54,614,177	(1,491,807)
<b>Results</b>					
Revenue	51,854,148	29,267,282	-	9,475,715	-
Profit/(Loss) for the financial year	15,164,631	(5,793,643)	(1,336,056)	(1,833,315)	(1,358,005)
Total comprehensive income/(loss)	15,164,631	(5,793,643)	(1,336,056)	(1,833,315)	(1,358,005)
Cash flows from/(used in):					
- operating activities	9,608,163	(22,859,228)	11,283,110	5,517,482	(8,195,946)
- investing activities	117,143	4,054,852	(10,475,286)	(193,901)	8,224,387
- financing activities	(9,175,951)	21,501,366	-	(5,365,837)	-
Net increase/(decrease) in cash and cash equivalents	549,355	2,696,990	807,824	(42,256)	28,441

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

- (f) On 29 June 2018, BCB Heights Sdn. Bhd. ('BHSB') increased its issued and paid-up share capital by 25,000,000. The Company increased its investment by subscribing an additional 15,000,000 shares, representing 60% of the issued and paid-up share capital of BHSB amounting to RM15,000,000. The remaining 10,000,000 shares were subscribed by the non-controlling interest at RM10,000,000. The shareholding interest in BHSB remained the same as in previous financial year.
- (g) On 29 June 2018, BCB Medini Development Sdn. Bhd. ('BMDSB') increased its issued and paid-up share capital by 13,000,000. The Company increased its investment by subscribing an additional 9,750,000 shares, representing 75% of the issued and paid-up share capital of BMDSB amounting to RM9,750,000. The remaining 3,250,000 shares were subscribed by the non-controlling interest at RM3,250,000. The shareholding interest in BMDSB remained the same as in previous financial year.
- (h) In the previous financial year, the Company incorporated a 75% owned subsidiary, BCB Ventures Sdn. Bhd. ('BVSB'), a private limited company with paid-up capital of RM1 represented by one (1) ordinary share.

During the financial year, BVSB increased its share capital from RM1 to RM100 vide the allotment of additional 74 and 25 new ordinary shares to the Company and non-controlling interest respectively.

## 9. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Balance as at 1 July	2,960,814	1,446,700	2,609,132	1,155,248
Recognised in profit or loss (Note 25)	(623,618)	1,514,114	(668,350)	1,453,884
Balance as at 30 June	<u>2,337,196</u>	<u>2,960,814</u>	<u>1,940,782</u>	<u>2,609,132</u>
Presented after appropriate offsetting:				
Deferred tax assets	4,912,896	5,027,816	4,873,021	5,027,816
Offset against deferred tax liabilities	(2,575,700)	(2,067,002)	(2,932,239)	(2,418,684)
Net deferred tax assets	<u>2,337,196</u>	<u>2,960,814</u>	<u>1,940,782</u>	<u>2,609,132</u>
Deferred tax liabilities	(2,575,700)	(2,067,002)	(2,932,239)	(2,418,684)
Offset against deferred tax assets	<u>2,575,700</u>	<u>2,067,002</u>	<u>2,932,239</u>	<u>2,418,684</u>
Net deferred tax liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**9. DEFERRED TAX (continued)**

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

**Deferred tax assets**

	<b>Group Unabsorbed capital allowances RM</b>	<b>Company Unabsorbed capital allowances RM</b>
At 1 July 2017	5,027,816	5,027,816
Recognised in profit or loss	(114,920)	(154,795)
At 30 June 2018	<u>4,912,896</u>	<u>4,873,021</u>
At 1 July 2016	4,124,180	4,124,180
Recognised in profit or loss	903,636	903,636
At 30 June 2017	<u>5,027,816</u>	<u>5,027,816</u>

**Deferred tax liabilities**

	<b>Group Property, plant and equipment RM</b>	<b>Company Property, plant and equipment RM</b>
At 1 July 2017	(2,067,002)	(2,418,684)
Recognised in profit or loss	(508,698)	(513,555)
At 30 June 2018	<u>(2,575,700)</u>	<u>(2,932,239)</u>
At 1 July 2016	(2,677,480)	(2,968,932)
Recognised in profit or loss	610,478	550,248
At 30 June 2017	<u>(2,067,002)</u>	<u>(2,418,684)</u>

Deferred tax assets are recognised for unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	<b>Group 2018 RM</b>	<b>2017 RM</b>
Unutilised tax losses	18,746,760	23,147,679
Unabsorbed capital allowances	<u>328,924</u>	<u>824,903</u>
	<u>19,075,684</u>	<u>23,972,582</u>

**9. DEFERRED TAX (continued)**

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows (continued):

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of certain subsidiaries would be available against which the deductible temporary differences could be utilised.

These temporary differences do not expire under the current tax legislation.

**10. PROPERTY DEVELOPMENT COSTS**

<b>Group 2018</b>	<b>Note</b>	<b>Freehold land RM</b>	<b>Development costs RM</b>	<b>Accumulated cost charged to profit or loss RM</b>	<b>Total RM</b>
<b>At cost</b>					
At beginning of financial year		383,393,129	950,365,343	(658,660,065)	675,098,407
Cost incurred during the financial year		-	201,802,592	-	201,802,592
Transfer from land held for property development	7	1,602,277	1,578,579	-	3,180,856
Transfer to land held for property development	7	(82,421,779)	(18,628,669)	-	(101,050,448)
Transfer to inventories		(713,161)	(11,032,209)	-	(11,745,370)
Reversal of completed projects		(10,809,907)	(173,218,487)	184,028,394	-
Cost recognised in profit or loss during the year	21	-	-	(152,053,523)	(152,053,523)
At end of financial year		<u>291,050,559</u>	<u>950,867,149</u>	<u>(626,685,194)</u>	<u>615,232,514</u>
<b>2017</b>					
<b>At cost</b>					
At beginning of financial year		416,598,209	1,227,124,443	(902,408,228)	741,314,424
Cost incurred during the financial year		605,615	131,513,515	-	132,119,130
Transfer from land held for property development	7	23,163,249	3,417,190	-	26,580,439
Transfer to land held for property development	7	(519,785)	(1,787,953)	166,237	(2,141,501)
Transfer to inventories		-	(98,156,046)	-	(98,156,046)
Reversal of completed projects		(56,454,159)	(311,745,806)	368,199,965	-
Cost recognised in profit or loss during the year	21	-	-	(124,618,039)	(124,618,039)
At end of financial year		<u>383,393,129</u>	<u>950,365,343</u>	<u>(658,660,065)</u>	<u>675,098,407</u>

# 10. PROPERTY DEVELOPMENT COSTS (continued)

Company 2018	Note	Freehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
<b>At cost</b>					
At beginning of financial year		49,433,285	102,997,908	(45,546,475)	106,884,718
Cost incurred during the financial year		-	25,366,932	-	25,366,932
Transfer to inventories		(101,578)	(1,558,460)	-	(1,660,038)
Transfer to land held for property development	7	(1,615,025)	(4,189,635)	-	(5,804,660)
Reversal of completed projects		(1,976,617)	(29,818,254)	31,794,871	-
Cost recognised in profit or loss during the year	21	-	-	(23,525,865)	(23,525,865)
At end of financial year		45,740,065	92,798,491	(37,277,469)	101,261,087
<b>2017</b>					
<b>At cost</b>					
At beginning of financial year		102,995,871	470,352,392	(360,035,660)	213,312,603
Cost incurred during the financial year		10,000	14,890,857	-	14,900,857
Transfer to inventories		-	(96,676,608)	-	(96,676,608)
Transfer to land held for property development	7	(178,785)	1,519,451	(2,531,683)	(1,191,017)
Reversal of completed projects		(53,393,801)	(287,088,184)	340,481,985	-
Cost recognised in profit or loss during the year	21	-	-	(23,461,117)	(23,461,117)
At end of financial year		49,433,285	102,997,908	(45,546,475)	106,884,718

- The portion of property development costs where significant development work has been undertaken and which is expected to be completed within the normal operating cycle is considered as a current asset.
- The freehold land held under development of the Group and of the Company with carrying amount of RM259,904,895 (2017: RM337,192,692) and RM39,013,432 (2017: RM39,313,867) respectively were charged to financial institutions for credit facilities granted to the Group and the Company respectively as disclosed in Note 16 to the financial statements.
- Borrowing costs capitalised during the financial year for property development activities of the Group and of the Company amounted to RM15,828,151 (2017: RM20,284,272) and RM1,378,921 (2017: RM1,121,486) respectively at interest rates ranging from 5.3% to 6.3% (2017: 5.1% to 6.1%) per annum.



## 11. INVENTORIES

At cost	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Completed development properties		108,127,990	122,069,900	90,140,838	111,004,109
Food and beverages		4,306	99,459	4,306	99,459
Consumable stocks		830,085	916,748	143,878	171,300
		<u>108,962,381</u>	<u>123,086,107</u>	<u>90,289,022</u>	<u>111,274,868</u>
Inventories pledged as securities for borrowings	16	<u>63,604,938</u>	<u>77,824,051</u>	<u>61,931,194</u>	<u>77,824,051</u>

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost of completed development properties comprises proportionate land and development expenditure and is determined on the specific identification basis. Costs of food and beverages and consumable stocks are determined on a weighted average basis and first-in, first-out basis respectively.
- (c) In the previous financial year, the Group had written off inventories amounted to RM635.
- (d) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM26,160,500 (2017: RM5,024,972) and RM22,523,309 (2017: RM4,777,553) respectively.

## 12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Trade receivables</b>					
Third parties		63,793,998	46,542,015	11,364,656	20,314,803
Related parties		9,205,886	7,490,780	911,153	-
Amount due from ultimate holding company		2,068,725	852,675	-	-
Amount due from a subsidiary		-	-	13,421,102	69,623,120
		<u>75,068,609</u>	<u>54,885,470</u>	<u>25,696,911</u>	<u>89,937,923</u>
Less:					
Impairment losses on third parties		<u>(258,793)</u>	<u>-</u>	<u>(208,939)</u>	<u>-</u>
		<u>74,809,816</u>	<u>54,885,470</u>	<u>25,487,972</u>	<u>89,937,923</u>
Amounts due from customers for contract works	19	<u>17,317,100</u>	<u>19,543,686</u>	<u>-</u>	<u>-</u>
		<u>92,126,916</u>	<u>74,429,156</u>	<u>25,487,972</u>	<u>89,937,923</u>

## 12. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Other receivables</b>				
Third parties	12,559,900	11,911,728	2,082,280	3,133,133
Deposits	3,960,834	8,165,820	1,512,473	1,827,753
Amounts due from subsidiaries	-	-	23,068,121	102,433,531
	16,520,734	20,077,548	26,662,874	107,394,417
Less:				
Impairment losses on:-				
- third parties	(1,856,833)	-	(316,316)	-
- amounts due from subsidiaries	-	-	(299,774)	(402,561)
<b>Loans and receivables</b>	106,790,817	94,506,704	51,534,756	196,929,779
Prepayments	1,483,475	1,788,896	148,236	167,344
	<u>108,274,292</u>	<u>96,295,600</u>	<u>51,682,992</u>	<u>197,097,123</u>

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 14 to 90 days (2017: 14 to 90 days). They are recognised at their original invoiced amounts, which represent their fair value on initial recognition.
- (c) Non-trade balances due from subsidiaries represent advances and payments on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalents except for an amount of RM4,830,449 (2017: RM5,838,469), which bears interest ranging from 7.77% (2017: 7.54%) per annum.
- (d) Included in trade receivables of the Group are retention sums for contract works. The retention sums are unsecured, interest free and are expected to be collected as follows:

	Group	
	2018 RM	2017 RM
<b>Repayable as follows:</b>		
Within one (1) year	2,840,803	966,544
More than one (1) year	<u>305,475</u>	<u>2,818,634</u>
	<u>3,146,278</u>	<u>3,785,178</u>

- (e) During the financial year, the Group and the Company have written off bad debts of RM991,034 (2017: RM614,325) and RM59,766 (2017: RM556,028) respectively against trade and other receivables and amounts due from subsidiaries.

## 12. TRADE AND OTHER RECEIVABLES (continued)

- (f) Trade and other receivables are denominated in RM.
- (g) The ageing analysis of trade receivables (excluding amounts due from customers for contract works) of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Neither past due nor impaired	26,113,020	23,918,870	7,286,890	9,957,822
Past due but not impaired				
1 to 30 days	7,496,095	6,699,483	1,342,121	1,867,853
31 to 60 days	5,759,489	3,545,872	1,184,949	271,283
61 to 120 days	17,596,276	5,849,437	1,182,941	3,106,976
Over 120 days	17,844,936	14,871,808	14,491,071	74,733,989
	48,696,796	30,966,600	18,201,082	79,980,101
Past due and impaired	258,793	-	208,939	-
	<u>75,068,609</u>	<u>54,885,470</u>	<u>25,696,911</u>	<u>89,937,923</u>

### Trade receivables that are neither past due nor impaired

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

None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

### Trade receivables that are past due but not impaired

Trade receivables of the Group and of the Company that are past due but not impaired arose from customers with healthy business relationships, and the Group and the Company are of the view that these balances are recoverable based on historical receipts.

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

### Trade receivables that past due and impaired

Trade receivables of the Group and the Company that are past due and impaired at the end of the reporting period have been individually impaired.

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group and the Company make impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group and the Company specifically analyse historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where the expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

## 12. TRADE AND OTHER RECEIVABLES (continued)

- (h) The reconciliation of movements in the impairment losses during the financial year is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Trade receivables</b>				
At beginning of financial year	-	-	-	-
Additions	258,793	-	208,939	-
At end of financial year	258,793	-	208,939	-
<b>Other receivables</b>				
At beginning of financial year	-	-	-	-
Additions	1,856,833	-	316,316	-
At end of financial year	1,856,833	-	316,316	-
<b>Amounts due from subsidiaries</b>				
At beginning of financial year			402,561	-
Additions			-	402,561
Written off			(102,787)	-
At end of financial year			299,774	402,561

- (i) The Group determines concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group does not have any significant concentration of credit risk as at the end of the reporting period.

The Company has no significant concentration of credit risks except for the amounts due from subsidiaries constituting 71% (2017: 87%) of total receivables of the Company.

- (j) The interest rate profile of the amount due from a subsidiary as at the end of each reporting period are as follows:

	Company	
	2018 RM	2017 RM
Floating rate	4,830,449	5,838,469

Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Company	
	2018 RM	2017 RM
Effects of 100 basis points changes to loss after tax		
- Increase by 1% (2017: 1%)	(36,711)	(44,372)
- Decrease by 1% (2017: 1%)	36,711	44,372

### 13. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	21,872,617	21,463,444	2,390,343	1,824,608
Deposits with licensed banks	<u>365,000</u>	<u>1,125,775</u>	<u>200,000</u>	<u>400,000</u>
	<u>22,237,617</u>	<u>22,589,219</u>	<u>2,590,343</u>	<u>2,224,608</u>

- (a) The weighted average effective interest rate of deposits with licensed banks of the Group and of the Company is 1.55% (2017: 2.9%) per annum respectively.

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

- (b) Deposits with licensed banks of the Group and of the Company were pledged as securities for credit facilities granted to the Group and to the Company as disclosed in Note 16 to the financial statements.
- (c) Included in cash and bank balances of the Group and of the Company are amounts of RM8,276,926 (2017: RM9,198,364) and RM901,867 (2017: RM1,980,390) respectively held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015.
- (d) Cash and bank balances are denominated in RM.
- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	21,872,617	21,463,444	2,390,343	1,824,608
Deposits with licensed banks	365,000	1,125,775	200,000	400,000
Bank overdrafts included in borrowings (Note 16)	<u>(56,116,509)</u>	<u>(48,351,147)</u>	<u>(44,148,341)</u>	<u>(46,366,679)</u>
	(33,878,892)	(25,761,928)	(41,557,998)	(44,142,071)
Less:				
Deposits pledged to licensed banks	<u>(365,000)</u>	<u>(1,125,775)</u>	<u>(200,000)</u>	<u>(400,000)</u>
	<u>(34,243,892)</u>	<u>(26,887,703)</u>	<u>(41,757,998)</u>	<u>(44,542,071)</u>

#### 14. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares	<u>412,500,000</u>	<u>206,250,000</u>	<u>412,500,000</u>	<u>206,250,000</u>

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) At the end of the reporting period, the number of outstanding shares in issue after setting off treasury shares against equity is 400,358,800 (2017: 400,360,800).

##### Treasury shares

The shareholders of the Company have approved the plan for the Company to repurchase up to 10% of the issued and paid-up share capital of the Company ('Share Buy Back'). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

At the end of the reporting period, a total of 12,141,200 (2017: 12,139,200) treasury shares at cost of RM3,167,695 (2017: RM3,166,805) were held by the Company in accordance with Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 2,000 (2017: 101,000) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM890 (2017: RM45,802). The average price paid for the shares repurchased was RM0.45 (2017: RM0.46) per share. The Share Buy Back transactions were financed by internally generated funds. The shares bought back are being held as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distributions are suspended. None of the treasury shares repurchased had been sold as at 30 June 2018.

#### 15. REVALUATION RESERVE

	Group and Company	
	2018	2017
	RM	RM
Hotel properties		
At 1 July/30 June	<u>6,788,088</u>	<u>6,788,088</u>

**16. BORROWINGS**

		Group	Company
	Note	2018 RM	2017 RM
Current liabilities			
Bridging loans		10,799,915	13,916,293
Term loans		126,964,505	91,213,980
Hire purchase creditors	17	618,734	632,754
Revolving credits		37,224,890	46,920,000
Bankers' acceptances		11,673,000	10,287,000
Bank overdrafts	13(e)	56,116,509	48,351,147
		243,397,553	211,321,174
Non-current liabilities			
Bridging loans		26,650,285	18,180,144
Term loans		206,591,559	244,324,340
Hire purchase creditors	17	876,859	1,345,500
		234,118,703	263,849,984
Total			
Bridging loans		37,450,200	32,096,437
Term loans		333,556,064	335,538,320
Hire purchase creditors	17	1,495,593	1,978,254
Revolving credits		37,224,890	46,920,000
Bankers' acceptances		11,673,000	10,287,000
Bank overdrafts	13(e)	56,116,509	48,351,147
		477,516,256	475,171,158

(a) Bridging loans of the Group and of the Company are secured by the following:

- (i) Certain development properties as disclosed in Note 7 and Note 10(b) to the financial statements; and
- (ii) Inventories as disclosed in Note 11 to the financial statements.

(b) Term loans of the Group and of the Company are secured by the following:

- (i) Certain investment properties as disclosed in Note 6(a) to the financial statements;
- (ii) Deposits with licensed banks as disclosed in Note 13(b) to the financial statements;
- (iii) Inventories as disclosed in Note 11 to the financial statements; and
- (iv) Land and buildings as disclosed in Note 5(h) to the financial statements.

In addition, the term loans of the Group and of the Company are jointly and severally guaranteed by certain Directors of the Company.

**16. BORROWINGS (continued)**

- (c) Other short-term borrowings of the Group and of the Company are secured by the followings:
- (i) Investment properties as disclosed in Note 6(a) to the financial statements;
  - (ii) Hotel properties and certain freehold land and buildings as disclosed in Note 5(h) to the financial statements; and
  - (iii) Certain development properties as disclosed in Note 7 and Note 10(b) to the financial statements.
  - (iv) Certain property, plant and equipment as disclosed in Note 5(g) to the financial statements.

In addition, the other short term borrowings are personally guaranteed by certain Directors of the Company.

- (d) The bridging loans and term loans are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier. The repayment terms for the bridging loans and term loans are as follows:

<b>Group</b>	<b>On demand or within one (1) year RM</b>	<b>One (1) to five (5) years RM</b>	<b>Over five (5) years RM</b>	<b>Total RM</b>
<b>2018</b>				
Term loan	126,964,505	206,215,822	375,737	333,556,064
Bridging loan	10,799,915	26,650,285	-	37,450,200
	<u>137,764,420</u>	<u>232,866,107</u>	<u>375,737</u>	<u>371,006,264</u>
<b>2017</b>				
Term loan	91,213,980	243,843,539	480,801	335,538,320
Bridging loan	13,916,293	18,180,144	-	32,096,437
	<u>105,130,273</u>	<u>262,023,683</u>	<u>480,801</u>	<u>367,634,757</u>
<b>Company</b>				
<b>2018</b>				
Term loan	10,694,786	16,310,205	-	27,004,991
Bridging loan	-	5,470,144	-	5,470,144
	<u>10,694,786</u>	<u>21,780,349</u>	<u>-</u>	<u>32,475,135</u>
<b>2017</b>				
Term loan	6,958,436	28,581,807	-	35,540,243
Bridging loan	-	5,470,144	-	5,470,144
	<u>6,958,436</u>	<u>34,051,951</u>	<u>-</u>	<u>41,010,387</u>



# 16. BORROWINGS (continued)

- (e) The interest rate profile of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed rate	1,495,593	1,978,254	397,593	662,347
Floating rate	<u>476,020,663</u>	<u>473,192,904</u>	<u>93,231,476</u>	<u>103,320,066</u>
	<u>477,516,256</u>	<u>475,171,158</u>	<u>93,629,069</u>	<u>103,982,413</u>

Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Effects of 100 basis points changes to profit/(loss) after tax				
- Increase by 1% (2017: 1%)	(3,617,757)	(3,596,266)	708,559	785,233
- Decrease by 1% (2017: 1%)	<u>3,617,757</u>	<u>3,596,266</u>	<u>(708,559)</u>	<u>(785,233)</u>

- (f) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Bridging loans	6.3	5.7	5.9	5.9
Term loans	6.0	6.0	6.8	6.8
Hire purchase creditors	6.3	6.2	4.9	4.9
Revolving credits	6.0	6.1	6.3	6.6
Bankers' acceptances	4.9	5.0	4.7	5.0
Bank overdrafts	<u>8.5</u>	<u>8.1</u>	<u>8.3</u>	<u>8.0</u>

- (g) Fair value of borrowings

- (i) **Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value**

The carrying amounts of the borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

## 16. BORROWINGS (continued)

### (g) Fair value of borrowings (continued)

#### (ii) Hire purchase creditors

The fair values of hire purchase creditors are estimated by discounting expected future cash flows at market incremental lending rate for similar type of instruments available to the Group at the end of the reporting period.

Hire-purchase creditors	2018		2017	
	Carrying amount RM	Level 2 Fair value RM	Carrying amount RM	Level 2 Fair value RM
Group	1,495,593	1,417,614	1,978,254	1,874,567
Company	<u>397,593</u>	<u>390,260</u>	<u>662,347</u>	<u>635,252</u>

(h) Borrowings are denominated in RM.

(i) The table below summarises the maturity profile of the borrowings as at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
<b>2018</b>				
Bridging loans	12,949,200	28,159,823	-	41,109,023
Term loans	143,990,218	223,597,283	514,205	368,101,706
Hire purchase creditors	676,343	924,655	-	1,600,998
Revolving credits	37,224,890	-	-	37,224,890
Bankers' acceptances	11,673,000	-	-	11,673,000
Bank overdrafts	<u>56,116,509</u>	<u>-</u>	<u>-</u>	<u>56,116,509</u>
Total undiscounted financial liabilities	<u>262,630,160</u>	<u>252,681,761</u>	<u>514,205</u>	<u>515,826,126</u>
<b>2017</b>				
Bridging loans	15,860,907	19,515,275	-	35,376,182
Term loans	107,726,403	261,458,904	641,934	369,827,241
Hire purchase creditors	716,620	1,436,026	-	2,152,646
Revolving credits	46,920,000	-	-	46,920,000
Bankers' acceptances	10,287,000	-	-	10,287,000
Bank overdrafts	<u>48,351,147</u>	<u>-</u>	<u>-</u>	<u>48,351,147</u>
Total undiscounted financial liabilities	<u>229,862,077</u>	<u>282,410,205</u>	<u>641,934</u>	<u>512,914,216</u>

## 16. BORROWINGS (continued)

- (i) The table below summarises the maturity profile of the borrowings as at the end of each reporting period based on contractual undiscounted repayment obligations (continued):

Company 2018	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
Bridging loan	334,226	6,232,328	-	6,566,554
Term loans	12,037,889	18,135,444	-	30,173,333
Hire purchase creditors	241,920	171,360	-	413,280
Revolving credits	9,920,000	-	-	9,920,000
Bankers' acceptances	6,688,000	-	-	6,688,000
Bank overdrafts	44,148,341	-	-	44,148,341
Total undiscounted financial liabilities	<u>73,370,376</u>	<u>24,539,132</u>	<u>-</u>	<u>97,909,508</u>
<b>2017</b>				
Bridging loan	323,832	6,479,227	-	6,803,059
Term loans	9,167,885	31,654,481	-	40,822,366
Hire purchase creditors	293,242	413,280	-	706,522
Revolving credits	9,920,000	-	-	9,920,000
Bankers' acceptances	6,023,000	-	-	6,023,000
Bank overdrafts	46,366,679	-	-	46,366,679
Total undiscounted financial liabilities	<u>72,094,638</u>	<u>38,546,988</u>	<u>-</u>	<u>110,641,626</u>

## 17. HIRE PURCHASE CREDITORS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum hire purchase payments:				
- not later than one (1) year	676,343	716,620	241,920	293,242
- later than one (1) year not later than five (5) years	<u>924,655</u>	<u>1,436,026</u>	<u>171,360</u>	<u>413,280</u>
Total minimum hire purchase payments	1,600,998	2,152,646	413,280	706,522
Less: Future finance charges	<u>(105,405)</u>	<u>(174,392)</u>	<u>(15,687)</u>	<u>(44,175)</u>
Present value of hire purchase payments	<u>1,495,593</u>	<u>1,978,254</u>	<u>397,593</u>	<u>662,347</u>

**17. HIRE PURCHASE CREDITORS (continued)**

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Repayable as follows:					
<b>Current liabilities:</b>					
- not later than one (1) year	16	618,734	632,754	229,172	264,754
<b>Non-current liabilities:</b>					
- later than one (1) year not later than five (5) years	16	876,859	1,345,500	168,421	397,593
	16	<u>1,495,593</u>	<u>1,978,254</u>	<u>397,593</u>	<u>662,347</u>

**18. TRADE AND OTHER PAYABLES**

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>Trade payables</b>					
Third parties		93,250,280	76,208,401	10,187,937	11,561,015
Amounts due to customers for contract works	19	7,746,436	17,260,716	-	-
		100,996,716	93,469,117	10,187,937	11,561,015
<b>Other payables</b>					
Amounts due to Directors		-	1,608,035	-	-
Amounts due to subsidiaries		-	-	41,009,612	83,016,782
Third parties		21,594,603	15,944,188	1,555,634	2,215,432
Accruals		15,778,455	16,726,812	3,671,598	4,926,438
Related parties					
- Interest bearing		20,597,754	17,946,096	20,597,754	17,946,096
- Non-interest bearing		43,410,414	57,455,996	970,728	314,150
Deposits received		37,246,974	27,645,449	7,927,857	22,873,628
		<u>138,628,200</u>	<u>137,326,576</u>	<u>75,733,183</u>	<u>131,292,526</u>
		<u>239,624,916</u>	<u>230,795,693</u>	<u>85,921,120</u>	<u>142,853,541</u>

- (a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 30 to 150 days (2017: 30 to 150 days).

# **18. TRADE AND OTHER PAYABLES (continued)**

- (c) Included in trade payables of the Group and of the Company are retention sums for contract works. The retention sums are unsecured, interest free and are expected to be payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Within one (1) year	19,155,163	15,259,820	1,600,437	8,313,531
More than one (1) year	6,042,403	9,506,414	2,054,411	819,393
	<u>25,197,566</u>	<u>24,766,234</u>	<u>3,654,848</u>	<u>9,132,924</u>

- (d) In the previous financial year, amounts due to Directors were unsecured, interest free and payable upon demand in cash and cash equivalents.
- (e) Amounts due to related parties of the Group and of the Company are unsecured, interest free and payable upon demand in cash and cash equivalents except for advances of RM20,597,754 (2017: RM17,946,096) and RM20,597,754 (2017: RM17,946,096) respectively which bear interest at rate of 5.1% (2017: 5.1%) per annum.
- (f) Amounts due to subsidiaries are interest free, unsecured and payable on demand in cash and cash equivalents except for a total amount of RM52,293,240 (2017: RM69,086,760), which bears interest ranging from 3.7% to 6.36% (2017: 6.0% to 6.14%) per annum.
- (g) Trade and other payables are denominated in RM.
- (h) The maturity profile of the trade and other payables (excluding amounts due to contract customers and retention sums for contract works) of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one (1) year.
- (i) Sensitivity analysis for fixed rate profile of amount due to related party at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.
- (j) The interest rate profile of the amounts due to subsidiaries as at the end of each reporting period are as follows:

	<b>Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Floating rate	<u>52,293,240</u>	<u>69,086,760</u>

Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	<b>Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Effects of 100 basis points changes to loss after tax		
- Increase by 1% (2017: 1%)	397,429	525,059
- Decrease by 1% (2017: 1%)	<u>(397,429)</u>	<u>(525,059)</u>

## 19. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

		Group	
		2018 RM	2017 RM
Aggregate costs incurred to date		653,856,814	605,207,172
Add: Attributable profits		47,993,870	40,702,427
		<u>701,850,684</u>	<u>645,909,599</u>
Less: Progress billings		(692,280,020)	(643,626,629)
		<u>9,570,664</u>	<u>2,282,970</u>
Represented by:			
Amounts due from contract customers for contract works	12	17,317,100	19,543,686
Amounts due to contract customers for contract works	18	(7,746,436)	(17,260,716)
		<u>9,570,664</u>	<u>2,282,970</u>

Included in amounts due from/(to) customers for contract works of the Group are amounts due from related parties of RM3,555,320 (2017: RM708,569) and amounts due to related parties of RM304,893 (2017: RM549,094).

## 20. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Property development	247,328,638	192,908,762	25,964,407	30,203,418
Completed properties	43,145,617	10,760,615	36,241,483	10,325,615
Hotel operations	3,403,995	6,235,269	3,403,995	6,235,269
Construction contracts	4,011,482	4,823,228	-	-
Rental income	7,117,840	7,424,871	2,081,201	2,291,264
Sales of goods	1,613	1,170	-	-
	<u>305,009,185</u>	<u>222,153,915</u>	<u>67,691,086</u>	<u>49,055,566</u>

### (a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the value of work certified to date as a percentage of the total value of projects.

## **20. REVENUE**

### **(a) Property development (continued)**

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

### **(b) Completed properties**

Sale of completed property units is recognised when the risks and rewards associated with ownership transfers to the property purchasers.

### **(c) Hotel operations income**

Hotel operations income comprises letting of hotel rooms, sales of food and beverages and other hotel related income, and is recognised upon delivery of products, customer acceptance and performance of services, net of goods and services tax and discounts.

### **(d) Construction contracts**

Profit from contract works are recognised on a percentage of completion method. Percentage of completion is measured by reference to the survey of work performed.

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

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

### **(e) Rental income**

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

### **(f) Sale of goods**

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

## 21. COST OF SALES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Property development costs (Note 10)	152,053,523	124,618,039	23,525,865	23,461,117
Property development cost of completed properties under recognised	-	532,569	-	532,569
Cost of completed properties sold (Note 11)	26,160,500	5,024,972	22,523,309	4,777,553
Hotel operations costs	322,230	1,578,371	322,230	1,578,371
Construction contract costs	(4,577,617)	1,871,589	-	-
Cost of goods sold	145,861	240	-	-
	<u>174,104,497</u>	<u>133,625,780</u>	<u>46,371,404</u>	<u>30,349,610</u>

## 22. FINANCE INCOME AND COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Finance income</b>				
Interest income on:				
- intercompany loan	-	-	80,452	86,986
- deposits with licensed banks	212,450	439,032	17,462	107,856
	<u>212,450</u>	<u>439,032</u>	<u>97,914</u>	<u>194,842</u>
<b>Finance costs</b>				
Interest expense on:				
- term loans	5,719,926	5,605,992	1,173,995	1,542,286
- hire purchase creditors	87,766	92,726	26,708	40,668
- revolving credits	2,516,282	2,223,629	620,816	258,415
- short term borrowings	326,540	920,275	-	7,209
- bank overdrafts	3,783,493	4,297,660	3,621,119	4,083,719
- intercompany loan	-	-	4,423,625	4,195,811
- related party loan	1,008,693	893,201	1,008,693	893,201
- others	575,994	491,130	150,153	332,819
	<u>14,018,694</u>	<u>14,524,613</u>	<u>11,025,109</u>	<u>11,354,128</u>

Interest income is recognised as it accrues, using the effective interest method.



## 23. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Wages, salaries and bonus	17,311,744	17,861,367	6,871,702	7,887,717
Defined contribution plan	2,424,758	2,377,182	984,596	1,051,677
Other employee benefits	2,442,034	2,917,151	822,173	1,623,036
	<u>22,178,536</u>	<u>23,155,700</u>	<u>8,678,471</u>	<u>10,562,430</u>

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM6,863,481 (2017: RM6,466,963) and RM2,337,110 (2017: RM2,192,969) respectively.

## 24. PROFIT/(LOSS) BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit/(loss) before tax is arrived at:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging:				
Rental expense of:				
- equipment	564,000	775,340	306,600	-
- premises	1,590	3,480	-	-
And crediting:				
(Loss)/Gain on disposals of:				
- property, plant and equipment	(82,654)	554,639	-	-
- investment properties	257,511	120,428	-	-
Rental income of premises	533,207	179,250	-	-
Write back of other payables	266,933	-	387,464	-
	<u>266,933</u>	<u>-</u>	<u>387,464</u>	<u>-</u>

(a) Net gains and losses arising from financial instruments:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net gains/(losses) on:				
Loans and receivables	212,450	439,032	97,914	194,842
Financial liabilities at amortised cost	<u>(14,018,694)</u>	<u>(14,524,613)</u>	<u>(11,025,109)</u>	<u>(11,354,128)</u>
	<u>(13,806,244)</u>	<u>(14,085,581)</u>	<u>(10,927,195)</u>	<u>(11,159,286)</u>

## 25. TAXATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current year tax expense based on profit for the financial year	5,751,021	11,292,782	-	83,440
(Over)/Underprovision in prior year	(87,783)	230,514	(83,440)	(363,825)
	5,663,238	11,523,296	(83,440)	(280,385)
Deferred tax (Note 9)				
- Relating to origination and reversal of temporary differences	(214,128)	(1,699,573)	(143,022)	(1,696,634)
- Underprovision in prior year	837,746	185,459	811,372	242,750
	623,618	(1,514,114)	668,350	(1,453,884)
	<u>6,286,856</u>	<u>10,009,182</u>	<u>584,910</u>	<u>(1,734,269)</u>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profit for the fiscal year.
- (b) Numerical reconciliation of taxation applicable to profit/(loss) before taxation at the statutory tax rate applicable to the Group and the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	12,409,389	5,052,189	(2,122,945)	(3,784,909)
Real property gains tax	-	83,440	-	83,440
Non-allowable expenses	4,563,955	3,561,729	2,003,422	2,136,714
Non-taxable income	(366,909)	(1,350,956)	(23,499)	(48,439)
Tax incentives	(9,894,286)	-	-	-
Utilisation of deferred tax previously not recognised	(1,175,256)	-	-	-
Deferred tax assets not recognised	-	2,246,807	-	-
(Over)/Under provision in prior year				
- income tax	(87,783)	230,514	(83,440)	(363,825)
- deferred tax	837,746	185,459	811,372	242,750
	<u>6,286,856</u>	<u>10,009,182</u>	<u>584,910</u>	<u>(1,734,269)</u>

## 26. EARNINGS PER SHARE

### (a) Basic

The basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity owners of the parent by the weighted average number of ordinary shares in issue (after adjusting for treasury shares) during the financial year.

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
Profit attributable to owners of the parent (RM)	<u>29,294,402</u>	<u>9,796,753</u>
Weighted average number of ordinary shares in issue	<u>400,358,800</u>	<u>400,360,800</u>
	<b>2018</b>	<b>2017</b>
	<b>Sen</b>	<b>Sen</b>
Basic earnings per ordinary share attributable to the equity owners of the parent	<u>7.32</u>	<u>2.45</u>

### (b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no potential dilutive ordinary shares.

## 27. COMMITMENTS

### (a) Operating lease commitments

#### The Group and the Company as lessor

The Group and the Company has also entered into various non-cancellable operating lease agreements on properties with third parties.

The future minimum lease payments receivable under the above non-cancellable operating leases as at the reporting date but not recognised as receivables, are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Not later than one (1) year	5,564,643	2,746,464	1,983,069	1,889,682
Later than one (1) year and not later than five (5) years	3,984,446	1,782,747	1,081,789	1,705,027
Later than five (5) years	<u>7,115</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,556,204</u>	<u>4,529,211</u>	<u>3,064,858</u>	<u>3,594,709</u>

## 27. COMMITMENTS (continued)

### (b) Capital commitments

	Group	
	2018	2017
	RM	RM
<b>Approved and contracted for</b>		
Capital and other expenditure relating to:		
- purchase of freehold land	<u>-</u>	<u>31,140,717</u>

## 28. CONTINGENT LIABILITIES

	Company	
	2018	2017
	RM	RM
<b>Unsecured</b>		
Corporate guarantees for trade credits granted to subsidiaries		
- Limit of guarantee	61,100,000	68,750,000
- Amount utilised	<u>1,941,305</u>	<u>1,277,510</u>
<b>Secured</b>		
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries		
- Limit of guarantee	792,570,000	798,043,000
- Amount utilised	<u>372,509,604</u>	<u>337,317,804</u>

- (a) A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Corporate guarantees for trade credits and borrowing facilities granted to subsidiaries are financial guarantee contracts designated as insurance contracts as defined in FRS 4 *Insurance Contracts*.

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

- (b) The maturity profile of the contingent liabilities of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one (1) year.

## 29. SIGNIFICANT RELATED PARTY DISCLOSURES

### (a) Identities 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 operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party relationships exist between the Company and its subsidiaries and between the Company and its ultimate holding company.

In addition, the Company also has related party relationships with the following parties:

<b>Identities of related parties</b>	<b>Relationship with the Group</b>
Ju-Ichi Enterprise Sdn. Bhd. ('JIE')	A related party by virtue of the directorship of certain Directors of the Company, Tan Sri Dato' Tan Seng Leong and Tan Lindy.
Ibzi Development (Johor) Sdn. Bhd. ('IBZ')	A related party by virtue of the directorship of certain Directors of the Company, Tan Sri Dato' Tan Seng Leong and Tan Vin Sern.
Marvel Plus Development Sdn. Bhd. ('MPD')	A related party by virtue of the directorship of certain Directors of the Company, Tan Lindy, Tan Vin Sern and Tan Sri Dato' Tan Seng Leong's spouse, namely Puan Sri Datin Lim Sui Yong in MPD. Both Puan Sri Datin Lim Sui Yong and Tan Vin Sern are also major shareholders in MPD.

### (b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Transactions with subsidiaries</b>		
Progress billings by a subsidiary:		
- BCB Construction Sdn. Bhd.	<u>19,455,301</u>	<u>7,950,868</u>
Intercompany interest receivable from a subsidiary:		
- Johbase Development Sdn. Bhd.	<u>80,452</u>	<u>93,972</u>
Intercompany interest payable to subsidiaries:		
- BCB Land Sdn. Bhd.	3,531,829	3,363,123
- BCB Development Sdn. Bhd.	306,327	6,986
- Global Earnest Sdn. Bhd.	<u>585,469</u>	<u>825,702</u>

## 29. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

### (b) Significant related party transactions (continued)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Transactions with subsidiaries (continued)</b>		
Management fees receivable from subsidiaries:		
- BCB Construction Sdn. Bhd.	360,000	360,000
- Johbase Development Sdn. Bhd.	240,000	240,000
- BCB Resources Sdn. Bhd.	840,000	840,000
Rental expenses from a subsidiary:		
- BCB Construction Sdn. Bhd.	12,000	12,000
	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>(ii) Transactions with related parties</b>		
Office rental paid to JIE	300,000	300,000
Interest payable to JIE	1,008,693	893,201
	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Hiring of machineries from MPD	7,093	219,963
Construction contracts:		
- IBZ	-	115,826
- JIE	636,000	-
- MPD	3,375,483	4,707,402
Progress billings to:		
- ultimate holding company	2,801,350	2,413,513
- related parties	6,223,483	3,147,186
- Directors	10,650,260	2,415,067
Rental income from MPD	11,000	-
Sales of goods to MPD	1,613	-

## 29. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

### (b) Significant related party transactions (continued)

The related party transactions described above were carried out on mutually agreed terms and are not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances with related parties as at 30 June 2018 are disclosed in Note 12, Note 18 and Note 19 to the financial statements.

## 30. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 30 June 2017.

The Group and the Company are not subject to any externally imposed capital requirements of the financial instruments other than prescribed gearing ratio and tangible net worth of the Group imposed by financial institutions.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. The Group includes within net debt, borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the net debt is shown below:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Borrowings	477,516,256	475,171,158	93,629,069	103,982,413
Less:				
Cash and bank balances	(22,237,617)	(22,589,219)	(2,590,343)	(2,224,608)
Net debt	<u>455,278,639</u>	<u>452,581,939</u>	<u>91,038,726</u>	<u>101,757,805</u>
Total capital	476,892,544	447,599,032	299,342,233	308,773,639
Net debt	<u>455,278,639</u>	<u>452,581,939</u>	<u>91,038,726</u>	<u>101,757,805</u>
	<u>932,171,183</u>	<u>900,180,971</u>	<u>390,380,959</u>	<u>410,531,444</u>
Gearing ratio	49%	50%	23%	25%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 30 June 2018.

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review, internal control systems and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk as well as interest rate risk. Information on the management of the related exposures is detailed below.

#### (a) Credit risk

Credit risk is the risk of potential financial loss to the Group arising from the failure of a counterparty to fulfill its obligations under a contractual agreement and include settlement/clearing risk, concentration risk, credit assessment risk, recovery risk and credit-related liquidity risk.

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables.

The trading terms of the Group with its customers are mainly on credit. The credit period generally ranges from 14 days to a period of three (3) months. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are reviewed regularly by senior management.

#### *Exposure to credit risk*

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Information regarding credit exposure for trade and other receivables is disclosed in Note 12 to the financial statements.

#### (b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintain a level of cash and cash equivalents and credit facilities deemed adequate to finance the operations and developments activities of the Group.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Note 16 and Note 18 to the financial statements.



### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (c) Interest rate risk

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

The exposure of the Group and of the Company to interest rate risk relates primarily to their interest-bearing borrowings on fixed and floating rates. The Group does not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 12, Note 13, Note 16 and Note 18 to the financial statements.

### 32. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

#### (a) New FRSs adopted during the financial year

The Group and the Company adopted the following Amendments of the FRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

There is no material impact upon the adoption of these Amendments during the financial year except for the adoption of the Amendments to FRS 107 requires entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both arising from cash flows and non-cash changes. On initial application of these Amendments, entities are not required to provide comparative information for preceding periods.

#### (b) New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are Standards and Amendments of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraphs 39AD and 39ADAA
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E and 45EAA

### 32. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (continued)

**(b) New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (continued)**

The following are Standards and Amendments of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company (continued):

<b>Title</b>	<b>Effective Date</b>
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G and 85GAA
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	See IC Interpretation 22 Paragraphs A1 and A1AA
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	See FRS 4 Paragraphs 46, 47AA and 48
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	See IC Interpretation 23 Paragraphs B1 and B1AA
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The above Standards and Amendments shall be superseded upon adoption of the MFRS Framework on 1 July 2018.

**(c) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018**

#### **Malaysian Financial Reporting Standards**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ('MFRS Framework').

The MFRS Framework shall be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein referred to as 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, would be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2019. In presenting its first MFRS financial statements, the Group and the Company would be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition would be made, retrospectively, against opening retained earnings. The Group and the Company would adopt the MFRS Framework during the financial year beginning on 1 July 2018.

**32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

- (c) **New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (continued)**

**Malaysian Financial Reporting Standards (continued)**

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable in future financial years.