



(Company No: 506836-X)  
(Incorporated in Malaysia)

No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara,  
Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan

To all Shareholders of Encorp Berhad

Dear Sirs/Madam,

# **ERRATA TO THE ANNUAL REPORT 2018**

With reference to the 2018 Annual Report of Encorp Berhad dated 30 April 2019, please be advised on the following amendments highlighted in bold:

## **Page 123 – Consolidated statement of financial position as at 31 December 2018**

Consolidated statement of financial position  
As at 31 December 2018

		Group		
	Note	2018 RM'000	2017 RM'000 (Restated)	As at 1Jan 2017 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	13	5,623	6,258	6,878
Intangible assets	14	13,606	18,875	25,042
Investment properties	15	303,620	314,740	325,130
Investment in associate	20	30	30	-
Land held for property development	16	478,744	385,469	293,836
Trade and other receivables	21	<b>756,275</b>	814,222	866,693
Other investments	24	4,384	4,741	4,857
Deferred tax assets	22	<b>18,977</b>	<b>11,821</b>	<b>10,765</b>
		<b>1,581,259</b>	<b>1,556,156</b>	<b>1,533,201</b>
Current assets				
Inventories	17	159,072	283,017	342,507
Contract assets	18	<b>18,338</b>	<b>56,096</b>	<b>32,588</b>
Tax recoverable		584	10,067	5,185
Trade and other receivables	21	<b>149,918</b>	92,629	134,486
Other current assets	23	1,134	371	944
Other investments	24	111,689	118,331	113,267
Cash and bank balances	25	63,785	22,689	62,843
		<b>504,520</b>	<b>583,200</b>	<b>691,820</b>
Assets of disposal group classified as held for sale	26	100	97	23,087
		<b>504,620</b>	<b>583,297</b>	<b>714,907</b>
Total assets		<b>2,085,879</b>	<b>2,139,453</b>	<b>2,248,108</b>

**Page 124 – Consolidated statement of financial position as at 31 December 2018**

Consolidated statement of financial position  
As at 31 December 2018 (contd.)

			Group	
	Note	2018 RM'000	2017 RM'000 (Restated)	As at 1Jan 2017 RM'000 (Restated)
Equity and liabilities				
Current liabilities				
Trade and other payables	27	310,844	231,739	209,277
Other current liabilities	28	51,390	100,613	30,326
Contract liabilities	29	<b>2,439</b>	2,311	-
Loans and borrowings	30	116,093	109,812	141,623
Income tax payable		4,313	99	1,391
		<b>485,079</b>	444,574	382,617
Liabilities directly associated with disposal group classified as held for sale	26	950	945	934
		<b>486,029</b>	445,519	383,551
Net current assets		<b>18,591</b>	<b>137,778</b>	<b>331,356</b>
Non-current liabilities				
Trade and other payables	27	256,462	300,610	334,434
Loans and borrowings	30	861,753	909,112	1,017,041
Deferred tax liabilities	22	2,215	2,910	3,538
		1,120,430	1,212,632	1,355,013
Total liabilities		<b>1,606,459</b>	1,658,151	1,738,564
Net assets		<b>479,420</b>	<b>481,302</b>	<b>509,544</b>
Equity attributable to owners of the parent				
Share capital	32	392,898	392,898	278,648
Share premium	32	-	-	104,302
Treasury shares	32	(327)	(327)	(327)
Other reserves	33	3,210	1,064	180
(Accumulated losses)/Retained earnings		<b>(972)</b>	<b>1,322</b>	<b>35,932</b>
		<b>394,809</b>	<b>394,957</b>	<b>418,735</b>
Non-controlling interest		84,611	86,345	90,809
Total equity		<b>479,420</b>	<b>481,302</b>	<b>509,544</b>
Total equity and liabilities		<b>2,085,879</b>	<b>2,139,453</b>	<b>2,248,108</b>

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

**Page 127 – Consolidated statement of changes in equity for the year ended 31 December 2018**

Consolidated statement of changes in equity  
For the year ended 31 December 2018

	Attributable to owners of the parent				Non-distributable			
	Equity attributable to owners of the parent, total RM'000	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Treasury shares (Note 32) RM'000	Other reserves, total (Note 33) RM'000	Distributable retained earnings RM'000	Non-controlling interest RM'000	
At 1 January 2018	481,302	394,957	392,898	-	(327)	1,064	86,345	
Loss for the year	(4,028)	(2,294)	-	-	-	(2,294)	(1,734)	
Other comprehensive income	2,146	2,146	-	-	2,146	-	-	
Total comprehensive (loss)/ income	(1,882)	(148)	-	-	2,146	(2,294)	(1,734)	
At 31 December 2018	479,420	394,809	392,898	-	(327)	3,210	84,611	
At 1 January 2017	512,864	422,002	278,648	104,302	(327)	180	90,862	
Effect of adoption of MFRS (Note 40)	(3,320)	(3,267)	-	-	-	(3,267)	(53)	
At 1 January 2017 (restated)	509,544	418,735	278,648	104,302	(327)	180	90,809	
Loss for the year	(39,074)	(34,610)	-	-	-	(34,610)	(4,464)	
Other comprehensive income	884	884	-	-	884	-	-	
Total comprehensive (loss)/income	(38,190)	(33,726)	-	-	884	(34,610)	(4,464)	
Transactions with owners								
Private placement exercise	9,948	9,948	9,948	-	-	-	-	
Transfer arising from "no par value" regime	-	-	104,302	(104,302)	-	-	-	
Total transactions with owners	9,948	9,948	114,250	(104,302)	-	-	-	
At 31 December 2017 (restated)	481,302	394,957	392,898	-	(327)	1,064	86,345	

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

**Page 130 – Statements of cash flows for the year ended 31 December 2018**

Statements of cash flows

For the year ended 31 December 2018 (contd.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Operating activities (contd.)</b>				
Operating cash flows before working capital changes brought forward	105,643	122,501	(5,120)	(8,821)
<u>Changes in working capital:</u>				
Land held for development and development expenditure	11,336	(37,182)	-	-
Inventories	13,687	(1,326)	-	-
Trade and other receivables and contract assets	<b>33,414</b>	70,518	(11,213)	(2,224)
Other current assets	(763)	573	(8)	502
Provision, trade and other payables	774	12,890	20,122	(6,562)
Other current liabilities	<b>128</b>	2,311	-	-
	164,219	170,285	3,781	(17,105)
Interest paid	(31)	(86)	(494)	(693)
Income taxes (paid)/refunded	(7,113)	(9,835)	-	651
Net cash flows generated from/ (used in) operating activities	<u>157,075</u>	<u>160,364</u>	<u>3,287</u>	<u>(17,147)</u>
<b>Investing activities</b>				
Purchase of property, plant and equipment (Note a)	(17)	(56)	(17)	(56)
Purchase of intangible assets (Note a)	-	(17)	-	-
Proceeds from disposal of freehold land	-	25,000	-	25,000
Investment in associate	-	(30)	-	-
Withdrawal /(Investment) in other investments	6,999	(4,948)	(3,062)	(2,543)
Interest received	3,338	2,093	3,034	2,479
Distribution income	4,230	4,112	146	73
Net cash flows generated from investing activities	<u>14,550</u>	<u>26,154</u>	<u>101</u>	<u>24,953</u>

17. Inventories (contd.)

(b) Property development costs (contd.)

Included in development expenditure is the interior decoration cost as a result of entering into contracts with customers. These cost are group separately and is recognised in the statements of profit or loss when the control is transferred to the recipient.

	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
As at 1 January	20,890	-	-
Cost incurred during the year	2,089	20,890	-
Recognised during the year	(21,078)	-	-
At 31 December	<u>1,901</u>	<u>20,890</u>	<u>-</u>

Included in property development costs is interest expense incurred as follows:

	Group	
	2018 RM'000	2017 RM'000
Interest expense (Note 7)	<u>308</u>	<u>563</u>

The leasehold land held for development was purchased from Perbadanan Kemajuan Negeri Selangor ("PKNS") in prior years as disclosed in Note 27(b). Upon execution of the sale and purchase agreement, the document of title to the properties will be transferred directly from PKNS to the end purchasers.

The freehold land under development with carrying value of RM26,126,000 (2017: RM26,126,000) which has been previously pledged as security for bank loan was fully settled in the previous financial year now has been discharged in this financial year.

The leasehold land held for development with carrying value of RM6,837,000 (2017: RM8,309,000) has been pledged as security for bank loan obtained (Note 30 (d)).

18. Contract assets

	Group		
	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Accrued billings in respect of property development cost (a)	<b>18,338</b>	<b>55,848</b>	<b>31,218</b>
Gross amount due from customers on contract (b)	<u>-</u>	<u>248</u>	<u>1,370</u>
	<u><b>18,338</b></u>	<u><b>56,096</b></u>	<u><b>32,588</b></u>

18. Contract assets (contd.)

(a) Accrued billings in respect of property development cost

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Contract assets:			
Accrued billings in respect of property development cost	<b>18,338</b>	<b>55,848</b>	<b>31,218</b>
Contract liabilities:			
Progress billing in respect of property development cost (Note 29)	<b>(2,439)</b>	<b>(2,311)</b>	<b>-</b>
	<b>15,899</b>	<b>53,537</b>	<b>31,218</b>

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
At 1 January	<b>53,537</b>	<b>31,218</b>	<b>28,557</b>
Addition	112,431	207,552	230,972
Recognised during the year	<b>(150,069)</b>	<b>(185,233)</b>	<b>(228,311)</b>
At 31 December	<b>15,899</b>	<b>53,537</b>	<b>31,218</b>

The directors of the Group measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the respective industry. There was no impairment loss recognised on contract asset at the end of the reporting period.

(b) Gross amount due from customers on contract

Group	2018 RM'000	2017 RM'000	As at 1 Jan 2017 RM'000
Construction costs incurred to date	5,594	5,155	5,530
Attributable profits	<b>2,656</b>	<b>2,499</b>	<b>2,667</b>
	<b>8,250</b>	<b>7,654</b>	<b>8,197</b>
Less: Progress billings	<b>(8,250)</b>	<b>(7,406)</b>	<b>(6,827)</b>
Amount due from customers on contract	<b>-</b>	<b>248</b>	<b>1,370</b>
Presented as:			
Gross amount due from customers on contract	<b>-</b>	<b>248</b>	<b>1,370</b>
Retention sum on construction contracts included in:			
- trade payables	<b>300</b>	<b>300</b>	<b>301</b>

21. Trade and other receivables

	2018 RM'000	2017 RM'000 (Restated)	As at 1Jan 2017 RM'000 (Restated)
Group			
Current			
Trade receivables			
Amount due from: - third parties	89,294	37,780	84,166
Concession income receivables (a)	<b>57,965</b>	52,490	47,517
	<b>147,259</b>	90,270	131,683
Loss allowance (c)	(6,093)	(5,300)	(4,449)
	<b>141,166</b>	84,970	127,234
Other receivables			
Amount due from holding company (b)	53	53	53
Deposits	5,086	5,071	5,493
Sundry receivables	3,880	2,794	1,986
	9,019	7,918	7,532
Loss allowance (c)	(267)	(259)	(280)
Other receivable, net	8,752	7,659	7,252
Total current receivables	<b>149,918</b>	92,629	134,486
Non-current			
Trade receivables (a)			
Concession income receivables (a)	<b>756,275</b>	814,222	866,693
Other receivables	48,461	48,215	50,148
Long term receivables (d)	(48,461)	(48,215)	(50,148)
Loss allowance (c)	-	-	-
Total non-current receivables	<b>756,275</b>	814,222	866,693
Total trade and other receivables	<b>906,193</b>	906,851	1,001,179

21. Trade and other receivables (contd.)

(a) Concession income receivables

Group	2018 RM'000	2017 RM'000	As at 1Jan 2017 RM'000
Concession income receivables:			
Within 1 year	136,779	136,779	136,779
More than 1 year and less than 2 years	136,779	136,779	136,779
More than 2 years and less than 5 years	410,338	410,338	410,338
More than 5 years	558,530	695,310	695,310
	<u>1,242,426</u>	<u>1,379,206</u>	<u>1,379,206</u>
Unearned interest income	<u>(428,186)</u>	<u>(512,494)</u>	<u>(512,494)</u>
	<u>814,240</u>	<u>866,712</u>	<u>866,712</u>
Concession income receivables analysed as:			
Due within one year	<b>57,965</b>	52,490	47,517
Due after one year	<b>756,275</b>	814,222	866,693
	<u>814,240</u>	<u>866,712</u>	<u>914,210</u>

The Group's normal trade credit term on concession income receivables is 21 (2017: 21 days and 2016: 21 days). The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 30(a).

As at reporting date, the Group has a significant concentration of credit risk of 90% (2017: 96% and 2016: 92%) relating to the concession income receivable. The entire concession income receivables are due from the Government of Malaysia.

(b) Amounts due from subsidiaries and holding company

The amounts due from subsidiaries and holding company are unsecured, repayable on demand, and non-interest bearing except for an amount due from subsidiaries of RM59,895,000 (2017: RM42,671,000) which bears interest at rates ranging from 5.94% to 6.18% (2017: 5.53% to 9%).



**Page 192 – Deferred tax**

22. Deferred tax

Deferred tax as at 31 December relates to the following:

Group	As at 1 January 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2018 RM'000
Deferred tax liabilities:					
Property, plant and equipment	21	(21)	-	(5)	(5)
Progress billings	219,412	(11,399)	208,013	(12,594)	195,419
Investment properties	94	(520)	(426)	(556)	(982)
	219,527	(11,940)	207,587	(13,155)	194,432
Deferred tax assets:					
Tax losses and capital allowances	(187,920)	15,601	(172,319)	15,520	(156,799)
Loan and borrowings	(32,767)	(3,822)	(36,589)	(2,715)	(39,304)
Provisions	<b>(6,067)</b>	(1,523)	<b>(7,590)</b>	(7,501)	<b>(15,091)</b>
	<b>(226,754)</b>	10,256	<b>(216,498)</b>	5,304	<b>(211,194)</b>
	<b>(7,227)</b>	(1,684)	<b>(8,911)</b>	(7,851)	<b>(16,762)</b>

22. Deferred tax (contd.)

Presented after appropriate offsetting as follows:

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Deferred tax assets	<b>(18,977)</b>	<b>(11,821)</b>	<b>(10,765)</b>
Deferred tax liabilities	2,215	2,910	3,538
	<b>(16,762)</b>	<b>(8,911)</b>	<b>(7,227)</b>

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	<b>47,786</b>	47,336	405	398
Unabsorbed capital allowances	3,287	2,615	2,788	2,180
Other deductible temporary difference	<b>22,055</b>	9,761	2,374	2,636
	<b>73,128</b>	59,712	5,567	5,214

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysian Income Tax Act, 1967 which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowances where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses or capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses or capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses. With effect from YA 2019, any unabsorbed capital allowances and unutilised losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. This can be utilised against income from the same business source for unabsorbed capital allowances and utilised against income from any business source for unutilised losses.

28. Other current liabilities

	Group	
	2018 RM'000	2017 RM'000
Current		
Provision for liability - Liquidated and Ascertained Damages (a)	16,439	64,776
Provision for affordable housing obligations (b)	34,951	35,837
	<u>51,390</u>	<u>100,613</u>

(a) Provision for liability - Liquidated and Ascertained Damages

Provision for liability made in the current financial year is in respect of estimated delay damages for property development projects undertaken by the Group. Amount recognised in statements of profit or loss is as disclosed in Note 8 and is recognised based on stage of completion method.

	Group RM'000
Current	
At 1 January 2018	64,776
Reversal	(17,878)
Repayment	(30,459)
At 31 December 2018	<u>16,439</u>
At 1 January 2017	30,326
Additions	41,298
Repayment	(6,848)
At 31 December 2017	<u>64,776</u>

(b) Provision for affordable housing obligations

	Group RM'000
Current	
At 31 December 2017 and 1 January 2018	35,837
Reversal	(886)
At 31 December 2018	<u>34,951</u>

29. Contract liabilities

	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Group			
Current			
Progress billing in respect of property development cost (Note 18(a))	<u>2,439</u>	<u>2,311</u>	<u>-</u>

**Page 219 – Segment information**

39. Segment information (contd.)

	Investment and the provision of management services	Concessionaire	Property development	Investment property	Construction project management	Others*	Adjustment and eliminations	Notes	Per consolidated financial statements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2018									
Revenue									
External customers	-	84,308	160,205	5,852	580	9,014	-		259,959
Inter-segment	30,886	-	-	1,214	-	-	(32,100)	A	-
Total revenue	30,886	84,308	160,205	7,066	580	9,014	(32,100)		259,959
Results:									
Interest income and distribution income	3,254	4,341	12,133	1	-	26	(12,187)		7,568
Interest expense	2,255	84,351	8,075	9,142	20	37	(12,187)		91,693
Depreciation and amortisation	(533)	-	(74)	(107)	-	(6)	(101)		(821)
Rental income	-	-	432	-	-	-	-		432
Other non-cash income	4	117	1,728	5	-	-	-	B	1,854
Fair value loss on investment property	-	-	-	(10,790)	-	-	(330)		(11,120)
Segment (loss)/profit	11,285	3,410	28,864	(21,220)	(1,703)	(845)	(23,819)		(4,028)
Assets:									
Additions to non-current assets	17	-	9,958	-	-	-	-	C	9,975
Segment assets	448,863	941,276	1,127,671	325,389	54,435	10,317	(822,072)	D	2,085,879
Segment liabilities	80,252	844,669	827,354	320,018	9,855	37,774	(513,463)	E	1,606,459

\* Inclusive facilities management and other entities in property investment and food and beverage

**Page 220 – Segment information**

39. Segment information (contd.)

	Investment and the provision of management services	Concessionaire	Property development	Investment property	Construction project management	Others *	Adjustment and eliminations	Notes	Per consolidated financial statements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2017 (Restated)									
Revenue									
External customers	-	89,281	139,559	5,548	-	8,430	-		242,818
Inter-segment	10,663	-	-	1,395	-	-	(12,058)	A	-
Total revenue	10,663	89,281	139,559	6,943	-	8,430	(12,058)		242,818
Results:									
Interest income and distribution income	2,622	4,311	9,979	4	-	25	(10,736)		6,205
Interest expense	2,665	89,126	8,724	8,243	23	95	(10,736)		98,140
Depreciation and amortisation	(557)	-	(77)	(120)	-	(5)	(101)		(860)
Rental income	-	-	455	-	-	-	-		455
Other non-cash income	10,121	64	3,699	404	6	134	(6,744)	B	7,684
Fair value gain on investment property	-	-	-	(10,160)	-	-	(230)		(10,390)
Segment (loss)/profit	(11,734)	3,416	(6,194)	(20,624)	(2,852)	(922)	(164)		(39,074)
Assets:									
Additions to non-current assets	56	-	23,992	-	-	17	-	C	24,065
Segment assets	430,277	994,135	1,100,512	335,193	54,656	4,414	(779,734)	D	2,139,453
Segment liabilities	72,423	900,862	812,193	308,063	8,343	31,200	(474,933)	E	1,658,151

\* Inclusive facilities management and other entities in property investment and food and beverage

39. Segment information (contd.)

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash income consist of the following items as presented in the respective notes to the financial statements:

	Note	2018 RM'000	2017 RM'000
Other Income-Purchasers related income	6	947	47
Other income		900	3,037
Reversal of impairment on receivables		7	2,459
Gain on disposal of leasehold land		-	2,141
		<u>1,854</u>	<u>7,684</u>

C Additions to non-current assets consist of:

Property, plant and equipment	13	17	56
Intangible assets	14	-	17
Land held for property development	16	<u>9,958</u>	<u>23,992</u>
		<u>9,975</u>	<u>24,065</u>

D The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2018 RM'000	2017 RM'000
Deferred tax assets	22	<b>18,977</b>	<b>11,821</b>
Tax recoverable		584	10,067
Inter-segment assets		<u>(841,633)</u>	<u>(801,622)</u>
		<u><b>(822,072)</b></u>	<u><b>(779,734)</b></u>

40. Transition to MFRS framework (contd.)

Effects of MFRS 9 "Financial Instruments" (contd.)

(i) Classification and measurement of financial assets (contd.)

- the Group's other investments that were classified as financial assets designated at FVTPL under FRS 139 continue to be classified as financial assets at FVTPL because they are held within a business model whose objective is both to collect cash flows and to sell but it does not give rise to a contractual payments of principal and interest on the amount invested;

None of the reclassifications of financial assets have had any material impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

The financial effects of the first-time adoption of the MFRS Framework and changes in certain comparative amounts to conform with the current year financial statements presentation for the Group are as follows:

(a) Consolidated statement of financial position

At 1 January 2017

Group	Audited as at 1 Jan 2017 RM'000	Effect of adopting the MFRS framework RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated as at 1 Jan 2017 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6,878	-	-	-	6,878
Intangible assets	25,042	-	-	-	25,042
Investment properties	325,130	-	-	-	325,130
Investment in associate	-	-	-	-	-
Land held for property development	293,836	-	-	-	293,836
Trade and other receivables	866,693	-	-	-	866,693
Other investments	4,857	-	-	-	4,857
Deferred tax assets	9,774	-	991	-	10,765
	<b>1,532,210</b>	-	<b>991</b>	-	<b>1,533,201</b>
<b>Current assets</b>					
Property development costs	235,888	(235,888)	-	-	-
Inventories	100,132	235,888	6,487	-	342,507
Contract assets	-	-	32,588	-	32,588
Tax recoverable	5,185	-	-	-	5,185
Trade and other receivables	134,664	-	-	(178)	134,486
Other current assets	44,152	-	(43,208)	-	944
Other investments	113,267	-	-	-	113,267
Cash and bank balances	62,843	-	-	-	62,843
	<b>696,131</b>	-	<b>(4,133)</b>	<b>(178)</b>	<b>691,820</b>
<b>Assets of disposal group classified as held for sale</b>	<b>23,087</b>	-	-	-	<b>23,087</b>
	<b>719,218</b>	-	<b>(4,133)</b>	<b>(178)</b>	<b>714,907</b>
<b>Total assets</b>	<b>2,251,428</b>	-	<b>(3,142)</b>	<b>(178)</b>	<b>2,248,108</b>

40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

At 1 January 2017

	Audited as at 1 Jan 2017 RM'000	Effect of adopting the MFRS framework RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated as at 1 Jan 2017 RM'000
Equity and liabilities					
Current liabilities					
Trade and other payables	209,277	-	-	-	209,277
Other current liabilities	30,326	-	-	-	30,326
Contract liabilities	-	-	-	-	-
Loans and borrowings	141,623	-	-	-	141,623
Income tax payable	1,391	-	-	-	1,391
	<u>382,617</u>	-	-	-	<u>382,617</u>
Liabilities directly associated with disposal group classified as held for sale	934	-	-	-	934
	<u>383,551</u>	-	-	-	<u>383,551</u>
Net current assets	<u>335,667</u>	-	<b>(4,133)</b>	(178)	<b>331,356</b>
Non-current liabilities					
Trade and other payables	334,434	-	-	-	334,434
Loans and borrowings	1,017,041	-	-	-	1,017,041
Deferred tax liabilities	3,538	-	-	-	3,538
	<u>1,355,013</u>	-	-	-	<u>1,355,013</u>
Total liabilities	<u>1,738,564</u>	-	-	-	<u>1,738,564</u>
Net assets	<u>512,864</u>	-	<b>(3,142)</b>	(178)	<b>509,544</b>
Equity attributable to owners of the parent					
Share capital	278,648	-	-	-	278,648
Share premium	104,302	-	-	-	104,302
Treasury shares	(327)	-	-	-	(327)
Other reserves	180	-	-	-	180
Retained earnings	39,199	-	<b>(3,142)</b>	(125)	<b>35,932</b>
	<u>422,002</u>	-	<b>(3,142)</b>	(125)	<b>418,735</b>
Non-controlling interest	90,862	-	-	(53)	90,809
Total equity	<u>512,864</u>	-	<b>(3,142)</b>	(178)	<b>509,544</b>
Total equity and liabilities	<u>2,251,428</u>	-	<b>(3,142)</b>	(178)	<b>2,248,108</b>



40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

At 31 December 2017

Group	Audited 2017 RM'000	Effect of adopting the MFRS framework RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated 2017 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6,258	-	-	-	6,258
Intangible assets	18,875	-	-	-	18,875
Investment properties	314,740	-	-	-	314,740
Investment in associate	30	-	-	-	30
Land held for property development	385,469	-	-	-	385,469
Trade and other receivables	814,222	-	-	-	814,222
Other investments	4,741	-	-	-	4,741
Deferred tax assets	9,548	-	<b>2,273</b>	-	<b>11,821</b>
	<b>1,553,883</b>	-	<b>2,273</b>	-	<b>1,556,156</b>
<b>Current assets</b>					
Property development costs	157,082	(157,082)	-	-	-
Inventories	101,687	157,082	24,248	-	283,017
Contract assets	-	-	<b>56,096</b>	-	<b>56,096</b>
Tax recoverable	10,067	-	-	-	10,067
Trade and other receivables	92,816	-	-	(187)	92,629
Other current assets	91,534	-	(91,163)	-	371
Other investments	118,331	-	-	-	118,331
Cash and bank balances	22,689	-	-	-	22,689
	<b>594,206</b>	-	<b>(10,819)</b>	(187)	<b>583,200</b>
<b>Assets of disposal group classified as held for sale</b>	<b>97</b>	-	-	-	<b>97</b>
	<b>594,303</b>	-	<b>(10,819)</b>	(187)	<b>583,297</b>
<b>Total assets</b>	<b>2,148,186</b>	-	<b>(8,546)</b>	(187)	<b>2,139,453</b>

40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

At 31 December 2017

	Audited 2017 RM'000	Effect of adopting the MFRS framework RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated 2017 RM'000
Equity and liabilities					
Current liabilities					
Trade and other payables	233,082	-	(1,343)	-	231,739
Other current liabilities	102,924	-	(2,311)	-	100,613
Contract liabilities	-	-	2,311	-	2,311
Loans and borrowings	109,812	-	-	-	109,812
Income tax payable	99	-	-	-	99
	445,917	-	(1,343)	-	444,574
Liabilities directly associated with disposal group classified as held for sale	945	-	-	-	945
	446,862	-	(1,343)	-	445,519
Net current assets	147,441	-	(9,476)	(187)	137,778
Non-current liabilities					
Trade and other payables	300,610	-	-	-	300,610
Loans and borrowings	909,112	-	-	-	909,112
Deferred tax liabilities	2,910	-	-	-	2,910
	1,212,632	-	-	-	1,212,632
Total liabilities	1,659,494	-	(1,343)	-	1,658,151
Net assets	488,692	-	(7,203)	(187)	481,302
Equity attributable to owners of the parent					
Share capital	392,898	-	-	-	392,898
Treasury shares	(327)	-	-	-	(327)
Other reserves	1,064	-	-	-	1,064
Retained earnings	8,656	-	(7,203)	(131)	1,322
	402,291	-	(7,203)	(131)	394,957
Non-controlling interest	86,401	-	-	(56)	86,345
Total equity	488,692	-	(7,203)	(187)	481,302
Total equity and liabilities	2,148,186	-	(8,546)	(187)	2,139,453

40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

Reconciliation on the adoption of the MFRS Framework, MFRS 15 and MFRS 9 on the Statement of Financial Position

At 1 January 2017

Notes:

- (i) The effect of transition to MFRS framework resulted in the reclassification of property development costs to inventories of RM235,888,000.
- (ii) The MFRS 15 adjustments are mainly due to:
  - the reclassification of the following:
    - RM41,838,000 from accrued billing from other current assets to contract assets.
    - RM1,370,000 from gross amount due from customers on contract from other current assets to contract assets.
  - the adjustments pertaining to the identification of separate performance obligations as a result of the change in timing of recognition from over time to point in time:
    - **RM10,620,000** from revenue to contract assets.
    - RM6,487,000 from cost of sales to inventories.
    - **RM991,000** for tax adjustment.
- (iii) The MFRS 9 adjustment is due to the additional provision for loss allowance of RM178,000.

At 31 December 2017

Notes:

- (i) The effect of transition to MFRS framework resulted in the reclassification of property development costs to inventories of RM157,082,000.
- (ii) The MFRS 15 adjustments are mainly due to:
  - the reclassification of the following:
    - RM90,915,000 accrued billing from other current assets to contract assets.
    - RM248,000 gross amount due from customers on contract from other current assets to contract assets.
    - RM2,311,000 progress billings from other current liabilities to contract liabilities.
  - the adjustments pertaining to the identification of separate performance obligations as a result of the change in timing of recognition from over time to point in time:
    - RM25,509,000 from cost of sales to inventories.
    - RM82,000 from cost of sales to inventories.
    - **RM35,067,000** from revenue to contract assets.
    - reversal of RM1,343,000 from inventories and trade and other payables.
    - **RM2,273,000** for tax adjustment.
- (iii) The MFRS 9 adjustment is due to the additional provision for loss allowance of RM9,000 and the provision for loss allowance of RM178,000 provided as at 1 January 2017.

We regret for the above amendments and any inconvenience caused.

By Order of the Board

LEE LAY HONG (LS 0008444)  
Company Secretary

Selangor Darul Ehsan  
27 May 2019

