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DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The Company is engaged in realty development and investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

Results

	Group RM	Company RM
Profit net of tax	35,373,739 =====	18,209,043 =====
Profit attributable to:		
Owners of the Company	34,613,897	18,209,043
Non-controlling interests	759,842 -----	- -----
	35,373,739 =====	18,209,043 =====

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

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

Dividends

The amounts of dividends paid by the Company since 31 December 2019 were as follows:

	RM
In respect of the financial year ended 31 December 2018:	
Interim single-tier dividend of 1.50 sen on 496,405,652 ordinary shares, declared on 29 March 2019 and paid on 10 May 2019	7,446,085
In respect of the financial year ended 31 December 2019:	
Interim single-tier dividend of 1.00 sen on 496,405,652 ordinary shares, declared on 4 December 2019 and paid on 30 December 2019	4,964,057 -----
	12,410,142 =====

The directors do not recommend the payment of any final dividend for the current financial year.

DIRECTORS' REPORT (CONTD.)

Directors of the Company

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ng Cheng Chuan
 Datuk Chew Chiaw Han
 Dr. Sharifah Deborah Sophia Ibrahim
 Datuk (Dr.) Ting Ding Ing
 Ng Kee Tiong
 Guido Paul Philip Joseph Ravelli
 Liu Tow Hua

Directors of subsidiaries

The directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Rodziah Binti Morshidi
 Datuk Barry Tan Chong Liang
 May Wong Mei Ling
 Datu Sajeli Bin Kipli (Resigned on 7 January 2020)
 Nor-E-Fadzwie Bin Salleh (Appointed on 20 January 2020)
 Monaliza Binti Zaidel
 Law Ka Tong (Appointed on 15 May 2019)
 Ting Sie King (Appointed on 15 May 2019, alternate to Law Ka Tong)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

Included in the analysis below is remuneration for directors of the Company and its subsidiaries in accordance with the requirements of Companies Act 2016:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors' remuneration:				
Fees	36,000	36,000	-	-
Salaries and other emoluments	1,130,606	1,057,056	1,130,606	1,057,056
	-----	-----	-----	-----
	1,166,606	1,093,056	1,130,606	1,057,056
	-----	-----	-----	-----

DIRECTORS' REPORT (CONTD.)

Directors' benefits (contd.)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-executive directors' remuneration:				
Fees	634,150	591,650	571,750	529,250
	-----	-----	-----	-----
Total directors' remuneration	1,800,756	1,684,706	1,702,356	1,586,306
Estimated money value of benefits-in-kind	39,200	36,800	39,200	36,800
	-----	-----	-----	-----
Total directors' remuneration including benefits-in-kind	1,839,956	1,721,506	1,741,556	1,623,106
	-----	-----	-----	-----
Insurance effected to indemnify directors*	16,228	16,208	16,228	16,208
	-----	-----	-----	-----
Total directors' remuneration	1,856,184	1,737,714	1,757,784	1,639,314
	=====	=====	=====	=====

Included in the analysis above is the remuneration for directors of the Group and the Company in accordance with the requirements of the Companies Act 2016.

The Company maintains a liability insurance for the directors of the Group. The total amount of sum insured for directors of the Group for the financial year amounted to RM10,000,000.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

Number of ordinary shares At 1 January 2019 and 31 December 2019

Direct Interest

Ng Cheng Chuan	87,077,478
Datuk Chew Chiaw Han	15,875,440
Dr. Sharifah Deborah Sophia Ibrahim	99,366,120
Datuk (Dr.) Philip Ting Ding Ing	1,625,120
Ng Kee Tiong	1,099,120

Indirect Interest

Ng Cheng Chuan	35,720,720
Datuk Chew Chiaw Han	130,619,438

By virtue of their substantial interests in the Company, Ng Cheng Chuan, Datuk Chew Chiaw Han and Dr. Sharifah Deborah Sophia Ibrahim are also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT (CONTD.)

Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, 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 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 which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant event

Details of a significant event are disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT (CONTD.)

Subsequent events

Details of subsequent events are disclosed in Note 39 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 7 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2020.

Datuk Chew Chiaw Han

Liu Tow Hua



STATEMENT BY DIRECTORS

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

We, **Datuk Chew Chiaw Han** and **Liu Tow Hua**, being two of the directors of **Ibraco Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 52 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2020.

Datuk Chew Chiaw Han

Liu Tow Hua

STATUTORY DECLARATION

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

I, **Liu Tow Hua**, being the director primarily responsible for the financial management of **Ibraco Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 52 to 157 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Liu Tow Hua**
at Kuching in the State of Sarawak
on 29 May 2020.

Liu Tow Hua
(MIA 25463)

Before me,
Evelyn Lau Sie Jiong (No. Q 137)
Commissioner For Oaths
No. 10, Lot 663, Ground Floor
Lorong 2, Jalan Ong Tiang Swee
93200 Kuching, Sarawak.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ibraco Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 157.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA) (CONTD.)

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

Key audit matters (contd.)

Revenue and cost recognition on the sales of properties under construction and on construction contracts

For the year ended 31 December 2019, as disclosed in Note 4 and Note 5 to the financial statements, the recorded revenue and cost of sales of properties under construction amounted to RM251 million and RM178 million, respectively for the Group and RM217 million and RM160 million, respectively for the Company. The Group has also recorded revenue and costs from construction contracts amounting to RM96 million and RM84 million, respectively.

Revenue for property development is recognised on the percentage of completion basis. The percentage of completion is assessed by reference to the stage of completion of the projects based on the proportion of contract costs incurred and the estimated costs to complete for properties under construction. For construction contracts, the stage of completion and the revenue to be recognised are calculated based on estimates made of work performed. Adjustments may be made to initial budget estimates throughout the life of the contracts/development and may materially affect results. The process to measure the amount of revenue including the determination of the appropriate timing of recognition involves significant judgement. Significant judgement is required in determining the stage of completion, the costs incurred and the estimated costs to complete. In making the judgement and estimation, the management considers past experience and relies on the work of experts.

We identified revenue and cost recognition on the sales of properties under construction and on construction contracts as areas requiring audit focus due to the significance of the balances and the significant judgement made by the management.

Our audit procedures included assessing the management's method of revenue and costs recognition relating to the various property development and construction projects, that they are properly allocated and taken up in the respective projects, and that the various stages of completion are properly accounted for.

In evaluating the significant judgement and estimation made by management, we assessed the reliability of the reports provided by external parties (quantity surveyors etc.) and the competency of the external experts. We have performed substantive procedures over the recording of costs and revenues including the estimation of costs to be incurred and that revenue is only recognised as sales with properly executed contracts. We also considered the adequacy of the disclosures made in Note 3.2, Note 4 and Note 5 to the financial statements.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA) (CONTD.)

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA) (CONTD.)

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

Auditors' responsibilities for the audit of the financial statements (contd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

AU YONG SWEE YIN
No. 03101/02/2022 J
Chartered Accountant

Kuching, Malaysia
Date: 29 May 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 (Restated) RM	2019 RM	2018 (Restated) RM
Revenue	4	371,246,777	239,082,829	233,761,551	158,287,430
Cost of sales	5	(278,861,509)	(163,389,146)	(172,498,223)	(114,315,541)
Gross profit		92,385,268	75,693,683	61,263,328	43,971,889
Other item of income					
Other income		1,708,301	952,439	4,965,749	3,274,888
Other items of expense					
Administrative expenses		(24,405,745)	(19,156,967)	(17,716,202)	(14,734,094)
Selling and marketing expenses		(9,784,824)	(6,203,264)	(9,427,835)	(6,152,264)
Operating profit		59,903,000	51,285,891	39,085,040	26,360,419
Finance costs	6	(11,315,570)	(13,348,556)	(13,152,341)	(11,900,140)
Profit before tax	7	48,587,430	37,937,335	25,932,699	14,460,279
Income tax expense	10	(13,213,691)	(10,887,650)	(7,723,656)	(4,071,377)
Profit net of tax, representing total comprehensive income for the year		35,373,739	27,049,685	18,209,043	10,388,902
Total comprehensive income attributable to:					
Owners of the Company		34,613,897	26,944,622	18,209,043	10,388,902
Non-controlling interests		759,842	105,063	-	-
		35,373,739	27,049,685	18,209,043	10,388,902
Earnings per share attributable to owners of the Company (sen)					
- Basic	11	7	5		
- Diluted	11	7	5		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group			Company		
		2019	2018	As at 1.1.2018	2019	2018	As at 1.1.2018
		RM	(Restated) RM	(Restated) RM	RM	(Restated) RM	(Restated) RM
ASSETS							
Non-current assets							
Property, plant and equipment	12	51,349,971	29,901,197	20,993,502	33,798,775	18,942,423	7,208,329
Intangible asset	13	5,765,673	-	-	-	-	-
Investments in subsidiaries	14	-	-	-	33,401,266	33,401,266	33,401,166
Investment in an associate	15.1	3,430,000	49,000	49	3,430,000	49,000	49
Investment in joint venture	15.2	1	-	-	1	-	-
Inventories	16	45,095,306	44,682,037	44,613,656	42,605,201	42,191,932	42,133,149
Completed investment properties	17.1	110,800,000	56,880,000	56,880,000	110,800,000	56,880,000	56,880,000
Investment property under construction	17.2	-	23,418,919	6,614,835	-	24,040,963	6,750,343
Trade and other receivables	18	289,862	289,862	307,862	4,668,038	4,414,221	4,184,096
Deferred tax assets	24	10,330,643	11,716,227	13,653,378	7,962,937	9,196,937	8,804,585
		227,061,456	166,937,242	143,063,282	236,666,218	189,116,742	159,361,717
Current assets							
Inventories	16	363,442,037	381,128,713	343,468,260	315,171,507	321,041,439	289,162,243
Trade and other receivables	18	61,923,353	39,361,647	30,802,916	81,710,973	93,244,370	52,886,665
Other current assets	19	117,914,436	86,746,317	53,935,954	93,628,649	65,449,923	31,795,872
Investment securities	20	-	-	9,344	-	-	-
Cash and bank balances	21	25,270,306	47,519,136	37,696,717	15,749,913	24,798,834	24,147,217
		568,550,132	554,755,813	465,913,191	506,261,042	504,534,566	397,991,997
		795,611,588	721,693,055	608,976,473	742,927,260	693,651,308	557,353,714
TOTAL ASSETS							

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (CONTD.)

	Note	Group			Company		
		2019	2018	2019	2018	As at	As at
		RM	(Restated) RM	RM	(Restated) RM	1.1.2018 (Restated) RM	1.1.2018 (Restated) RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	22	248,202,826	248,202,826	248,202,826	248,202,826	248,202,826	248,202,826
Retained earnings		112,353,003	90,123,174	77,247,737	71,422,453	64,756,592	64,756,592
Non-controlling interests		360,555,829	338,326,000	325,450,563	319,625,279	312,959,418	312,959,418
		16,752,108	15,587,266	-	-	-	-
TOTAL EQUITY		377,307,937	353,913,266	325,450,563	319,625,279	312,959,418	312,959,418
Non-current liabilities							
Loans and borrowings	23	116,712,554	106,776,402	105,914,648	101,508,738	43,689,288	43,689,288
Trade and other payables	25	22,123,078	10,967,648	16,478,640	7,346,806	-	-
		138,835,632	117,744,050	122,393,288	108,855,544	43,689,288	43,689,288
Current liabilities							
Loans and borrowings	23	149,198,696	139,481,682	106,131,987	111,252,012	93,360,125	93,360,125
Trade and other payables	25	120,098,606	88,757,189	170,443,000	129,650,591	76,944,698	76,944,698
Other current liabilities	26	10,170,717	21,796,868	17,609,251	24,267,882	29,360,023	29,360,023
Income tax payable		-	-	899,171	-	1,040,162	1,040,162
		279,468,019	250,035,739	295,083,409	265,170,485	200,705,008	200,705,008
TOTAL LIABILITIES		418,303,651	367,779,789	417,476,697	374,026,029	244,394,296	244,394,296
TOTAL EQUITY AND LIABILITIES		795,611,588	721,693,055	742,927,260	693,651,308	557,353,714	557,353,714

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	Attributable to owners of the Company					
	Note	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Non- controlling interests
At 1 January 2018		334,774,347	318,589,962	248,202,826	70,387,136	16,184,385
Effect of prior year adjustment	37	(4,187,725)	(3,485,543)	-	(3,485,543)	(702,182)
At 1 January 2018 (Restated)		330,586,622	315,104,419	248,202,826	66,901,593	15,482,203
Profit net of tax, representing total comprehensive income		27,049,685	26,944,622	-	26,944,622	105,063
Transactions with owners:						
Dividends on ordinary shares	36	(3,723,041)	(3,723,041)	-	(3,723,041)	-
At 31 December 2018		353,913,266	338,326,000	248,202,826	90,123,174	15,587,266

Group	Attributable to owners of the Company					
	Note	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Non- controlling interests
At 31 December 2018		353,913,266	338,326,000	248,202,826	90,123,174	15,587,266
Effect of adoption of MFRS 16 Leases	2.2	26,074	26,074	-	26,074	-
At 1 January 2019 (Restated)		353,939,340	338,352,074	248,202,826	90,149,248	15,587,266
Profit net of tax, representing total comprehensive income		35,373,739	34,613,897	-	34,613,897	759,842
Transactions with owners:						
Dividends on ordinary shares	36	(12,410,142)	(12,410,142)	-	(12,410,142)	-
Contribution by non-controlling interest		405,000	-	-	-	405,000
At 31 December 2019		377,307,937	360,555,829	248,202,826	112,353,003	16,752,108

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Note	Equity, total RM	Share capital (Note 22) RM	Retained earnings RM
Company				
At 1 January 2018		316,603,698	248,202,826	68,400,872
Effect of prior year adjustment	37	(3,644,280)	-	(3,644,280)
At 1 January 2018 (Restated)		312,959,418	248,202,826	64,756,592
Profit net of tax, representing total comprehensive income		10,388,902	-	10,388,902
Transactions with owners:				
Dividends on ordinary shares	36	(3,723,041)	-	(3,723,041)
At 31 December 2018		319,625,279	248,202,826	71,422,453
Effect of adoption of MFRS 16 Leases	2.2	26,383	-	26,383
At 1 January 2019 (Restated)		319,651,662	248,202,826	71,448,836
Profit net of tax, representing total comprehensive income		18,209,043	-	18,209,043
Transactions with owners:				
Dividends on ordinary shares	36	(12,410,142)	-	(12,410,142)
At 31 December 2019		325,450,563	248,202,826	77,247,737

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Operating activities					
Profit before tax		48,587,430	37,937,335	25,932,699	14,460,279
<u>Adjustments for:</u>					
Depreciation of property, plant and equipment	7	2,132,714	1,643,398	1,500,748	911,450
Dividend income from investment securities	7	(26)	(316)	-	-
Interest income from licensed banks	7	(12,731)	(4,526)	(4,175)	(2,534)
Fair value (gain)/loss on investment properties	7	(289,679)	-	1,395,119	-
Interest expense	6	11,315,570	13,348,556	13,152,341	11,900,140
Interest income	7	(359,743)	(237,164)	(3,758,413)	(2,605,970)
Reversal of loss allowance for trade receivables	7	(248,831)	(142,053)	-	-
Property development cost written off	7	2,842,385	-	-	-
Property, plant and equipment written off	7	-	136,953	-	3,783
Total adjustments		15,379,659	14,744,848	12,285,620	10,206,869
Operating profit before working capital changes		63,967,089	52,682,183	38,218,319	24,667,148

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Operating activities (contd.)					
<u>Changes in working capital:</u>					
Inventories		14,431,022	(37,728,834)	5,456,663	(31,937,979)
Receivables		(22,312,875)	(8,398,678)	11,279,580	(40,587,830)
Other current assets		(36,074,177)	(30,511,089)	(28,697,183)	(33,135,594)
Payables		42,496,847	29,176,239	49,924,243	69,980,812
Other current liabilities		(11,626,151)	5,495,005	(6,658,631)	(5,092,141)
Deposits pledged for bank guarantee		-	(11,289)	-	(11,289)
		-----	-----	-----	-----
Cash generated from/(used in) operations		50,881,755	10,703,537	69,522,991	(16,116,873)
Interest paid		(14,208,683)	(13,348,556)	(16,641,206)	(11,900,140)
Interest received		359,743	237,164	3,758,413	2,605,970
Tax paid		(13,067,363)	(11,065,306)	(7,264,000)	(7,016,508)
Tax refunded		8,209,968	994,160	2,191,972	994,160
		-----	-----	-----	-----
Net cash generated from/(used in) operating activities		32,175,420	(12,479,001)	51,568,170	(31,433,391)
		-----	-----	-----	-----
Investing activities					
Contribution from non-controlling interest		405,000	-	-	-
Dividend received from investment securities		26	316	-	-
Interest received from licensed banks		12,731	4,526	4,175	2,534
Expenditure incurred on investment property under construction, net of interest capitalised	17.2	(28,545,095)	(16,804,084)	(29,332,299)	(17,290,620)
Placement of deposits with maturity of more than three months		(1,689,965)	(985,023)	(1,689,965)	(985,023)
Purchase of property, plant and equipment, net of interest capitalised	12	(22,397,782)	(12,518,835)	(13,549,220)	(12,649,327)
Purchase of intangible asset	13	(5,765,673)	-	-	-
Purchase of investment securities		-	(345)	-	-
Proceeds from disposal of investment securities		-	9,689	-	-
Subscription of shares in subsidiary		-	-	-	(100)
Subscription of shares in associate	15.1	(3,381,000)	(48,951)	(3,381,000)	(48,951)
Subscription of shares in joint venture	15.2	(1)	-	(1)	-
		-----	-----	-----	-----
Net cash used in investing activities		(61,361,759)	(30,342,707)	(47,948,310)	(30,971,487)
		-----	-----	-----	-----

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Note	Group		Company	
		2019	2018 (Restated)	2019	2018 (Restated)
		RM	RM	RM	RM
Financing activities					
Dividends paid on ordinary shares	36	(12,410,142)	(13,651,154)	(12,410,142)	(13,651,154)
Repayment of term loans		(83,576,893)	(27,964,885)	(82,067,847)	(21,804,876)
Repayment of revolving credit		(54,688,693)	-	(28,010,000)	-
Repayment of finance lease payable		-	(2,445,047)	-	(554,087)
Repayment of principal portion of lease liabilities	23(a)	(3,140,972)	-	(1,230,766)	-
Proceeds from term loans		97,139,581	84,070,300	88,339,581	84,070,300
Proceeds from revolving credit		47,699,120	14,000,000	21,020,428	14,000,000
Proceeds/(repayment) from collateralised borrowings		14,225,543	(2,361,399)	-	-
		-----	-----	-----	-----
Net cash generated from/(used in) financing activities		5,247,544	51,647,815	(14,358,746)	62,060,183
		-----	-----	-----	-----
Net (decrease)/increase in cash and cash equivalents		(23,938,795)	8,826,107	(10,738,886)	(344,695)
Cash and cash equivalents at 1 January		44,791,157	35,965,050	22,070,855	22,415,550
		-----	-----	-----	-----
Cash and cash equivalents at 31 December	21	20,852,362	44,791,157	11,331,969	22,070,855
		=====	=====	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 registered office of the Company is located at Ibraco House, No. 898, Jalan Wan Alwi, Tabuan Jaya, 93350 Kuching, Sarawak.

The Company is engaged in realty development and investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors on 29 May 2020.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed below:

On 1 January 2019, the Group and the Company adopted the applicable new and amended MFRSs and Annual Improvements (collectively known as "pronouncements"), which are mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16 Leases	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128: Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Except for the effects arising from the adoption of MFRS 16 as described below, the adoption of these pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

MFRS 16: Leases

Definition of a lease

On transition to MFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4 were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are lessees, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's and the Company's incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 5.5%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group and the Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group and the Company have applied commercial judgement to determine the lease term for those leases with renewal options and this in turn will impact on the amount of right-to-use assets and lease liabilities recognised. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for low value assets and short-term leases. The lease payments for these leases are expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

MFRS 16: Leases (contd.)

As a lessee (contd.)

The following table provides the impact of changes to the statements of financial position of the Group and of the Company resulting from the adoption of MFRS 16 as at 1 January 2019:

Group	At 31 December 2018	Effect of adoption of MFRS 16	At 1 January 2019
	RM	RM	RM
Non-current assets			
Property, plant and equipment	29,901,197	993,887	30,895,084
	=====	=====	=====
Non-current liabilities			
Loans and borrowings	106,776,402	670,199	107,446,601
Current liabilities			
Loans and borrowings	139,481,682	297,614	139,779,296
	-----	-----	-----
Total loans and borrowings	246,258,084	967,813	247,225,897
	=====	=====	=====
Equity attributable to owners of the Company			
Retained earnings (Restated)	90,123,174	26,074	90,149,248
	=====	=====	=====
Company			
Non-current assets			
Property, plant and equipment	18,942,423	1,013,304	19,955,727
	=====	=====	=====
Non-current liabilities			
Loans and borrowings	101,508,738	670,199	102,178,937
Current liabilities			
Loans and borrowings	111,252,012	316,722	111,568,734
	-----	-----	-----
Total loans and borrowings	212,760,750	986,921	213,747,671
	=====	=====	=====
Equity attributable to owners of the Company			
Retained earnings (Restated)	71,422,453	26,383	71,448,836
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

MFRS 16: Leases (contd.)

As a lessee (contd.)

The total right-of-use assets as at 1 January 2019 is as follows:

	Group RM	Company RM
Property, plant and equipment:		
- Adoption of MFRS 16 (as above)	993,887	1,013,304
Reclassification		
- Property, plant and equipment (finance leases)	8,484,093	958,142
- Inventories (leasehold land)	8,660,516	6,170,412
	-----	-----
	18,138,496	8,141,858
	=====	=====

2.3 Pronouncements issued but not yet effective

The Standards and Interpretations (collectively referred to as pronouncements) that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

(a) Amendments to MFRS 3: Definition of a Business

The definition of a business in MFRS 3 Business Combinations was amended to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Pronouncements issued but not yet effective (contd.)

(a) Amendments to MFRS 3: Definition of a Business (contd.)

Minimum requirements to be a business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'. An acquired process must be considered substantive only if:

- it is critical to the ability to develop or convert acquired inputs into outputs; and
- the inputs acquired include both an organised workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organised workforce could develop or convert into outputs.

(b) Amendments to MFRS 101 and MFRS 108: Definition of Material

The amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

(c) Revised Conceptual Framework for Financial Reporting

On 30 April 2018, MASB issued a revised Conceptual Framework for Financial Reporting. The purpose of the Conceptual Framework is, amongst others, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Pronouncements issued but not yet effective (contd.)

(c) Revised Conceptual Framework for Financial Reporting (contd.)

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The main changes in the Conceptual Framework are as follows:

- Reintroduces the concept of stewardship and the information needed to assess management's stewardship
- Reintroduces the concept of prudence
- Defines the concept of measurement uncertainty
- Reinstates an explicit reference to the need to "faithfully represent the substance of the phenomena that it purports to represent"
- Made changes to the definitions of an asset and a liability

(d) Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Group and the Company do not expect the clarifications of the above would result in any material changes when determining whether a liability is current or non-current.

2.4 Basis of consolidation

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. All other contingent consideration shall be measured at fair value and such changes shall be recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.6 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2.7 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.7 Investments in associates and joint ventures (contd.)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings and renovation	1 to 50 years
Motor vehicles, office equipment, furniture and fittings	5 to 20 years
Plant and equipment	5 to 10 years

Work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.8 Property, plant and equipment (contd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.9 Investment properties and investment property under construction

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfer is made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

Where the fair value of investment property under construction ("IPUC") is not readily determinable, the IPUC is measured at cost until either its fair value can be reliably determinable or construction is complete, whichever is earlier.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.10 Impairment of non-financial assets (contd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

Financial assets at fair value through profit or loss (contd.)

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statement of financial position) when:

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

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

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

Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

Impairment of financial assets (contd.)

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there have been a significant increase in credit risk when contractual payments are more than 14 days past due.

The Group and the Company consider a financial asset in default when contractual payments are 14 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of those measured subsequently at amortised cost, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(ii) Financial liabilities (contd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in profit or loss.

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

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

(iii) Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposit with maturity of three months or less. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Inventories

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is measured at the lower of cost and net realisable value.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventories and are measured at the lower of cost and net realisable value.

Costs include:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The costs of inventories recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the properties sold and an allocation of any non-specific costs based on the relative size of the properties sold.

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

Cost is determined using the first in, first out method. The costs of raw materials comprises costs of purchase.

2.14 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.15 Intangible assets

An intangible asset is a non-monetary asset without physical substance capable of being separated (sold, transferred, rented or licensed) with a related contract, asset or liability, or when it arises from contractual or other rights, regardless of whether those rights are transferable.

Rights to operate is stated at cost less accumulated depreciation and impairment. It is amortised over its estimated life of twelve years using the straight-line method.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

2.16 Borrowing costs

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

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

2.17 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.18 Leases

Current financial year

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings and renovation	1 to 3 years
Motor vehicles, office equipment and furniture and fittings	5 years
Plant and equipment	5 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.18 Leases (contd.)

Current financial year (contd.)

As a lessee (contd.)

(b) Lease liabilities (contd.)

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

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

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

As a lessor

Leases in which the Group or the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Previous financial year

The determination of whether an arrangement was (or contains) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset (or assets) and the arrangement conveyed a right to use the asset (or assets), even if that asset was (or those assets are) not explicitly specified in an arrangement.

As a lessee

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Group or the Company was classified as a finance lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.18 Leases (contd.)

Previous financial year (contd.)

As a lessee (contd.)

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of profit or loss.

A leased asset was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

As a lessor

Leases in which the Group did not transfer substantially all the risks and rewards of ownership of an asset were classified as operating leases. Rental income arising was accounted for on a straight-line basis over the lease terms and was included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents were recognised as revenue in the period in which they were earned.

2.19 Revenue from contracts with customers

The Group and the Company are in the business of property development. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that they are the principal in their revenue arrangements because they typically control the goods or services before transferring them to customer.

(a) Sale of properties under construction

The Group and the Company recognise revenue from property under construction over time, using an input method to measure progress towards complete satisfaction of the service. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company have an enforceable right to payment for performance completed to date by the Group and the Company.

(b) Sale of completed properties

Sale of completed properties are recognised at a point in time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.19 Revenue from contracts with customers (contd.)

(c) Construction contracts

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which they will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time when the customer simultaneously received and consumes the benefits provided or at a point in time.

Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

Revenue is recognised progressively based on the percentage of completion and the revenue are calculated based on estimates made of work performed.

(d) Property management fees

Property management fees are recognised when services are rendered.

(e) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables

A receivable represents the Group's and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.19 Revenue from contracts with customers (contd.)

(f) Contract cost

(i) Costs to obtain a contract

The Group and the Company recognise incremental costs of obtaining contracts when the Group and the Company expect to recover these costs.

(ii) Costs to fulfil a contract

The Group and the Company recognise a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group and the Company, will be used in satisfying performance obligations in the future, and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with pattern of revenue recognition to which the assets relate. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(g) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.20 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.20 Taxes (contd.)

(b) Deferred tax (contd.)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.20 Taxes (contd.)

(c) Sales and Services tax ("SST") and Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of SST or GST except:

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

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34.

2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Contingencies

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

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

2.24 Fair value measurements

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.24 Fair value measurements (contd.)

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.25 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at the higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15.

2.26 Current versus non-current classification

The Group and the Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.26 Current versus non-current classification (contd.)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of properties

The Group and the Company determine whether properties are classified as investment properties or inventory properties:

- Investment properties comprise land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Inventory properties comprise properties that are held for sale in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty

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

(i) Recognition of revenue from development properties recognised over time

For the sale of development properties where the Group and the Company satisfy their performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's and the Company's performance in transferring control of the development properties to the customers, as it reflects the Group's and the Company's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total development and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

(ii) Recognition of revenue from construction contracts recognised over time

Construction contract revenue is recognised progressively based on the percentage of completion and the revenue is calculated based on estimates made of the work performed.

The surveys of performance completed to date and appraisal of results achieved are undertaken by professional consultants appointed by the customers.

The carrying amounts of assets and liabilities of the Group and the Company arising from property development and construction activities are disclosed in Note 16, 19 and 26, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue

Set out below is the disaggregated of the Group's and the Company's revenue from contracts with customers.

(a) Disaggregation of Group's revenue from contracts with customers

	Property development activities RM	Property holding and management RM	Construction works RM	Total RM
2019				
Group				
Type of goods and services				
Sales of properties under construction	250,699,961	-	-	250,699,961
Sales of completed properties and land	20,749,179	-	-	20,749,179
Construction revenue	-	-	95,797,064	95,797,064
Property management service	-	468,406	-	468,406
	-----	-----	-----	-----
Total revenue from contracts with customers	271,449,140	468,406	95,797,064	367,714,610
Rental income from investment properties	-	3,532,167	-	3,532,167
	-----	-----	-----	-----
Total revenue	271,449,140	4,000,573	95,797,064	371,246,777
	=====	=====	=====	=====
Timing of revenue recognition				
Revenue recognised over time	250,699,961	468,406	95,797,064	346,965,431
Revenue recognised at a point of time	20,749,179	-	-	20,749,179
	-----	-----	-----	-----
	271,449,140	468,406	95,797,064	367,714,610
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue (contd.)

(a) Disaggregation of Group's revenue from contracts with customers (contd.)

	Property development activities RM	Property holding and management RM	Construction works RM	Total RM
2018				
Group				
Type of goods and services				
Sales of properties under construction	136,125,777	-	-	136,125,777
Sales of completed properties and land	43,922,719	-	-	43,922,719
Construction revenue	-	-	54,957,875	54,957,875
Property management service	-	555,440	-	555,440
	-----	-----	-----	-----
Total revenue from contracts with customers	180,048,496	555,440	54,957,875	235,561,811
Rental income from investment properties	-	3,521,018	-	3,521,018
	-----	-----	-----	-----
Total revenue	180,048,496	4,076,458	54,957,875	239,082,829
	=====	=====	=====	=====
Timing of revenue recognition				
Revenue recognised over time	136,125,777	555,440	54,957,875	191,639,092
Revenue recognised at a point of time	43,922,719	-	-	43,922,719
	-----	-----	-----	-----
	180,048,496	555,440	54,957,875	235,561,811
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue (contd.)

(b) Transaction prices allocated to the remaining performance obligation

	Property development activities RM	Construction works RM	Total RM
2019			
Group			
Sale of properties under construction			
- within one year	167,033,972	-	167,033,972
- over one year	31,631,742	-	31,631,742
	-----	-----	-----
	198,665,714	-	198,665,714
	=====	=====	=====
Construction revenue			
- within one year	-	136,668,299	136,668,299
- over one year	-	10,885,500	10,885,500
	-----	-----	-----
	-	147,553,799	147,553,799
	=====	=====	=====
2018			
Group			
Sale of properties under construction			
- within one year	156,465,322	-	156,465,322
- over one year	59,408,432	-	59,408,432
	-----	-----	-----
	215,873,754	-	215,873,754
	=====	=====	=====
Construction revenue			
- within one year	-	135,698,902	135,698,902
- over one year	-	76,401,806	76,401,806
	-----	-----	-----
	-	212,100,708	212,100,708
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue (contd.)

(c) Disaggregation of Company's revenue from contracts with customers

	Company	
	2019 RM	2018 RM
Type of goods and services		
Sales of properties under construction	217,228,453	122,553,527
Sales of completed properties and land	13,000,931	32,212,885
Total revenue from contracts with customers	230,229,384	154,766,412
Rental income from investment properties	3,532,167	3,521,018
Total revenue	233,761,551	158,287,430
Timing of revenue recognition		
Revenue recognised over time	217,228,453	122,553,527
Revenue recognised at a point of time	13,000,931	32,212,885
	230,229,384	154,766,412

(d) Transaction prices allocated to the remaining performance obligations

	Company	
	2019 RM	2018 RM
Sale of properties under construction		
- within one year	167,033,972	147,567,245
- over one year	31,631,742	59,408,432
	198,665,714	206,975,677

5. Cost of sales

	Group		Company	
	2019 RM	2018 (Restated) RM	2019 RM	2018 (Restated) RM
Property development costs	178,161,816	91,408,708	159,824,849	87,320,504
Costs of completed properties sold and land	16,276,809	33,065,540	12,552,764	26,764,939
Construction costs	84,242,518	38,679,048	-	-
Investment properties maintenance costs	120,610	230,098	120,610	230,098
Property management costs	59,756	5,752	-	-
	278,861,509	163,389,146	172,498,223	114,315,541

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

6. Finance costs

	Group		Company	
	2019	2018 (Restated)	2019	2018 (Restated)
	RM	RM	RM	RM
Interest expense on:				
- Bank loans and bank overdrafts	13,720,753	12,799,546	12,188,628	9,648,804
- Amount due to subsidiaries	-	-	4,361,886	2,199,999
- Obligations under finance lease	-	549,010	-	51,337
- Lease liabilities	487,930	-	90,692	-
	<u>14,208,683</u>	<u>13,348,556</u>	<u>16,641,206</u>	<u>11,900,140</u>
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 12)	(1,226,806)	-	(1,547,008)	-
- Investment properties under construction (Note 17.2)	(1,666,307)	-	(1,941,857)	-
	<u>11,315,570</u>	<u>13,348,556</u>	<u>13,152,341</u>	<u>11,900,140</u>
	=====	=====	=====	=====

7. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2019	2018 (Restated)	2019	2018 (Restated)
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit	113,000	110,000	66,000	66,000
- other services	10,000	25,000	10,000	25,000
Depreciation of property, plant and equipment (Note 12)	2,132,714	1,643,398	1,500,748	911,450
Dividend income from investment securities	(26)	(316)	-	-
Interest income:				
- licensed banks	(12,731)	(4,526)	(4,175)	(2,534)
- others	(359,743)	(237,164)	(3,758,413)	(2,605,970)
Employee benefits expense (Note 8)	13,834,230	11,622,631	10,664,134	9,017,851
Expenses relating to short term leases	189,600	-	-	-
Expenses relating to low value assets	11,400	-	-	-
Fair value (gain)/loss on investment properties (Note 17.1)	(289,679)	-	1,395,119	-
Non-executive directors' remuneration (Note 27(c))	634,150	591,650	571,750	529,250
Property development cost written off	2,842,385	-	-	-
Property, plant and equipment written off	-	136,953	-	3,783
Reversal of loss allowance for trade receivables (Note 18(a))	(248,831)	(142,053)	-	-
Rental of buildings	-	765,948	-	787,948
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

8. Employee benefits expense

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Wages and salaries	15,656,609	13,205,038	9,308,255	7,878,462
Staff benefits	58,345	74,457	45,419	59,293
Contribution to defined contribution plan	1,922,949	1,623,416	1,210,268	1,009,718
Other benefits	182,623	146,171	100,192	70,378
	<u>17,820,526</u>	<u>15,049,082</u>	<u>10,664,134</u>	<u>9,017,851</u>
Less: Employee benefits expense in construction cost (Note 19(a))	(3,986,296)	(3,426,451)	-	-
	<u>13,834,230</u>	<u>11,622,631</u>	<u>10,664,134</u>	<u>9,017,851</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,166,606 (2018: RM1,093,056) and RM1,130,606 (2018: RM1,057,056) respectively, as further disclosed in Note 9.

9. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors' remuneration (Note 8):				
Fees	36,000	36,000	-	-
Salaries and other emoluments	1,130,606	1,057,056	1,130,606	1,057,056
	<u>1,166,606</u>	<u>1,093,056</u>	<u>1,130,606</u>	<u>1,057,056</u>
Non-executive directors' remuneration:				
Fees	580,150	537,650	571,750	529,250
	<u>580,150</u>	<u>537,650</u>	<u>571,750</u>	<u>529,250</u>
Total directors' remuneration	1,746,756	1,630,706	1,702,356	1,586,306
Estimated money value of benefits in-kind	39,200	36,800	39,200	36,800
	<u>39,200</u>	<u>36,800</u>	<u>39,200</u>	<u>36,800</u>
Total directors' remuneration including benefits-in-kind	<u>1,785,956</u>	<u>1,667,506</u>	<u>1,741,556</u>	<u>1,623,106</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

10. Income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group		Company	
	2019	2018	2019	2018
	RM	(Restated) RM	RM	(Restated) RM
Statement of profit or loss and other comprehensive income:				
Current income tax:				
- Malaysian income tax	13,536,220	8,496,879	7,663,000	4,364,700
- (Over)/under provision in respect of previous years	(1,708,113)	453,620	(1,173,344)	99,029
	<u>11,828,107</u>	<u>8,950,499</u>	<u>6,489,656</u>	<u>4,463,729</u>
Deferred tax (Note 24):				
- Origination and reversal of temporary differences	(829,294)	1,642,660	(974,000)	(405,598)
- Under provision in respect of previous years	2,214,878	294,491	2,208,000	13,246
	<u>1,385,584</u>	<u>1,937,151</u>	<u>1,234,000</u>	<u>(392,352)</u>
Income tax expense recognised in profit or loss	<u>13,213,691</u>	<u>10,887,650</u>	<u>7,723,656</u>	<u>4,071,377</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

10. Income tax expense (contd.)

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Accounting profit before tax	48,587,430	37,937,335	25,932,699	14,460,279
Tax at Malaysian statutory rate of 24% (2018: 24%)	11,660,983	9,104,960	6,223,848	3,470,467
Adjustments:				
Income not subject to tax	(129,249)	(34,169)	-	-
Expenses not deductible for tax purposes recognised on unused tax losses	1,175,192	1,097,935	465,152	488,635
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(29,187)	-	-
(Over)/under provision of income tax in respect of previous years	(1,708,113)	453,620	(1,173,344)	99,029
Under provision of deferred tax in respect of previous years	2,214,878	294,491	2,208,000	13,246
Income tax expense recognised in profit or loss	13,213,691	10,887,650	7,723,656	4,071,377

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

11. Earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2019 and 2018:

	Group	
	2019	2018
Profit attributable to owners of the Company (RM)	34,613,897	26,944,622
Weighted average number of ordinary shares in issue	496,405,652	496,405,652
Basic earnings per share (sen)	7	5

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in- progress RM	Total RM
Group					
Cost					
At 1 January 2019	5,600,027	10,075,927	12,502,865	14,822,987	43,001,806
Effect of adoption of MFRS 16 Leases (Note 2.2)	993,887	-	-	-	993,887
At 1 January 2019, (restated)	6,593,914	10,075,927	12,502,865	14,822,987	43,995,693
Additions	538,989	1,113,853	8,727,278	14,272,135	24,652,255
At 31 December 2019	7,132,903	11,189,780	21,230,143	29,095,122	68,647,948
Accumulated depreciation					
At 1 January 2019	1,910,403	6,596,377	4,593,829	-	13,100,609
Depreciation charge for the year:	875,458	1,283,083	2,038,827	-	4,197,368
Recognised in profit or loss (Note 7)	875,458	934,679	322,577	-	2,132,714
Capitalised in construction costs (Note 19(a))	-	348,404	1,716,250	-	2,064,654
At 31 December 2019	2,785,861	7,879,460	6,632,656	-	17,297,977
Net carrying amount	4,347,042	3,310,320	14,597,487	29,095,122	51,349,971

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in- progress RM	Total RM
Group (contd.)					
Cost					
At 1 January 2018	5,589,187	9,747,878	12,361,783	2,596,178	30,295,026
Additions	10,840	524,464	144,722	12,226,809	12,906,835
Written off	-	(196,415)	(3,640)	-	(200,055)
At 31 December 2018	<u>5,600,027</u>	<u>10,075,927</u>	<u>12,502,865</u>	<u>14,822,987</u>	<u>43,001,806</u>
Accumulated depreciation					
At 1 January 2018	1,689,783	5,362,433	2,249,308	-	9,301,524
Depreciation charge for the year:	220,620	1,293,409	2,348,158	-	3,862,187
Recognised in profit or loss (Note 7)	220,620	1,015,590	407,188	-	1,643,398
Capitalised in construction costs (Note 19(a))	-	277,819	1,940,970	-	2,218,789
Written off	-	(59,465)	(3,637)	-	(63,102)
At 31 December 2018	<u>1,910,403</u>	<u>6,596,377</u>	<u>4,593,829</u>	<u>-</u>	<u>13,100,609</u>
Net carrying amount	<u>3,689,624</u>	<u>3,479,550</u>	<u>7,909,036</u>	<u>14,822,987</u>	<u>29,901,197</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

Company	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in- progress RM	Total RM
Cost					
At 1 January 2019	3,236,005	5,921,803	160,578	15,200,550	24,518,936
Effect of adoption of MFRS 16 (Note 2.2)	1,013,304	-	-	-	1,013,304
At 1 January 2019, restated	4,249,309	5,921,803	160,578	15,200,550	25,532,240
Additions	247,568	53,728	1,819	15,040,681	15,343,796
At 31 December 2019	4,496,877	5,975,531	162,397	30,241,231	40,876,036
Accumulated depreciation					
At 1 January 2019	1,026,583	4,391,056	158,874	-	5,576,513
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	847,410	652,959	379	-	1,500,748
At 31 December 2019	1,873,993	5,044,015	159,253	-	7,077,261
Net carrying amount	2,622,884	931,516	3,144	30,241,231	33,798,775
Cost					
At 1 January 2018	3,231,505	5,866,492	160,578	2,635,909	11,894,484
Additions	4,500	80,186	-	12,564,641	12,649,327
Written off	-	(24,875)	-	-	(24,875)
At 31 December 2018	3,236,005	5,921,803	160,578	15,200,550	24,518,936

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in- progress RM	Total RM
Company (contd.)					
Accumulated depreciation					
At 1 January 2018	880,612	3,646,866	158,677	-	4,686,155
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	145,971	765,282	197	-	911,450
Written off	-	(21,092)	-	-	(21,092)
At 31 December 2018	<u>1,026,583</u>	<u>4,391,056</u>	<u>158,874</u>	<u>-</u>	<u>5,576,513</u>
Net carrying amount	<u>2,209,422</u>	<u>1,530,747</u>	<u>1,704</u>	<u>15,200,550</u>	<u>18,942,423</u>

(i) Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash	22,397,782	12,518,835	13,549,220	12,649,327
Lease arrangement	1,027,667	388,000	247,568	-
Interest capitalised	1,226,806	-	1,547,008	-
	<u>24,652,255</u>	<u>12,906,835</u>	<u>15,343,796</u>	<u>12,649,327</u>

(ii) Capitalisation of borrowing costs

The Group's and the Company's work-in-progress include borrowing costs arising from bank loans borrowed specifically and other general borrowings for the purpose of the construction of the Company's corporate office. The capitalisation rate used for the general borrowings was at 5.52%. During the financial year, the borrowing costs capitalised as cost of work-in-progress of the Group and the Company as shown in Note 12(i) above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

(iii) Right-of-use assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

Group	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Total RM
At 1 January 2019	-	-	-	-
Effect of adoption of MFRS 16:				
- Reclassifications	-	2,495,530	5,988,563	8,484,093
- Recognition (Note 2.2)	993,887	-	-	993,887
Additions	200,967	863,800	-	1,064,767
Depreciation charge for the year (Note 23(a))	(712,295)	(1,014,964)	(1,648,850)	(3,376,109)
At 31 December 2019	482,559	2,344,366	4,339,713	7,166,638
Company				
At 1 January 2019	-	-	-	-
Effect of adoption of MFRS 16				
- Reclassifications	-	958,142	-	958,142
- Recognition (Note 2.2)	1,013,304	-	-	1,013,304
Additions	247,568	-	-	247,568
Depreciation charge for the year (Note 23(a))	(758,896)	(507,442)	-	(1,266,338)
At 31 December 2019	501,976	450,700	-	952,676

The Group and the Company have lease contracts for buildings used in their operations.

There are several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

(iii) Right-of-use assets (contd.)

The table below describes the nature of the Group's and the Company's leasing activities by type of right-of-use assets recognised on the statements of financial position:

Group	Buildings and renovations	Plant, and machinery	Motor vehicles
	No. of right-of-use assets leased	3	15
No. of leases with extension option	-	-	-
No. of leases with variable lease payments	-	-	-
No. of leases with termination option	-	-	-
	=====	=====	=====
Company	Buildings and renovations	Motor vehicles	
	No. of right-of-use assets leased	4	6
No. of leases with extension option	-	-	
No. of leases with variable lease payments	-	-	
No. of leases with termination option	-	-	
	=====	=====	

The carrying amount of the Group's and the Company's property, plant and equipment held under lease arrangements at the reporting date were RM7,166,638 (31 December 2018: RM8,484,093 and 1 January 2018: RM11,181,524) and RM952,676 (31 December 2018: RM958,142 and 1 January 2018: RM1,550,315), respectively.

Details of the terms and conditions of the lease arrangements are disclosed in Note 23.

Leased assets are pledged as security for the related lease liabilities as set in Note 23.

13. Intangible asset

Cost	Group Rights to operate	
	2019 RM	2018 RM
At 1 January	-	-
Additions	5,765,673	-
	=====	=====
At 31 December	5,765,673	-
	=====	=====
Net carrying amount	5,765,673	-
	=====	=====

The above intangible asset represents the right to operate the quarry arising from the Extraction Agreement with Priority Trading Sdn. Bhd. as disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries

	Company		As at
	2019 RM	2018 RM	1.1.2018 RM
Unquoted shares, at cost	34,204,044	34,204,044	34,203,944
Less: Accumulated impairment losses	(802,778)	(802,778)	(802,778)
	=====	=====	=====
	33,401,266	33,401,266	33,401,166
	=====	=====	=====

Details of the subsidiaries, all of which are incorporated and domiciled in Malaysia, and their principal activities are as set out below:

Name of subsidiaries	Principal activities	Proportion of ownership interest	
		2019	2018
Foso One Sdn. Bhd.	Construction	100%	100%
Ibraco Quarry Sdn. Bhd. (formerly known as Greater Tabuan Sdn. Bhd.)	Housing and property development, quarry operations	100%	100%
Ibraco Construction Sdn. Bhd.	Construction	100%	100%
Ibraco HGS Sdn. Bhd.	Property development and construction	70%	70%
Ibraco Pelita Sdn. Bhd.	Property development and construction	75%	75%
Ibraco Plantation Sdn. Bhd.	Plantation and investment holdings	70%	70%
Ibraco Spectrum Sdn. Bhd.	Landscaping and trading of building materials and related products	100%	100%
Ibraco Infinity Sdn. Bhd.	Property management service	100%	100%
Syarikat Ibraco-Peremba Sdn. Bhd.	Land and property development	100%	100%
Ibraco Ascent Sdn. Bhd.	Property investment and development	74%	74%
NewUrban Sdn. Bhd.	Property development and construction	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries (contd.)

Details of the subsidiaries, all of which are incorporated and domiciled in Malaysia, and their principal activities are as set out below: (contd.)

Name of subsidiaries	Principal activities	Proportion of ownership interest	
		2019	2018
Subsidiary of Ibraco HGS Sdn. Bhd.			
Warisar Sdn. Bhd.	Property development and construction	80%	80%
Subsidiary of Ibraco Construction Sdn. Bhd.			
Ibraco Construction Polybuilding Construction JV Sdn. Bhd.	Construction	70%	-

All subsidiaries are audited by Ernst & Young PLT Malaysia.

(a) Acquisition of new subsidiary

On 15 May 2019, Ibraco Construction Sdn. Bhd., a subsidiary of the Company, incorporated a new subsidiary, Ibraco Construction Polybuilding Construction JV Sdn. Bhd. of which it subscribed 70% equity interest for RM945,000, settled in cash.

The fair values of the identifiable asset of Ibraco Construction Polybuilding Construction JV Sdn. Bhd. as at the date of acquisition was:

	Fair value RM	Carrying amount RM
Cash and cash equivalents	1,350,000	1,350,000

Total cost of business combination

The total cost of the business combination is as follows:

	RM
Cash paid	945,000

The effect of the acquisition on cash flows is as follows:

	RM
Total cost of the business combination	945,000
Less: Cash and cash equivalents of subsidiary acquired	(1,350,000)
Net cash inflow on acquisition	405,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries (contd.)

(a) Acquisition of new subsidiary (contd.)

Goodwill arising on acquisition

The total cost of the business combination is as follows:

	RM
Fair value of net identifiable assets	1,350,000
Less: Non-controlling interests	(405,000)

Group's interest in fair value of net identifiable assets	945,000
Goodwill on acquisition	-

Cost of business combination	945,000
	=====

Impact of acquisition in Statement of profit and loss and comprehensive income

From the date of acquisition, Ibraco Construction Polybuilding Construction JV Sdn. Bhd. has contributed RM8,246 to the Group's loss, net of tax.

(b) The Group's subsidiary that has material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	Ibraco HGS Sdn. Bhd. and its subsidiary 2019	2018 Restated
	RM	RM
Non-current assets	-	-
Current assets	120,535,624	132,940,381
	-----	-----
Total assets	120,535,624	132,940,381
	-----	-----
Non-current liabilities	170,933	1,263,333
Current liabilities	71,179,559	86,052,347
	-----	-----
Total liabilities	71,350,492	87,315,680
	-----	-----
Net assets	49,185,132	45,624,701
	=====	=====
Equity attributable to owners of the Company	32,061,938	30,041,064
Non-controlling interests	17,123,194	15,583,637
	-----	-----
	49,185,132	45,624,701
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries (contd.)

(b) The Group's subsidiary that has material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination. (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	Ibraco HGS Sdn. Bhd. and its subsidiary	
	2019	2018
		Restated
	RM	RM
Revenue	40,927,322	25,069,094
Profit for the year	3,560,431	395,716
Profit attributable to:		
Owners of the Company	2,020,874	229,978
Non-controlling interests	1,539,557	165,738
	<u>3,560,431</u>	<u>395,716</u>
	=====	=====

(iii) Summarised cash flows

	Ibraco HGS Sdn. Bhd. and its subsidiary	
	2019	2018
		Restated
	RM	RM
Net cash generated from operating activities	776,611	4,891,854
Net cash generated from investing activities	28,406	17,307
Net cash used in financing activities	(1,362,380)	(6,160,008)
	<u>(557,363)</u>	<u>(1,250,847)</u>
Net decrease in cash and cash equivalents	(557,363)	(1,250,847)
Cash and cash equivalents at the beginning of the year	4,268,258	5,519,105
	<u>3,710,895</u>	<u>4,268,258</u>
Cash and cash equivalents at the end of the year	3,710,895	4,268,258
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

15.1 Investment in an associate

		Group and Company		
		2019	2018	As at
		RM	RM	1.1.2018
				RM
Unquoted shares, at cost				
- Ordinary shares		490,000	49,000	49
- Redeemable non-cumulative preference shares		2,940,000	-	-
		-----	-----	----
		3,430,000	49,000	49
		=====	=====	=====

Name of associate	Principal activities	Proportion of ownership interest	
		2019	2018
IBRACO HELP Education Sdn. Bhd.	Intended for education services	49%	49%

During the year, the Company subscribed for new ordinary shares and redeemable preference shares of 441,000 and 2,940,000 respectively in IBRACO HELP Education Sdn. Bhd. ("IHESB") amounting to RM441,000 and RM2,940,000 respectively, settled in cash. IHESB has remained dormant since incorporation and the results of IHESB is immaterial to the Group. Hence, there was no share of results being accounted for.

15.2 Investment in joint venture

		Group and Company		
		2019	2018	As at
		RM	RM	1.1.2018
				RM
Unquoted shares, at cost				
		1	-	-
		=====	=====	=====

Name of joint venture	Principal activities	Proportion of ownership interest	
		2019	2018
NorthBank Specialist Hospital Sdn. Bhd.	Intended for health care services	50%	-

On 11 April 2019, the Company incorporated a new joint venture, NorthBank Specialist Hospital Sdn. Bhd. ("NBSH") of which it subscribed 50% equity interest for RM1, settled in cash. NBSH has remained dormant since incorporation. Hence, there was no share of results being accounted for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

16. Inventories

	← 2019 RM	Group 2018 Restated RM	As at 1.1.2018 Restated RM	→ 2019 RM	Company 2018 Restated RM	As at 1.1.2018 Restated RM
At cost						
Non-current						
Land held for property development	45,095,306	44,682,037	44,613,656	42,605,201	42,191,932	42,133,149
Current						
Property development costs	287,332,138	325,080,507	255,599,741	263,577,796	289,374,389	231,629,668
Properties held for sale	76,080,606	56,018,913	87,839,226	51,593,711	31,667,050	57,532,575
Others	29,293	29,293	29,293	-	-	-
	363,442,037	381,128,713	343,468,260	315,171,507	321,041,439	289,162,243
	408,537,343	425,810,750	388,081,916	357,776,708	363,233,371	331,295,392

Certain landed properties of the Group have been amalgamated, sub-divided and are pending issuance of land titles by the relevant government authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

16. Inventories (contd.)

Right-of-use assets

Included in the net carrying amount of land held for property developments are right-of-use assets as follows:

	Group RM	Company RM
Leasehold land		
At 1 January 2019 and 31 December 2019	8,660,516 =====	6,170,412 =====

Land held for property development

The Group and the Company have freehold and leasehold land with aggregate carrying values of RM24,745,437 (31 December 2018: RM25,121,608 and 1 January 2018: RM21,490,871) and RM21,114,700 (31 December 2018: RM21,490,871 and 1 January 2018: RM21,490,871) respectively, which are pledged as security for loans and borrowings as disclosed in Note 23.

Property development costs

Freehold and leasehold land of the Group and the Company with aggregate carrying value of RM112,860,779 (2018: RM139,914,270 and 1 January 2018: RM63,437,448) and RM112,860,779 (2018: RM139,914,270 and 1 January 2018: RM63,437,448) are pledged as security for loans and borrowings as disclosed in Note 23.

17.1. Completed investment properties

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
As at 1 January	56,880,000	56,880,000	56,880,000	56,880,000
Transfer from investment property under construction (Note 17.2)	53,630,321	-	55,315,119	-
Increase/(decrease) in fair value (Note 7)	289,679	-	(1,395,119)	-
As at 31 December	110,800,000 =====	56,880,000 =====	110,800,000 =====	56,880,000 =====
Fair value of completed investment properties	110,800,000 =====	56,880,000 =====	110,800,000 =====	56,880,000 =====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

17.1. Completed investment properties (contd.)

The investment property with carrying amount of RM110,800,000 (31 December 2018: RM56,880,000 and 1 January 2018: RM56,880,000) is pledged as security for loans and borrowings as disclosed in Note 23.

The investment properties are classified as Level 3 in the fair value hierarchy (Note 30).

Valuation of completed investment properties

Investment properties are stated at fair value, which have been determined based on valuation at the reporting date. Valuations are performed by accredited independent valuers with relevant experience in the nature of the properties being valued. The valuations are based on the investment method that makes reference to net rental income which is capitalised at the appropriate market rates of return.

17.2. Investment property under construction

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
As at 1 January	23,418,919	6,614,835	24,040,963	6,750,343
Additions	30,211,402	16,804,084	31,274,156	17,290,620
Transfer to completed investment property (Note 17.1)	(53,630,321)	-	(55,315,119)	-
	-----	-----	-----	-----
As at 31 December	-	23,418,919	-	24,040,963
	=====	=====	=====	=====

As at 31 December 2018, the investment property under construction was carried at cost because its fair value could not be reliably measured at the reporting date.

Capitalisation of borrowing costs

The Group's and the Company's investment property under constructions include borrowing costs arising from bank loans borrowed specifically and other general borrowings for the purpose of the construction of the Company's investment property. The capitalisation rate used for the general borrowings was at 5.52%. During the financial year, the borrowing costs capitalised as cost of investment property under construction for the Group and the Company amounted to RM1,666,307 (2018: Nil) and RM1,941,857 (2018: Nil), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables	2019		Group		2018		2019		Company	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Current					As at 1.1.2018					As at 1.1.2018
Trade receivables										
Third parties	38,804,002		31,127,538		24,733,201		26,065,092		27,173,763	21,005,183
Bills receivables	14,225,543		-		2,361,399		-		-	-
	53,029,545		31,127,538		27,094,600		26,065,092		27,173,763	21,005,183
Less: Loss allowance - third parties	(886,854)		(1,135,685)		(1,277,738)		-		-	-
Trade receivables, net	52,142,691		29,991,853		25,816,862		26,065,092		27,173,763	21,005,183
Other receivables										
Third parties	7,236,538		7,660,214		3,754,918		3,785,906		4,481,247	1,089,777
Deposits	2,650,195		1,815,651		1,337,179		2,092,654		1,503,167	1,107,476
Dividend receivable from investment securities	-		-		28		-		-	-
Amounts due from subsidiaries	-		-		-		49,767,321		60,086,193	29,684,229
	9,886,733		9,475,865		5,092,125		55,645,881		66,070,607	31,881,482
Less: Loss allowance - third parties	(106,071)		(106,071)		(106,071)		-		-	-
Other receivables, net	9,780,662		9,369,794		4,986,054		55,645,881		66,070,607	31,881,482
Total trade and other receivables (current)	61,923,353		39,361,647		30,802,916		81,710,973		93,244,370	52,886,665

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	2019		Group		2019		Company	
	RM	RM	2018	As at 1.1.2018	RM	RM	2018	As at 1.1.2018
			RM	RM			RM	RM
18. Trade and other receivables (contd.)								
Non-current								
Other receivables								
Amounts due from subsidiaries	-	-	-	-	4,668,038	4,668,038	4,414,221	4,184,096
Deposits	289,862	289,862	289,862	307,862	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----
	289,862	289,862	289,862	307,862	4,668,038	4,668,038	4,414,221	4,184,096
	-----	-----	-----	-----	-----	-----	-----	-----
Total trade and other receivables								
(current and non-current)	62,213,215	39,651,509	39,651,509	31,110,778	86,379,011	86,379,011	97,658,591	57,070,761
	=====	=====	=====	=====	=====	=====	=====	=====

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 30 days (31 December 2018: 14 to 30 days and 1 January 2018: 14 to 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	← 2019 RM	Group 2018 RM	As at 1.1.2018 RM	← 2019 RM	Company 2018 RM	As at 1.1.2018 RM
Neither past due nor impaired	16,976,384	7,765,663	4,738,891	15,071,696	7,170,511	3,287,211
1 to 119 days past due but not impaired	31,692,947	15,406,156	15,056,596	7,531,855	13,521,636	11,755,839
More than 120 days but not impaired	3,473,360	6,820,034	6,015,321	3,461,541	6,481,616	5,962,133
Impaired	35,166,307	22,226,190	21,071,917	10,993,396	20,003,252	17,717,972
	886,854	1,135,685	1,283,792	-	-	-
	53,029,545	31,127,538	27,094,600	26,065,092	27,173,763	21,005,183

Receivables that are neither past due nor impaired

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM35,166,307 (31 December 2018: RM22,226,190 and 1 January 2018: RM21,071,917) and RM10,993,396 (31 December 2018: RM20,003,252 and 1 January 2018: RM17,717,972), respectively that are past due at the reporting date but not impaired. There were no renegotiated balances outstanding for the Group and of the Company as at financial year end. Due to the good credit standing of the trade receivables, the Group and the Company believe that no further loss allowance is necessary in respect of trade receivables that are past due as there is no expected credit loss.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	2019	Group	As at
	RM	2018	1.1.2018
		RM	RM
Loss allowance			
Trade receivables - nominal amount	886,854	1,135,685	1,283,792
Less: Loss allowance	(886,854)	(1,135,685)	(1,277,738)
	-----	-----	-----
	-	-	6,054
	=====	=====	=====
Movement in loss allowance account			
At 1 January	1,135,685	1,277,738	1,709,563
Reversal of loss allowance (Note 7)	(248,831)	(142,053)	(431,825)
	-----	-----	-----
At 31 December	886,854	1,135,685	1,277,738
	=====	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables (contd.)

(b) Bills receivables

The Group sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the Group retains substantially all the risks and rewards - primarily credit risk. The amount received on transfer has been recognised as a secured bank loan. The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank.

The receivables are considered to be held within the hold-to-collect business model consistent with the Group's continuing recognition of the receivables.

Transfer of trade receivables

The following information shows the carrying amount of trade receivables at the reporting date that have not been derecognised and the associated liabilities.

	2019 RM	Group	2018 RM
Carrying amount of trade receivables transferred to a bank	14,225,543		-
Carrying amount of associated liabilities (Note 23)	14,225,543		-
	=====		=====

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, earn interest at the rate of 5.75% (31 December 2018: 5.50% and 1 January 2018: 5.50%) per annum and are repayable on demand.

(d) Other receivables

Other receivables are non-interest bearing and are generally on 30 days (31 December 2018: 30 days) terms.

At the reporting date, the Group has provided an allowance of RM106,071 (31 December 2018: RM106,071 and 1 January 2018: RM106,071) for impairment of the amount due from third parties with nominal amount of RM106,071 (31 December 2018: RM106,071 and 1 January 2018: RM106,071).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

19. Other current assets

	← 2019 RM	Group 2018 RM	As at 1.1.2018 RM	→ 2019 RM	Company 2018 RM	As at 1.1.2018 RM
Prepayments	3,581,812	6,216,396	7,893,969	612,584	1,122,056	4,930,755
Tax recoverable	8,965,543	15,936,255	15,855,770	-	518,457	-
Contract assets	99,821,092	59,301,492	27,460,969	87,470,076	58,520,507	24,145,645
Costs to obtain a contract	5,545,989	5,292,174	2,725,246	5,545,989	5,288,903	2,719,472
	-----	-----	-----	-----	-----	-----
	117,914,436	86,746,317	53,935,954	93,628,649	65,449,923	31,795,872
	=====	=====	=====	=====	=====	=====

(a) Contract assets

At 1 January	59,301,492	27,460,969	18,706,313	58,520,507	24,145,645	17,387,228
Revenue recognised during the year	351,406,142	166,855,518	81,898,858	214,389,322	141,573,434	68,396,662
Progress billings during the year	(310,886,542)	(135,014,995)	(73,144,202)	(185,439,753)	(107,198,572)	(61,638,245)
	-----	-----	-----	-----	-----	-----
At 31 December	99,821,092	59,301,492	27,460,969	87,470,076	58,520,507	24,145,645
	=====	=====	=====	=====	=====	=====

Contract assets relate to sale of properties under construction that are initially recognised for revenue earned from construction as receipt of consideration is conditional on certain successful percentage of construction. Upon completion of these percentages, the amounts recognised as contract assets are reclassified to trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

19. Other current assets (contd.)

(a) Contract assets (contd.)

Included in the construction contract costs incurred to-date are:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Depreciation of property, plant and equipment (Note 12)	2,064,654	2,218,789	-	-
Employee benefit expense (Note 8)	3,986,296	3,426,451	-	-
	=====	=====	=====	=====

(b) Costs to obtain a contract

Costs to obtain a contract primarily comprises incremental commission fees paid to intermediaries as a result of obtaining contracts and that are recoverable.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	5,292,174	2,725,246	5,288,903	2,719,472
Additions	6,983,022	5,273,381	6,983,022	5,271,831
Amortisation	(6,729,207)	(2,706,453)	(6,725,936)	(2,702,400)
	-----	-----	-----	-----
At 31 December	5,545,989	5,292,174	5,545,989	5,288,903
	=====	=====	=====	=====

20. Investment securities

	Group		As at 1.1.2018 RM
	2019 RM	2018 RM	
Financial assets at fair value through profit or loss			
Unit trusts (quoted in Malaysia)			
- at carrying amount	-	-	9,344
- at market value	-	-	9,344
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Cash and cash equivalents

	← 2019 RM	Group 2018 As at 1.1.2018 RM	→ 2019 RM	Company 2018 As at 1.1.2018 RM
Cash on hand and at banks	20,852,362	44,791,157	11,331,969	22,070,855
Deposits with licensed banks	4,417,944	2,727,979	4,417,944	2,727,979
	-----	-----	-----	-----
Cash and bank balances	25,270,306	47,519,136	15,749,913	24,798,834
	=====	=====	=====	=====

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to twelve months (31 December 2018: one month to twelve months and 1 January 2018: one month to twelve months) depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2019 for the Group and the Company was 3.28% (31 December 2018: 3.00% and 1 January 2018: 2.15%).

Included in cash at banks of the Group and the Company are amounts of RM4,565,051 (31 December 2018: RM4,513,891 and 1 January 2018: RM606,858) and RM2,951,318 (31 December 2018: RM4,013,198 and 1 January 2018: RM286,089) held pursuant to Section 12 of the Housing Development (Control and Licensing) Ordinance, 2013 and are restricted from use in other operations.

Included in cash at banks of the Group and the Company are amounts of RM814,258 (31 December 2018: RM1,249,038 and 1 January 2018: RM7,949,318) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Deposits with licensed banks of the Group and the Company with aggregate carrying value of RM363,697 (31 December 2018: RM363,697 and 1 January 2018: RM352,408) are pledged as security for loans and borrowings as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Cash and cash equivalents (contd.)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	← 2019 RM	Group 2018 RM	As at 1.1.2018 RM	← 2019 RM	Company 2018 RM	As at 1.1.2018 RM
Cash and bank balances	25,270,306	47,519,136	37,696,717	15,749,913	24,798,834	24,147,217
Less:						
Deposits with maturity more than three months	(4,054,247)	(2,364,282)	(1,379,259)	(4,054,247)	(2,364,282)	(1,379,259)
Deposits pledged for bank borrowings	(363,697)	(363,697)	(352,408)	(363,697)	(363,697)	(352,408)
Cash and cash equivalents	20,852,362	44,791,157	35,965,050	11,331,969	22,070,855	22,415,550

22. Share capital

Issued and fully paid

	Number of ordinary shares	Share capital RM
At 1 January 2018 and 31 December 2018	496,405,652	248,202,826
At 1 January 2019 and 31 December 2019	496,405,652	248,202,826

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

23. Loans and borrowings

	Maturity	2019		Group		2018		2019		Company	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Current											
Secured:											
Revolving credits	2020	113,170,427		120,160,000	106,160,000	88,170,428	95,160,000	81,160,000			
Collateralised borrowings (Note 18)	2020	14,225,543		-	2,361,399	-	-	-			
Obligations under finance lease	2019	-		2,349,082	2,285,288	-	481,792	554,087			
Lease liabilities	2020	2,677,546		-	-	596,383	-	-			
Bank loans:											
- RM loan at ECOF + 1.25%	2019	-		-	1,533,000	-	-	1,533,000			
- RM loan at BLR - 2.00%	2019	-		2,088,000	2,088,000	-	2,088,000	2,088,000			
- RM loan at ECOF + 2.00%	2019	-		12,584,720	8,025,038	-	12,584,720	8,025,038			
- RM loan at COF + 1.75%	2020	3,750,000		937,500	-	3,750,000	937,500	-			
- RM loan at COF + 2.00%	2020	1,800,000		-	-	1,800,000	-	-			
- RM loan at ECOF + 2.00%	2020	11,815,176		-	-	11,815,176	-	-			
- RM loan at COF + 1.50%	2019	-		1,362,380	6,160,008	-	-	-			
- RM loan at ECOF + 2.00%	2020	1,760,004		-	-	-	-	-			
Total loans and borrowings (current)		149,198,696		139,481,682	128,612,733	106,131,987	111,252,012	93,360,125			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

23. Loans and borrowings (contd.)

(a) Lease liabilities

The movement of lease liabilities during the financial year is as follows:

	Group 2019	Company 2019
	RM	RM
At 1 January	7,994,881	859,926
Effect of adoption of MFRS 16:		
- Recognition (Note 2.2)	967,813	986,921
Additions (Note 12(ii))	1,027,667	247,568
Interest charged (Note 6)	487,930	90,692
Payment of:		
- Principal	(3,140,972)	(1,230,766)
- Interest	(487,930)	(90,692)
	-----	-----
At 31 December	6,849,389	863,649
	=====	=====

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:

	Group 2019	Company 2019
	RM	RM
Depreciation of right-of-use assets (Note 12(iii))	3,376,109	1,266,338
Interest expense on lease liabilities (Note 6)	487,930	90,692
Expenses relating to leases of low value assets (Note 7)	11,400	-
Expenses relating to short term leases (Note 7)	189,600	-
	=====	=====

The Group and the Company had total cash outflows for leases amounting to RM3,829,902 and RM1,321,458, respectively in 2019.

There were no leases with residual value guarantee or leases which have yet to commence of which the Group and the Company have committed.

As at 31 December 2019, the Group also committed to short-term leases amounting to RM189,600. The Company did not commit to any short-term leases as at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

23. Loans and borrowings (contd.)

(a) Lease liabilities (contd.)

The operating lease commitments as at 31 December 2018 is reconciled to arrive at the lease liabilities as at 1 January 2019 as follows:

	Group 2019	Company 2019
	RM	RM
Operating lease commitments as at 31 December 2018	1,298,819	1,346,819
	-----	-----
Weighted average incremental borrowing rate as at 1 January 2019	5.5%	5.5%
Discounted using the lessee's incremental borrowing rate at the date of initial application	967,813	986,921
	-----	-----
Lease liabilities recognised as at 1 January 2019	967,813	986,921
	=====	=====

Obligations under finance lease

These obligations are secured by a charge over the leased asset (Note 12). The average discount rates implicit in the lease for the Group and the Company are 5.24% and 4.45% (2018: 5.96% and 4.63%) per annum, respectively.

(b) Other borrowings

The revolving credit facilities of the Group amounting to RM88 million (31 December 2018: RM105 million and 1 January 2018: RM101 million), are secured by a charge over the few parcels of land held for property development (Note 16), deposits with licensed banks (Note 21), two of the investment properties (Note 17.1) and RM25 million (2018: RM15 million) of the revolving credit are secured over a deed of assignment for one of the Group's project contract proceeds. During the year, interest was charged at rates ranging from 1% to 2% (2018: 1% to 2%) per annum above the bankers' cost of funds.

RM8.65 million of the Group's bank loans is secured over deed of assignment for the rights and benefits of the Extraction Agreement between Priority Trading Sdn. Bhd. and the Ibraco Spectrum Sdn. Bhd., a subsidiary of the Company. The other bank loans are secured by charges over the few parcels of land held for property development (Note 16) and investment properties (Note 17.1). Corporate guarantees were provided by the Company to banks on the subsidiaries' loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
As at 1 January	(11,716,227)	(12,771,747)	(9,196,937)	(7,653,760)
Effect of prior year adjustment (Note 37)	-	(881,631)	-	(1,150,825)
As at 1 January (restated)	(11,716,227)	(13,653,378)	(9,196,937)	(8,804,585)
Recognised in profit or loss (Note 10)	1,385,584	1,937,151	1,234,000	(392,352)
At 31 December	(10,330,643)	(11,716,227)	(7,962,937)	(9,196,937)
Presenting after appropriate offsetting as follows:				
Deferred tax assets	(10,330,643)	(11,716,227)	(7,962,937)	(9,196,937)
Deferred tax liabilities	-	-	-	-
	(10,330,643)	(11,716,227)	(7,962,937)	(9,196,937)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	← 2019 RM	Group 2018 RM	As at 1.1.2018 RM	← 2019 RM	Company 2018 RM	As at 1.1.2018 RM
Deferred tax liabilities	1,897,937	1,951,334	32,712	-	-	-
Deferred tax assets	(12,228,580)	(13,667,561)	(13,686,090)	(7,962,937)	(9,196,937)	(8,804,585)
	(10,330,643)	(11,716,227)	(13,653,378)	(7,962,937)	(9,196,937)	(8,804,585)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

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

Deferred tax liabilities of the Group:

	Contract assets RM	Property, plant and equipment RM	Total RM
At 1 January 2019	1,677,207	274,127	1,951,334
Recognised in profit or loss	365,632	(419,029)	(53,397)
	-----	-----	-----
At 31 December 2019	2,042,839	(144,902)	1,897,937
	=====	=====	=====
At 1 January 2018	-	32,712	32,712
Recognised in profit or loss	1,677,207	241,415	1,918,622
	-----	-----	-----
At 31 December 2018	1,677,207	274,127	1,951,334
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

Deferred tax assets of the Group:

	Investment properties RM	Unabsorbed capital allowances RM	Staff leave balance RM	Unused tax losses RM	Provisions and accruals RM	Property development cost RM	Total RM
At 1 January 2019	(780,602)	-	(68,107)	-	(7,316,722)	(5,502,130)	(13,667,561)
Recognised in profit or loss	714,493	-	(10,900)	-	1,110,024	(374,636)	1,438,981
At 31 December 2019	(66,109)	-	(79,007)	-	(6,206,698)	(5,876,766)	(12,228,580)
At 1 January 2018	(690,259)	(611,833)	(53,876)	(547,900)	(9,137,570)	(1,763,021)	(12,804,459)
Effect of prior year adjustments (Note 37)	-	-	-	-	-	(881,631)	(881,631)
At 1 January 2018 (restated)	(690,259)	(611,833)	(53,876)	(547,900)	(9,137,570)	(2,644,652)	(13,686,090)
Recognised in profit or loss	(90,343)	611,833	(14,231)	547,900	1,820,848	(2,857,478)	18,529
At 31 December 2018	(780,602)	-	(68,107)	-	(7,316,722)	(5,502,130)	(13,667,561)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

Deferred tax liabilities/(assets) of the Company:

	Investment properties RM	Property, plant and equipment RM	Property development cost RM	Staff leave balance RM	Accruals RM	Total RM
At 1 January 2019	(593,273)	(114,040)	(3,776,485)	(68,107)	(4,645,032)	(9,196,937)
Recognised in profit or loss	527,164	195,827	376,666	(10,900)	145,243	1,234,000
At 31 December 2019	(66,109)	81,787	(3,399,819)	(79,007)	(4,499,789)	(7,962,937)
At 1 January 2018	(690,259)	(980,413)	(920,100)	(53,876)	(5,009,112)	(7,653,760)
Effect of adjustment	-	-	(1,150,825)	-	-	(1,150,825)
At 1 January 2018 (restated)	(690,259)	(980,413)	(2,070,925)	(53,876)	(5,009,112)	(8,804,585)
Recognised in profit or loss	96,986	866,373	(1,705,560)	(14,231)	364,080	(392,352)
At 31 December 2018	(593,273)	(114,040)	(3,776,485)	(68,107)	(4,645,032)	(9,196,937)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

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

	2019	Group	As at
	RM	2018	1.1.2018
		RM	RM
Unused tax losses	950,000	950,000	1,165,000
Unabsorbed capital allowances	102,000	102,000	12,000
	-----	-----	-----
	1,052,000	1,052,000	1,177,000
	=====	=====	=====

As at 31 December 2019 and 2018, the deferred tax assets were not recognised as it was not probable that future taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised. The availability of the unused tax losses for offsetting against future taxable profits of the Group is subject to the provisions of the Income Tax Act 1967. The unused tax losses will expire in the Year of Assessment 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Group		Company	
	2019 RM	2018 As at 1.1.2018 RM	2019 RM	2018 As at 1.1.2018 RM
25. Trade and other payables				
Current				
Trade payables				
Third parties	35,910,900	25,509,432	16,500,488	10,856,828
Accruals	62,650,213	42,473,183	40,131,502	33,596,916
Amount due to subsidiaries	-	-	94,689,869	17,233,135
Retention sum on contracts payable within 1 year	10,630,493	12,432,553	4,542,407	-
	109,191,606	80,415,168	155,864,266	61,686,879
Other payables				
Other payables	2,654,182	1,171,953	2,436,272	1,219,718
Accruals	8,252,818	7,170,068	6,871,604	1,970,730
Dividend payable	-	-	-	9,928,113
Amount due to subsidiaries	-	-	5,270,858	2,139,258
	10,907,000	8,342,021	14,578,734	15,257,819
Total trade and other payables (current)	120,098,606	88,757,189	170,443,000	76,944,698

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	2019 RM	Group 2018 RM	As at 1.1.2018 RM	2019 RM	Company 2018 RM	As at 1.1.2018 RM
25. Trade and other payables (contd.)						
Non-current						
Trade payables						
Retention sum on contracts payable after 1 year	22,123,078	10,967,648	-	16,478,640	7,346,806	-
Total trade and other payables (current and non-current)	142,221,684	99,724,837	80,476,711	186,921,640	136,997,397	76,944,698

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 days to 60 days (2018: 30 days to 60 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 days (2018: 30 days).

(c) Amount due to subsidiaries

Amount due to subsidiaries under other payables are unsecured, bear interest at 5.75% (2018: 5.5%) and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

26. Other current liabilities

	2019 RM	Group 2018 RM	As at 1.1.2018 RM	2019 RM	Company 2018 RM	As at 1.1.2018 RM
Contract liabilities						
- Third parties - accrued billings in respect of property development costs and construction contracts	6,779,230	12,506,269	6,301,863	6,774,282	5,829,505	4,487,126
- Amount due to a subsidiary	-	-	-	10,834,969	18,438,377	24,872,897
Advance deposits made by a contract customers	3,391,487	9,290,599	10,000,000	-	-	-
	10,170,717	21,796,868	16,301,863	17,609,251	24,267,882	29,360,023
	=====	=====	=====	=====	=====	=====
Contract liabilities						
At 1 January	12,506,269	6,301,863	6,048,086	5,829,505	4,487,126	4,757,839
Revenue recognised during the year	15,840,062	68,150,853	44,209,970	15,840,062	13,192,978	25,761,057
Progress billings during the year	(21,567,101)	(61,946,447)	(43,956,193)	(14,895,285)	(11,850,599)	(26,031,770)
	6,779,230	12,506,269	6,301,863	6,774,282	5,829,505	4,487,126
At 31 December	=====	=====	=====	=====	=====	=====

The Group's and the Company's contract liabilities due to third parties relate to advance consideration received from customers for construction contracts which revenue is recognised over time during the construction work. The contract liabilities are expected to be recognised as revenue over a period of one to six months (2018: one to six months).

The Company's contract liabilities due to a subsidiary relates to an unbilled portion of the land acquired through a joint venture agreement with a subsidiary, Ibraco HGS Sdn. Bhd., to develop a housing project.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

(a) Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(i) Rental expense of office building: Hiap Ghee Seng Sdn. Bhd. ⁽¹⁾	147,840	147,840	147,840	147,840
(ii) Rental expense of office building: Dr. Sharifah Deborah Sophia Ibrahim	408,000	408,000	408,000	408,000
(iii) Progress billings issued to Hiap Ghee Seng Sdn. Bhd. ⁽¹⁾ - 8 storey strata-titled corporate office at NorthBank	8,287,500	14,713,500	8,287,500	14,713,500
(iv) Progress billings issued to Datuk Chew Chiaw Han - SOHO unit at Tabuan Tranquility Phase 3	168,000	67,200	168,000	67,200
- Apartments suite at ContiNew, Kuala Lumpur	379,626	189,813	379,626	189,813
- Apartments suite at NorthBank Avona	43,780	-	43,780	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

(a) Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest: (contd.)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(v) Progress billings issued to Dr. Sharifah Deborah Sophia Ibrahim - SOHO units at Tabuan Tranquility Phase 3	883,960	-	883,960	-
- Apartment suite at ContiNew, Kuala Lumpur	280,883	-	280,883	-
(vi) Progress billings issued to Ng Kee Tiong for apartments suite at ContiNew, Kuala Lumpur	478,050	239,025	478,050	239,025
(vii) Progress billings issued to Ng Cheng Chuan for apartment suite at ContiNew, Kuala Lumpur	489,056	-	489,056	-
(viii) Progress billings issued to Liu Sze Leh ⁽²⁾ for apartment suite at ContiNew, Kuala Lumpur	195,156	97,578	195,156	97,578
(ix) Progress billings issued to Liu Sze Wei ⁽³⁾ for SOHO unit at Tabuan Tranquility Phase 3	216,500	86,600	216,500	86,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

(a) Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest: (contd.)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(x) Progress billings issued to Global Makna Sdn. Bhd. ⁽⁴⁾ for apartments suite at ContiNew, Kuala Lumpur	1,213,871	-	1,213,871	-
(xi) Progress billings issued to Liu Tow Hua for SOHO unit at Tabuan Tranquility Phase 3	216,500	86,600	216,500	86,600
(xii) Deposit paid by Dr. Sharifah Deborah Sophia Ibrahim for townhouse at NorthBank Alyvia	137,000	-	137,000	-
(xiii) Purchase of motor vehicle from Hiap Ghee Seng Sdn. Bhd. ⁽¹⁾	78,000	-	-	-
	=====	=====	=====	=====

⁽¹⁾ **Hiap Ghee Seng Sdn. Bhd. ("HGS")**

HGS is a major shareholder of the Company. Datuk Chew Chiaw Han ("Datuk Chew"), a director of the Company, is also a director and major shareholder of HGS.

⁽²⁾ **Liu Sze Leh ("LSL")**

LSL is a person connected to Liu Tow Hua ("LTH"), a director of the Company.

⁽³⁾ **Liu Sze Wei ("LSW")**

LSW is a person connected to LTH, a director of the Company.

⁽⁴⁾ **Global Makna Sdn. Bhd. ("GMSB")**

GMSB is a company connected to Datuk Chew. Datuk Chew, is also a director and major shareholder of GMSB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

(b) Transactions with subsidiaries:

	Company	
	2019 RM	2018 RM
Interest charged by subsidiaries:		
Ibraco Construction Sdn. Bhd.	3,107,613	1,184,098
Ibraco HGS Sdn. Bhd.	716,245	421,496
Foso One Sdn. Bhd.	222,606	189,215
Ibraco Quarry Sdn. Bhd.	-	115,847
Syarikat Ibraco-Peremba Sdn. Bhd.	315,424	289,343
Interest charged to subsidiaries:		
Ibraco Pelita Sdn. Bhd.	253,818	230,125
Warisar Sdn. Bhd.	3,149,802	2,138,222
Ibraco Infinity Sdn. Bhd.	16,226	15,774
Marketing fee charged to a subsidiary:		
Warisar Sdn. Bhd.	497,390	280,485
Landscaping services from a subsidiary:		
Ibraco Spectrum Sdn. Bhd.	1,800	1,800
Sub contractors billings from a subsidiary:		
Ibraco Construction Sdn. Bhd.	119,553,130	83,773,881
	=====	=====

The rental paid to a company controlled by certain directors is under terms which are determined by reference to the prevailing market rates for comparable buildings.

Purchases and other related party transactions were entered into by the Group under mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

(c) Compensation of key management personnel:

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors' remuneration:				
Fees	36,000	36,000	-	-
Salaries and other emoluments	1,130,606	1,057,056	1,130,606	1,057,056
	<u>1,166,606</u>	<u>1,093,056</u>	<u>1,130,606</u>	<u>1,057,056</u>
Non-executive directors' remuneration:				
Fees (Note 7)	634,150	591,650	571,750	529,250
Total directors' remuneration	1,800,756	1,684,706	1,702,356	1,586,306
Estimated money value of benefits-in-kind	39,200	36,800	39,200	36,800
Total directors' remuneration including benefits-in-kind	<u>1,839,956</u>	<u>1,721,506</u>	<u>1,741,556</u>	<u>1,623,106</u>
Short term employee benefits	2,396,730	2,616,088	2,396,730	2,421,488
Long term employee benefits	95,317	193,826	95,317	193,826
Defined contribution plan	275,435	314,191	275,435	290,845
Other short-term benefits	5,593	6,748	5,593	5,860
Benefits-in-kind	54,521	73,317	54,521	64,900
	<u>2,827,596</u>	<u>3,204,170</u>	<u>2,827,596</u>	<u>2,976,919</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

28. Commitments

(a) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of 1 to 15 years (2018: 2 to 9 years). All leases include a clause to enable upward revision of the rental charge once in every three years based on pre-agreed rate.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group and Company	
	2019	2018
	RM	RM
Not later than 1 year	3,883,525	3,508,017
Later than 1 year but not later than 5 years	10,059,450	14,263,515
Later than 5 years	46,965,600	11,161,869
	<u>60,908,575</u>	<u>28,933,401</u>
	=====	=====

(b) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Approved and contracted for:				
Investment properties	4,858,338	29,543,639	5,005,495	30,579,991
Property, plant and equipment	13,242,371	14,373,576	12,317,208	15,080,915
	<u>18,100,709</u>	<u>43,917,215</u>	<u>17,322,703</u>	<u>45,660,906</u>
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

29. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	2019		2018		As at 1.1.2018	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:							
Group							
Loans and borrowings							
- Non-current obligations under lease arrangements (hire purchase)	30	-	-	5,645,799	6,325,329	7,766,640	8,032,737
Company							
Loans and borrowings							
- Non-current obligations under lease arrangement (hire purchase)	30	-	-	378,134	497,769	859,926	821,347

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

29. Fair value of financial instruments (contd.)

(b) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	18
Cash and bank balances	21
Loans and borrowings (current and non-current, except non-current obligations under finance lease arrangement)	23
Trade and other payables	25
	=====

(i) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short term nature.

(ii) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

(iii) Loans and borrowings

The carrying values of bank borrowings and term loans approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

(iv) Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

30. Fair value measurement

Fair value hierarchy

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

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy as at 31 December 2019 and 31 December 2018 were as follows:

	Note	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group						
Assets for which fair values are disclosed						
Completed investment properties	17.1	31 December 2019	-	-	110,800,000	110,800,000
		31 December 2018	-	-	56,880,000	56,880,000
		1 January 2018	-	-	56,880,000	56,880,000
			=====	=====	=====	=====
Investment property under construction	17.2	31 December 2019	-	-	-	-
		31 December 2018	-	-	23,418,919	23,418,919
		1 January 2018	-	-	6,614,835	6,614,835
			=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

30. Fair value measurement (contd.)

Fair value hierarchy (contd.)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities. (contd.)

Quantitative disclosures fair value measurement hierarchy as at 31 December 2019 and 31 December 2018 were as follows: (contd.)

	Note	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group (contd.)						
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings						
- Obligations under lease arrangement (hire purchase)						
	29(a)	31 December 2019	-	-	-	-
		31 December 2018	-	6,325,329	-	6,325,329
		1 January 2018	-	8,032,737	-	8,032,737
			=====	=====	=====	=====
Assets measured at fair value						
Investment securities						
	20	31 December 2019	-	-	-	-
		31 December 2018	-	-	-	-
		1 January 2018	9,344	-	-	9,344
			=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

30. Fair value measurement (contd.)

Fair value hierarchy (contd.)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities. (contd.)

Quantitative disclosures fair value measurement hierarchy as at 31 December 2019 and 31 December 2018 were as follows: (contd.)

	Note	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company						
Assets for which fair values are disclosed						
Completed investment properties	17.1	31 December 2019	-	-	110,800,000	110,800,000
		31 December 2018	-	-	56,880,000	56,880,000
		1 January 2018	-	-	56,880,000	56,880,000
			=====	=====	=====	=====
Investment property under construction	17.2	31 December 2019	-	-	-	-
		31 December 2018	-	-	24,040,963	24,040,963
		1 January 2018	-	-	6,750,343	6,750,343
			=====	=====	=====	=====
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings						
- Obligations under lease arrangements (hire purchase)	29(a)	31 December 2019	-	-	-	-
		31 December 2018	-	497,769	-	497,769
		1 January 2018	-	821,347	-	821,347
			=====	=====	=====	=====

There have been no transfers between Level 1, 2 and 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

31. Changes in liabilities arising from financing activities

Group	1 January	Others	New	Cash flows	31 December	Adoption	New	Cash flows	31 December
	2018	RM	leases	RM	2018	of	leases	RM	2019
	RM	RM	RM	RM	RM	MFRS 16	RM	RM	RM
					(Note 2.2)				
Current interest-bearing loans and borrowings (excluding items listed below)	126,327,445	27,131,438	-	(16,326,284)	137,132,599	-	-	(74,777,952)	146,521,150
Current obligations under lease arrangements	2,285,288	2,458,148	50,693	(2,445,047)	2,349,082	297,614	290,486	(3,140,972)	2,677,546
Non-current interest-bearing loans and borrowings (excluding items listed below)	44,191,742	(27,131,438)	-	84,070,300	101,130,604	-	-	95,576,610	112,540,711
Non-current obligations under lease arrangement	7,766,640	(2,458,148)	337,307	-	5,645,799	670,199	737,181	(2,881,336)	4,171,843
Total liabilities from financing activities	180,571,115	-	388,000	65,298,969	246,258,084	967,813	1,027,667	17,657,686	265,911,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

31. Changes in liabilities arising from financing activities (contd.)

Company

	1 January 2018 RM	Others RM	Cash flows RM	31 December 2018 RM	Adoption of MFRS 16 (Note 2.2) RM	New leases RM	Others RM	Cash flows RM	31 December 2019 RM
Current interest-bearing loans and borrowings (excluding items listed below)	92,806,038	25,769,058	(7,804,876)	110,770,220	-	-	83,822,803	(89,057,419)	105,535,604
Current obligations under lease arrangement	554,087	481,792	(554,087)	481,792	316,722	247,568	781,067	(1,230,766)	596,383
Non-current interest-bearing loans and borrowings (excluding items listed below)	42,829,362	(25,769,058)	84,070,300	101,130,604	-	-	(83,822,803)	88,339,581	105,647,382
Non-current obligations under lease arrangements	859,926	(481,792)	-	378,134	670,199	-	(781,067)	-	267,266
Total liabilities from financing activities	137,049,413	-	75,711,337	212,760,750	986,921	247,568	-	(1,948,604)	212,046,635

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and real estate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (comprising cash and bank balances and investment securities), the Group and the Company minimise credit risk by dealing with good credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

- (i) the carrying amount of each class of financial assets recognised in the statements of financial position; and
- (ii) a nominal amount of RM115,117,800 (2018: RM130,917,800) relating to corporate guarantees provided by the Company to banks and financial institutions for the subsidiaries' loans and borrowings.

Credit risk concentration profile

The Group mitigates concentration of credit risk by monitoring its trade receivables on an ongoing basis and the Group's exposure to bad debts is not significant. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets except for one of the subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

32. Financial risk management objectives and policies (contd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company maintain sufficient liquid financial assets and stand-by credit facilities with eight different banks. At the reporting date, 56% (2018: 57%) and 50% (2018: 52%) of the Group's and the Company's loans and borrowings (Note 23), respectively, will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
At 31 December 2019				
Group				
Financial liabilities				
Trade and other payables	120,098,606	22,123,078	-	142,221,684
Loans and borrowings	153,304,639	86,739,488	55,077,241	295,121,368
	-----	-----	-----	-----
Total undiscounted financial liabilities	273,403,245	108,862,566	55,077,241	437,343,052
	=====	=====	=====	=====
Company				
Financial liabilities				
Trade and other payables	178,280,735	17,006,433	-	195,287,168
Loans and borrowings	109,284,140	76,587,569	53,418,244	239,289,953
Financial guarantee contracts*	115,117,800	-	-	115,117,800
	-----	-----	-----	-----
Total undiscounted financial liabilities	402,682,675	93,594,002	53,418,244	549,694,921
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

32. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2018				
Group				
Financial liabilities				
Trade and other payables	88,757,189	10,967,648	-	99,724,837
Loans and borrowings	141,980,884	92,442,401	24,667,585	259,090,870
	-----	-----	-----	-----
Total undiscounted financial liabilities	230,738,073	103,410,049	24,667,585	358,815,707
	=====	=====	=====	=====
Company				
Financial liabilities				
Trade and other payables	133,821,170	7,517,572	-	141,338,742
Loans and borrowings	113,155,249	86,726,799	24,667,585	224,549,633
Financial guarantee contracts*	130,917,800	-	-	130,917,800
	-----	-----	-----	-----
Total undiscounted financial liabilities	377,894,219	94,244,371	24,667,585	496,806,175
	=====	=====	=====	=====

* Based on the maximum amount that can be called under the financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

32. Financial risk management objectives and policies (contd.)

(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 Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings where interests are charged at floating rates and contractually re-priced to market interest rates.

The Group's policy is to manage interest cost using a mix of long and short term facilities from more than one bank. To manage this mix in a cost-efficient manner, projects development cost is normally financed by short term facilities while constructions of investment assets are normally financed by long term facilities.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM250,165 (2018: RM224,396) and RM233,724 (2018: RM221,808) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Real estate risk

The Group and the Company have identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Group and the Company use advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.
- Major tenants may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group and the Company review the financial status of prospective tenants and decide on the appropriate level of security required via rental deposits or guarantees.
- The exposure of the fair values of the portfolio to market and occupier fundamentals.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

33. Financial assets and financial liabilities

(a) Financial assets	2019 RM	Group 2018 RM	As at 1.1.2018 RM	2019 RM	Company 2018 RM	As at 1.1.2018 RM
Financial assets at fair value through profit and loss						
Investment securities (Note 20)	-	-	9,344	-	-	-
Current and non-current debt instruments at amortised cost						
Trade and other receivables (Note 18)	62,213,215	39,651,509	31,110,778	86,379,011	97,658,591	57,070,761
Cash and bank balances (Note 21)	25,270,306	47,519,136	37,696,717	15,749,913	24,798,834	24,147,217
Total current and non-current debt instruments at amortised cost	87,483,521	87,170,645	68,807,495	102,128,924	122,457,425	81,217,978
Total financial assets	87,483,521	87,170,645	68,816,839	102,128,924	122,457,425	81,217,978

Debt instruments at amortised cost include trade and other receivables and receivables from related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

33. Financial assets and financial liabilities (contd.)

(b) Financial liabilities	Group		Company	
	2019 RM	As at 1.1.2018 RM	2019 RM	As at 1.1.2018 RM
Current and non-current financial liabilities at amortised cost				
Trade and other payables (Note 25)	142,221,684	99,724,837	186,921,640	136,997,397
Loans and borrowings (Note 23)	265,911,250	246,258,084	212,046,635	212,760,750
Total current and non-current financial liabilities	408,132,934	345,982,921	398,968,275	213,994,111

34. Segment information

The management prepared the Group's segmental information using management approach, which requires presentation of the segments on the basis of internal reports of components of the entity.

The Group's main business segments are property development, property holding and management and construction works. Revenue and profit generated from landscaping works is insignificant compared to the Group's overall revenue and profit.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Details on geographical segments are not applicable as the Group operates predominantly in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

34. Segment information (contd.)

	Property development activities		Property holding and management		Construction works		Elimination		Per consolidated financial statements	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Revenue:										
External customers	271,449,140	180,048,496	4,000,573	4,076,458	95,797,064	54,957,875	-	-	371,246,777	239,082,829
Inter-segment	-	-	-	-	133,652,556	105,058,128	(133,652,556)	(105,058,128)	-	-
Total revenue	271,449,140	180,048,496	4,000,573	4,076,458	229,449,620	160,016,003	(133,652,556)	(105,058,128)	371,246,777	239,082,829
Results:										
Interest income	1,642,974	1,268,839	-	-	4,486,885	3,270,104	(5,757,385)	(4,301,779)	372,474	237,164
Dividend income from investment securities	26	316	-	-	-	-	-	-	26	316
Fair value (loss)/gain on investment properties	(1,395,119)	-	-	-	-	-	1,684,798	-	289,679	-
Depreciation	1,454,845	912,175	16,209	15,024	661,660	716,199	-	-	2,132,714	1,643,398
Other non-cash expenses	2,842,385	3,786	-	-	-	133,167	-	-	2,842,385	136,953
Segment profit	27,135,911	10,449,231	1,953,908	2,596,737	14,202,749	16,392,900	5,294,862	8,498,467	48,587,430	37,937,335
Assets:										
Additions to non-current assets	33,963,690	12,766,659	31,274,156	17,301,135	1,036,470	584,825	(1,850,716)	(824,368)	64,423,600	29,828,251
Segment assets	595,239,835	619,641,057	114,816,228	81,513,218	146,747,617	100,008,212	(61,192,092)	(79,469,432)	795,611,588	721,693,055
Segments liabilities	267,767,266	271,138,144	34,704,342	15,583,725	128,119,113	93,183,283	(12,287,070)	(12,125,363)	418,303,651	367,779,789

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

34. Segment information (contd.)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- A.** Inter-segment revenues are eliminated on consolidation.
- B.** Inter-segment interest income is eliminated on consolidation.
- C.** Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements.

	2019 RM	2018 RM
Property, plant and equipment written off	-	136,953
Property development cost written off	2,842,385	-
	-----	-----
	2,842,385	136,953
	=====	=====

- D.** Additions to non-current assets consist of:

	2019 RM	2018 RM
Intangible asset	5,765,673	-
Investment in associate	3,381,000	48,951
Investment in joint venture	1	-
Inventories - land held for development	413,269	68,381
Property, plant and equipment	24,652,255	12,906,835
Investment property under construction	30,211,402	16,804,084
	-----	-----
	64,423,600	29,828,251
	=====	=====

35. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain strong credit rating and healthy capital ratios in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital comprises equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

35. Capital management (contd.)

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Loans and borrowings	23	265,911,250	246,258,084	212,046,635	212,760,750
Trade and other payables	25	142,221,684	99,724,837	186,921,640	136,997,397
Less: Cash and bank balances	21	(25,270,306)	(47,519,136)	(15,749,913)	(24,798,834)
Net debt		382,862,628	298,463,785	383,218,362	324,959,313
Equity attributable to the owners of the Company		360,555,829	338,326,000	325,450,563	319,625,279
Capital and net debt		743,418,457	636,789,785	708,668,925	644,584,592
Gearing ratio		52%	47%	54%	50%

36. Dividends

	Group and Company	
	2019 RM	2018 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single-tier dividend for 2019: 1.00 sen per share	4,964,057	-
- Final single-tier dividend for 2018: 1.50 sen per share	7,446,085	-
- Final single-tier dividend for 2017: 0.75 sen per share	-	3,723,041
	12,410,142	3,723,041

The directors do not recommend the payment of any final dividend for the current financial year.

37. Prior Year Adjustments

In the previous financial year, borrowing costs in relation to property development costs and properties held for sale were capitalised. The borrowing costs incurred for the construction contract have also been classified under cost of sales.

During the financial year, the Directors have reassessed and considered that property development costs and properties held for sale do not meet the definition of a qualifying asset under MFRS 123. This has resulted in a cumulative adjustment in the Group and Company's retained earnings as at 1 January 2018 of RM3,485,543 and RM3,644,280 and as at 31 December 2018 of RM6,678,735 and RM5,333,226, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

38. Significant event

On 3 July 2019, a subsidiary of the Company, Ibraco Quarry Sdn. Bhd. ("IQSB") has entered into an Extraction Agreement ("the Agreement") with Priority Trading Sdn. Bhd. ("PTSB"). PTSB has exclusively engaged and appointed IQSB to carry on quarry operations and activities for the purpose of extracting, preparing and delivering Stone Product to the Ex-Quarry Point during the Term of the Agreement.

The Extraction Agreement includes the acquisition of the quarry's property, plant and equipment and the right to operate the quarry for a consideration of RM11 million. The fair value of the assets acquired have been determined based on valuation performed by an accredited independent valuer with relevant experience in the nature of the assets being valued. The valuation of the property, plant and equipment and the right to operate the quarry were based on the depreciated replacement cost method and the discounted cash flow method, respectively.

As the acquisition is accounted for as an acquisition of assets, the consideration paid was allocated to the identifiable assets acquired based on their relative fair values at the date of purchase as follows:

	RM
Property, plant and equipment	5,234,327
Intangible assets (Note 13)	5,765,673

	11,000,000
	=====

39. Subsequent events

(i) Incorporation of a subsidiary

On 5 March 2020, a subsidiary of the Company, Ibraco Construction Sdn. Bhd. incorporated a new subsidiary, Dynaciate Engineering Ibraco Construction JV Sdn. Bhd. of which it subscribed 70% equity interest for RM70,000, settled in cash.

(ii) Non-adjusting event after the reporting period

The novel coronavirus ("COVID-19") pandemic has affected many businesses and the Malaysian economy as a whole. On 16 March 2020, the Malaysian Government issued the Movement Control Order ("MCO") from 18 to 31 March 2020 as a preventive measure against the spread of COVID-19 which requires the closure of all government and private premises except for those involved in the provision of essential services. As the Group's principal activities comprise mainly property development and construction, there was disruption to the Group's operations during the MCO period, which was extended until 12 May 2020 as announced by the Prime Minister. The threats posed by the Covid-19 outbreak continue to spiral and many businesses have been crippled by the loss in earnings and disruption in the supply chains.

Given the evolving nature of the conditions, there will be challenges on the recoverability of the Group's and the Company's assets, given the disruption to the property development and construction activities which may affect the performance of the property development and construction works segments. The occurrence of COVID-19 outbreak is not an adjusting post balance sheet event. The effects of COVID-19 would potentially impact the judgement and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets, fair value measurements of investment properties, write down of inventories to net realisable values and impairment assessment of non-current assets.

As of the date of this report, the Group is unable to reasonably quantify the financial impact of the COVID-19 to the Group's and the Company's cashflow, financial results and financial position. The Group will continue to monitor the development of these events and provide further updates on the financial impact and mitigating actions relating to the COVID-19 pandemic in its forthcoming quarterly financial reports and will recognise the financial impact in the financial statements for the financial year ending 31 December 2020 accordingly.

ANALYSIS OF SHAREHOLDINGS

AS AT 10 JUNE 2020

Issued and Paid-up Share Capital : RM248,202,826.00 comprising 496,405,652 ordinary shares of RM0.50 each

Class of shares : Ordinary shares

Voting Rights : One vote per ordinary shares

DISTRIBUTION OF SHAREHOLDINGS

(without aggregating securities from different securities accounts belonging to the same person)

Size of shareholding	Shareholders		Shareholdings	
	No.	%	No.	%
Less than 100	28	3.31	967	0.00
100 to 1,000	373	44.14	119,467	0.02
1,001 to 10,000	221	26.15	1,120,560	0.23
10,001 to 100,000	155	18.34	5,955,622	1.20
100,001 and 24,820,281(*)	64	7.57	153,196,960	30.86
24,820,282 and above (**)	4	0.47	336,012,076	67.69
Total	845	100.00	496,405,652	100.00

* - Less than 5% of issued holdings

** - 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

Name	No. of shares held			
	Direct	%	Indirect	%
Sharifah Deborah Sophia Ibrahim	99,366,120	20.02	-	-
Ng Cheng Chuan	87,077,478	17.54	35,720,720 *	7.20
Hiap Ghee Seng Sdn. Bhd.	130,619,438	26.32	-	-
Datuk Chew Chiaw Han	15,875,440	3.19	130,619,438 **	26.32
Chia Kwai Lin	35,720,720	7.20	87,077,478 ***	17.54

* Deemed interested by virtue of his spouse's shareholding in the Company.

** Deemed interested by virtue of his substantial shareholding in Hiap Ghee Seng Sdn. Bhd.

*** Deemed interested by virtue of her spouse's shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS

AS AT 10 JUNE 2020

TOP THIRTY SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same person)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
1.	RHB Nominees (Asing) Sdn. Bhd. Exempt An for RHB Securities Singapore Pte. Ltd. (A/C Clients)	108,975,064	21.95
2.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Hiap Ghee Seng Sdn.Bhd.	102,016,078	20.55
3.	Sharifah Deborah Sophia Ibrahim	99,366,120	20.02
4.	Kenanga Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ng Cheng Chuan	25,654,814	5.17
5.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Microsite Enterprise Sdn. Bhd.	24,475,920	4.93
6.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Client Account)	22,546,192	4.54
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	22,134,898	4.46
8.	Pelita Holdings Sdn. Bhd.	12,211,080	2.46
9.	UOBM Nominees (Tempatan) Sdn. Bhd. United Overseas Bank Nominees (Pte.) Ltd. for Chew Chiaw Han	8,546,720	1.72
10.	Lee Keck Liang	7,192,708	1.45
11.	Ong Hong Lian	6,776,300	1.37
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	6,468,462	1.30
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Chiaw Han	4,480,000	0.90
14.	Tan Hock Liong	3,600,000	0.73
15.	Orienter Intertrade Co. Sdn. Bhd.	3,000,000	0.60

ANALYSIS OF SHAREHOLDINGS

AS AT 10 JUNE 2020

TOP THIRTY SHAREHOLDERS (CONTD.)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
16.	Khor Kowi Kim	2,855,500	0.58
17.	Chew Chiaw Han	2,848,720	0.57
18.	Phang Chung Tchet	2,340,240	0.47
19.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Clients)	2,196,600	0.44
20.	Ting Ding Ing	1,625,120	0.33
21.	Ong Li Xin	1,600,000	0.32
22.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Ng Chee Meng	1,543,920	0.31
23.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hemang Yu Abit	1,155,000	0.23
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Kee Tiong	1,099,120	0.22
25.	Chin Chiew Ted	1,005,000	0.20
26.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Kah Huat	749,600	0.15
27.	Goh Lee Fung	700,000	0.14
28.	Chieng Ung Kwong	686,000	0.14
29.	Sim Wee Ann	646,600	0.13
30.	Chew Miaw Ee	607,920	0.12

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

Name of Directors	No. of shares held			
	Direct	%	Indirect	%
Sharifah Deborah Sophia Ibrahim	99,366,120	20.02	-	-
Ng Cheng Chuan	87,077,478	17.54	35,720,720 *	7.20
Datuk Chew Chiaw Han	15,875,440	3.19	130,619,438 **	26.32
Datuk (Dr.) Ting Ding Ing	1,625,120	0.33	-	-
Ng Kee Tiong	1,099,120	0.22	-	-

* Deemed interested by virtue of his spouse's shareholding in the Company.

** Deemed interested by virtue of his substantial shareholding in Hiap Ghee Seng Sdn. Bhd.

LIST OF MATERIAL PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2019

No.	Location	Term of Lease/ Date of Expiry of Lease	Description & Existing Land Use	Land Area		Age of buildings	At Cost/ Net Book Value	Date of Acquisition
				Hectare	Acre	Year	RM	
1	GRN78930 Lot 20019 Seksyen 65, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan KL	Freehold/ Perpetuity	Vacant Commercial Land Approved for Mixed Development	0.5825	1.4393	-	55,000,000	26.03.2015
2	Lot 3830, Block 12, Muara Tebas LD, Kuching	60 years/ 17.11.2071	Educational Institution	2.436	6.0195	0.2	54,001,291	14.11.2011
3	Lot 16766, Block 11, Muara Tebas LD, Kuching	Freehold/ Perpetuity	Single Storey Commercial Mall	2.621	6.4766	9.0	45,187,638	29.12.2010
4	Lot 2975, Block 12, Muara Tebas LD, Sg Laru, Kuching	60 years/ 17.11.2071	Vacant Agricultural Land with Conditional Approval for Mixed Development	47.064	116.2505	-	39,001,329	14.11.2011
5	H.S.(D)120172, No. PT12, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.8150	2.0139	-	16,486,680	11.09.2017
6	H.S.(D)120171, No. PT11, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.6219	1.5367	-	12,441,777	11.09.2017
7	Lot 3530, Muara Tebas LD, Sg. Nida, Kuching*	Freehold/ Perpetuity	Residential Development	2.0113	4.9700	-	8,128,949	29.12.2010
8	H.S.(D)120169, No. PT9, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.3505	0.8660	-	8,071,952	11.09.2017
9	Lot 4271, Muara Tebas LD, Ulu Sg. Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.8400	14.4310	-	5,993,038	30.07.2003
10	Lot 4587, Muara Tebas LD, Sg. Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.4190	13.3910	-	5,561,006	04.08.2003

* Ibraco Berhad as the beneficial owner.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting (“**AGM**”) of Ibraco Berhad will be held at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak on **Friday, 21 August 2020 at 11.30 a.m.** to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. *(Please refer Explanatory Note 1)*
2. To approve the payment of Directors’ fees of up to RM1,000,000 and benefits payable to the Directors up to an aggregate amount of RM60,000 from 1 January 2020 until the next AGM of the Company. Resolution No. 1
3. To re-elect the following Directors who are retiring by rotation in accordance with Article 93 of the Company’s Constitution:- *(Please refer Explanatory Note 2)*
 - i. YBhg. Datuk Chew Chiaw Han Resolution No. 2
 - ii. Puan Sharifah Deborah Sophia Ibrahim Resolution No. 3
 - iii. Mr. Ng Kee Tiong Resolution No. 4
4. To re-appoint Messrs. Ernst & Young PLT as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to determine their remuneration. Resolution No. 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:-

5. Proposed Retention of Independent Directors *(Please refer Explanatory Note 3)*
 “THAT approval be and is hereby given to the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years to continue to act as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance :-”
 - a) YBhg. Datuk (Dr) Philip Ting Ding Ing Resolution No. 6
 - b) Mr. Guido Paul Philip Joseph Ravelli Resolution No. 7
 - c) Mr. Ng Kee Tiong *(subject to the passing of Resolution No. 4)* Resolution No. 8
6. Authority to Allot and Issue Shares Pursuant to Sections 75 & 76 of the Companies Act 2016 Resolution No. 9
 “THAT subject always to the Companies Act 2016 (“**ACT**”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of any relevant authorities, where such approval is required, the Directors be and are hereby authorized and empowered pursuant to Sections 75 & 76 of the Act to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next AGM of the Company.” *(Please refer Explanatory Note 4)*

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature Involving Ibraco Berhad and Its Subsidiaries ("Ibraco Group") and Directors and Major Shareholders of Ibraco Berhad and Persons Connected With Them Resolution No. 10
(Please refer Explanatory Note 5)

"THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company, its subsidiaries or any one of them to enter into the specified recurrent transactions of a revenue or trading nature with the related parties stated in Section 2.3 of the Circular to Shareholders dated 29 June 2020 which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company.

AND THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next AGM of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), whichever is earlier.

AND THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information:-

- (a) the type of transactions made; and
- (b) the names of the related parties involved in each type of transactions made and their relationship with the Company and its subsidiaries.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular to Shareholders dated 29 June 2020 and/or this resolution."

8. To transact any other business of which due notice shall have been given.

By order of the Board,

Yeo Puay Huang [SSM PC No. 202008000727 (LS0000577)]
May Wong Mei Ling [SSM PC No. 202008002420 (MIA 18483)]
Company Secretaries
 29 June 2020



NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 14 August 2020 be regarded as members and entitled to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal or under the hand of its duly authorized officer. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
4. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak not less than 48 hours before the time for holding the 48th AGM or at any adjournment thereof.
6. The Company will continue to monitor the Covid-19 pandemic situation closely and may adopt further procedures and measures at short notice as public health situation changes. Members can check further update on the Company's website at www.ibraco.com.

Explanatory Note 1

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

Explanatory Note 2

The profiles of the Director standing for re-election are set out in the Profile of Directors appearing on pages 13 to 16 of the Annual Report 2019. Their shareholdings in the Company are set out in the Analysis of Shareholdings on page 160 of this Annual Report.

Explanatory Note 3

The Nomination Committee and the Board have assessed the independence of YBhg. Datuk (Dr) Philip Ting Ding Ing, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong, who have served for a cumulative term of more than nine years and the Board has recommended that the approval of the shareholders be sought to re-appoint YBhg. Datuk (Dr) Philip Ting Ding Ing, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong as Independent Non-Executive Directors of the Company. The full details of the justification and recommendations for the retention are set out in the Statement of Corporate Governance in the Annual Report 2019.

Explanatory Note 4

The proposed Resolution No. 9, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interests of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM.

The Company had not issued any new shares pursuant to Sections 75 & 76 of the Act under the general authority which was approved by the shareholders of the Company at the 47th AGM held on 24 May 2019 and which will lapse at the conclusion of the 48th AGM to be held on 21 August 2020 and hence, no proceed was raised therefrom. A renewal of this authority is being sought at the 48th AGM under Ordinary Resolution No. 9.

The general authority sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares for purposes of funding investment(s), working capital and/or acquisitions.

Explanatory Note 5

The explanatory notes on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 29 June 2020 which is dispatched together with the 2019 Annual Report of the Company.

**IBRACO BERHAD**

(197101000730 (011286-P))

Incorporated in Malaysia

FORM OF PROXY

No. of Shares Held :

I/We NRIC No./ Company No.
(Full Name in Capital Letters)of
(Full Address)being a member/members of IBRACO BERHAD hereby appoint
(Full Name in Capital Letters)..... NRIC No.
(Full Name in Capital Letters)of
(Full Address)and/or failing him/her, NRIC No.
(Full Name in Capital Letters)of
(Full Address)

or failing him/her, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on my/our behalf, at the Forty-Eighth Annual General Meeting of the Company to be held at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak on Friday, 21 August 2020 at 11.30 a.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Approval for the payment of Directors' Fees		
2.	Re-election of YBhg. Datuk Chew Chiaw Han		
3.	Re-election of Puan Sharifah Deborah Sophia Ibrahim		
4.	Re-election of Mr. Ng Kee Tiong		
5.	Re-appointment of Messrs. Ernst & Young PLT as Auditors		
6.	Retention of YBhg. Datuk (Dr.) Philip Ting Ding Ing as Independent Director		
7.	Retention of Mr. Guido Paul Philip Joseph Ravelli as Independent Director		
8.	Retention of Mr. Ng Kee Tiong as Independent Director		
9.	Authorise Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		
10.	Proposed Shareholder's Mandate		

(Please indicate with an "X" in the spaces above how you wish your votes to be cast on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Date this

.....
Signature of Shareholder(s)/Common Seal**NOTES:**

- Only depositors whose names appear in the Record of Depositors as at 14 August 2020 be regarded as members and entitled to attend, speak and vote at the meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal or under the hand of its duly authorized officer. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
- Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy must be deposited at the Company's Registered Office at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak not less than 48 hours before the time for holding the 48th AGM or at any adjournment thereof.
- The Company will continue to monitor the Covid-19 pandemic situation closely and may adopt further procedures and measures at short notice as public health situation changes. Members can check further update on the Company's website at www.ibraco.com.

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AFFIX
STAMP
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To: The Company Secretaries

IBRACO BERHAD

(197101000730 (011286-P))

No.6 The NorthBank,
Off Kuching-Samarahan Expressway,
93350 Kuching, Sarawak, Malaysia.

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IBRACO BERHAD
(197101000730 (011286-P))

For more information, please contact:

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