



FAJARBARU BUILDER GROUP BHD

Company No. 281645-U



Colours of A New Dawn
ANNUAL REPORT 2018

C O N T E N T S

- 2. Notice Of Annual General Meeting
- 6. Statement Accompanying Notice Of Twenty-Fourth Annual General Meeting
- 8. Corporate Information
- 9. Performance Analysis
- 10. Vision, Mission & Core Values
- 12. Chairman's Statement
- 16. Corporate Structure
- 17. Management Discussion And Analysis
- 24. Board Of Directors
- 30. Senior Management Team
- 32. Additional Compliance Information
- 34. Sustainability Statement
- 49. Statement On Corporate Governance
- 56. Statement On Risk Management And Internal Control
- 62. Directors' Responsibility Statement
- 63. Report Of The Audit Committee
- 68. Directors' Report
- 75. Statement By Directors
- 75. Statutory Declaration
- 76. Independent Auditors' Report
- 81. Statements Of Financial Position
- 83. Statements Of Profit Or Loss And Other Comprehensive Income
- 85. Statements Of Changes In Equity
- 89. Statements Of Cash Flows
- 92. Notes To The Financial Statements
- 182. List Of Properties
- 185. Analysis Of Shareholdings
- 186. List Of Thirty (30) Largest Accountholders
- 188. Statistics On Warrant Holdings
- 189. List Of Thirty (30) Largest Warrant Holders

Form Of Proxy



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of the Company will be held at Langkawi Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Friday, 7 December 2018 at 10.00 a.m.

AGENDA

- | | | |
|----|---|---------------------------------------|
| 1) | To receive the Audited Financial Statements for the year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. | (Refer to Explanatory Notes i) |
| 2) | To re-elect Mr. Foong Kuan Ming who retires in accordance with Article 87 of the Company's Articles of Association. | Resolution 1 |
| 3) | To re-elect Mr. Ooi Leng Chooi who retires in accordance with Article 87 of the Company's Articles of Association. | Resolution 2 |
| 4) | To re-elect Dato' Lim Siew Mei who retires in accordance with Article 94 of the Company's Articles of Association. | Resolution 3 |
| 5) | To approve the payment of Directors' fees of RM240,000 for the year ended 30 June 2018. | Resolution 4 |
| 6) | To approve the payment of Directors' fees up to RM240,000 from 1 July 2018 until the next annual general meeting. | Resolution 5 |
| 7) | To re-appoint Messrs Crowe Malaysia (formerly known as Crowe Horwath), the Auditors of the Company, to hold office for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 6 |

Special Business

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

- | | | |
|----|--|---------------------|
| 8) | Ordinary Resolution 1 - Continuation in office as Independent Director

"THAT approval be and is hereby given to Mr. Foong Kuan Ming, who has served as an Independent Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director." | Resolution 7 |
| 9) | Ordinary Resolution 2 - Authority to Issue Share

"THAT pursuant to Section 75 and Section 76 of the Companies Act, 2016, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting 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 per centum of the total number of issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue." | Resolution 8 |

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

10) **Ordinary Resolution 3 - Proposed Renewal of Share Buy-back Authority**

"THAT subject to the Companies Act, 2016, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Company be and is hereby authorised to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares ("Proposed Share Buy-back") in the Company as may be determined by the Directors of the Company from time to time on the market of the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all or part the shares so purchased and/or to retain all or part the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Securities and/or to retain part thereof as treasury shares and cancel the remainder; AND THAT the Directors be and are hereby authorised and empowered to do all acts and things to give full effect to the Proposed Share Buy-back AND FURTHER THAT such authority shall commence immediately upon passing of this resolution until:

- i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoke or varied by ordinary resolution of the shareholders of the Company at a general meeting

whichever is the earliest."

Resolution 9

- 11) To transact any other business for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

BY ORDER OF THE BOARD

TAN KOK AUN (MACS 01564)
WONG WAI YIN (MAICSA 7003000)
Company Secretaries

Kuala Lumpur,
30 October 2018

Notes :

1. *A Member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him at a general meeting who shall represent all the shares held by such member, and where a member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy to attend and vote instead of him at the same meeting. Where a member appoints more than (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.*
2. *Where a Member is an Exempt Authorised 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 Authorised Nominee may appoint in respect of each omnibus account it holds.*
3. *A proxy may but need not be a member of the Company.*
4. *If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.*
5. *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified true copy thereof shall be deposited at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the Meeting.*
6. *Depositor whose name appears on the Record of Depositors as at 28 November 2018 shall be regarded as member of the Company and entitled to attend and vote at the meeting or to appoint proxy(ies) to attend and vote at meeting.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

- i. Agenda on Item 1 is meant for discussion only as the provision of Section 340 (1) (a) of the Companies Act, 2016 does not require a formal approval of the shareholders, and hence is not put forward for voting.
- ii. Continuation in office as Independent Non-Executive Director
The proposed Resolution 7 in item 8 is to seek shareholders' approval to retain Mr. Foong Kuan Ming as an Independent Director which he has served in that capacity since November 1998.

The Board has assessed the independence of Mr. Foong Kuan Ming and recommended that he continues to act as Independent Director of the Company based on the following justification:

- Mr. Foong fulfilled the criteria under the definition of "Independent Director" as stated in the Listing Requirements.
- Mr. Foong has over time, developed increased insight with the Group's business operations and therefore can contribute to the effectiveness of the Board as a whole.
- Mr. Foong does not have any conflict of interest as throughout his tenure of office as an Independent Director of the Company, he has not entered into and is not expected to enter into any contracts which will give rise to any related party transactions with the Company and its subsidiaries.
- Mr. Foong remains objective and independent in expressing his views and participated in active deliberations and decision making process of the Board and Board Committees in which he is a member. His length of service on the Board and Board Committees does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

iii. Authority to Directors to Issue Shares

The proposed Resolution 8 in item 9 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting. This is a renewal of a general mandate. In order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future projects, working capital and/or acquisitions.

iv. Proposed Renewal of Share Buy-back Authority

The proposed Resolution 9 in item 10 is to empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. Please refer to the Share Buy-back Statement dated 30 October 2018, which is dispatched together with the Company's Annual Report 2018.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

DETAILS OF MEETING

Twenty-Fourth Annual General Meeting of the Company will be held at Langkawi Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Friday, 7 December 2018 at 10.00 a.m.

RE-ELECTION OF DIRECTORS

Directors who are standing for re-election in accordance with Article 87 and 94 of the Company's Articles of Association:

- i) Mr. Foong Kuan Ming
- ii) Mr. Ooi Leng Chooi
- iii) Dato' Lim Siew Mei

Further details of the Directors standing for re-election are set out in the Directors' Profile appearing on page 27 to 28 of this Annual Report.

ATTENDANCE OF BOARD MEETING

Details of the attendance of directors at board meetings are stated on page 29 of this Annual Report.



PARAGON

QUEEN STREET MELBOURNE

With only 227 residences over 48 levels, Paragon is a luxury boutique development designed by world-class architects Fender Katsalidis.

The architecture maximises views allowing the majority of one-, two- and three-bedroom residences prized corner vistas while limiting density to between four and six residences per floor. Two floors are dedicated to a myriad of resident amenities to rival the world's most exclusive luxury hotels.

Referencing Melbourne's abundant green spaces, a three storey high urban forest is a conservatory-like feature, set within the building. It offers a wealth of botanical beauty featuring restful and regenerative places to unwind or entertain unlike anything Melbourne has experienced before.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Low Keng Kok

(Independent Non-Executive Chairman)

Dato' Sri Kuan Khian Leng

(Executive Director)

Dato' Ismail Bin Haji Omar

(Independent Non-Executive Director)

Dato' Lim Siew Mei

(Non-Independent Non-Executive Director)

Foong Kuan Ming

(Independent Non-Executive Director)

Ooi Leng Chooi

(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman - Foong Kuan Ming

Members - Dato' Ismail Bin Haji Omar

- Ooi Leng Chooi

NOMINATING COMMITTEE

Chairman - Foong Kuan Ming

Members - Dato' Ismail Bin Haji Omar

- Ooi Leng Chooi

REMUNERATION COMMITTEE

Chairman - Dato' Ir Low Keng Kok

Members - Dato' Sri Kuan Khian Leng

- Foong Kuan Ming

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)

Bangkok Bank Berhad (299740-W)

RHB Bank Berhad (6171-M)

United Overseas Bank (Malaysia) Bhd (271809K)

CIMB Bank Berhad (13491-P)

SOLICITOR

Messrs. B B Teh.

COMPANY SECRETARIES

Tan Kok Aun (MACS 01564)

Wong Wai Yin (MAICSA No. 7003000)

REGISTERED OFFICE

No. 1 & 1A, 2nd Floor (Room 2),

Jalan Ipoh Kecil,

50350 Kuala Lumpur.

Tel : +603 – 4043 5750

Fax : +603 – 4043 5755

BUSINESS ADDRESS

No.61 & 63, Jalan SS6/12,

Kelana Jaya,

47301 Petaling Jaya,

Selangor Darul Ehsan.

Tel : +603 – 7804 9698

Fax : +603 – 7804 3698 / 4849

Website : <http://www.fajarbaru.com.my>

AUDITORS

Crowe Malaysia (formerly known as Crowe Horwath),

Chartered Accountants

Kuala Lumpur Office,

Level 16 Tower C, Megan Avenue II,

12, Jalan Yap Kwan Seng,

50450 Kuala Lumpur.

Tel : +603 – 2788 9999

Fax : +603 – 2788 9998

REGISTRAR

Tricor Investor & Issuing House

Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A,

Vertical Business Suite, Avenue 3,

Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur, Malaysia.

Tel : +603 – 2783 9299

Fax : +603 – 2783 9222

STOCK EXCHANGE LISTING

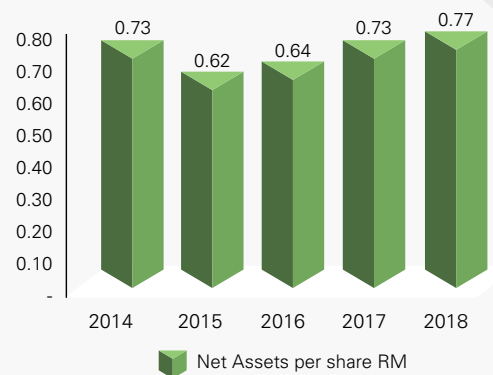
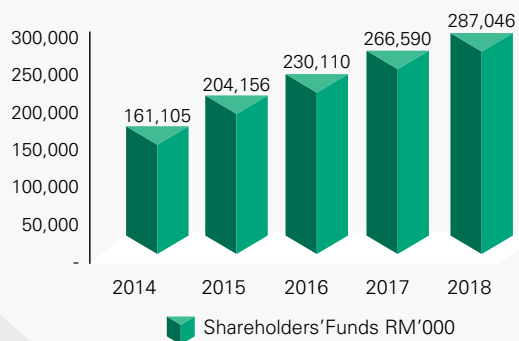
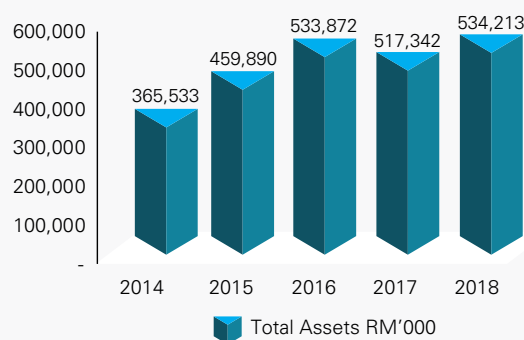
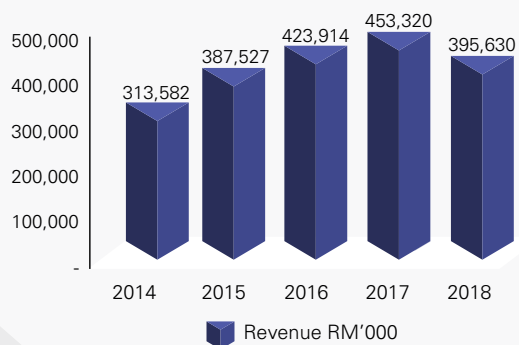
Main Market of Bursa Malaysia Securities Bhd

Stock Name: FAJAR

Stock Code: 7047

PERFORMANCE ANALYSIS

		2014	2015	2016	2017	2018
Revenue	RM'000	313,582	387,527	423,914	453,320	395,630
Profit / (Loss) before tax	RM'000	4,794	5,157	49,010	107,234	58,636
Profit / (Loss) after tax	RM'000	2,930	(95)	31,561	79,640	40,952
Issued Share Capital	RM'000	110,152	164,967	181,367	189,677	194,275
Shareholders' Funds	RM'000	161,105	204,156	230,110	266,590	287,046
Total Assets	RM'000	365,533	459,890	533,872	517,342	534,213
Earnings per share	Sen	1.35	(0.84)	3.21	10.71	4.72
Net Assets per share	RM	0.73	0.62	0.64	0.73	0.77



VISION, MISSION & CORE VALUES

VISION

To be the most valued construction and property company in the markets we serve.

MISSION

With stakeholder satisfaction as our core, we further focus on individual goals to achieve the bigger collective aspiration.

Shareholders

To create value for our shareholders by consistently improving our profitability and growth, and ultimately deliver superior returns on their investment.

Associates

To be the preferred business partner, consultant and supplier; to have a relationship based on respect, professionalism and ethics.

Customers

To achieve highest level of customer satisfaction through reliable and timely delivery, innovative and cost-effective products and solutions, without compromising on quality and safety.

Employees

To create value for our employees by providing better growth opportunities.

Technology

To constantly update ourselves with the latest technology and embrace it, while utilising relevant skills to improve our efficiency.

Communities

To create a sustainable future for our stakeholders and the society by preserving the environment, be responsible, and be active in the development of a better society and economy.



CORE VALUES

The Fajarbaru Group of Companies leads the way in business by observing the following set of values:

INTEGRITY

Placing utmost importance on corporate integrity and accepting full responsibility on actions taken within business endeavours.

SAFETY

Safety must be at the forefront of decision-making and never compromise the safety of employees, customers, business associates and community.

QUALITY

Commitment to provide products and services of the highest quality in a timely manner to achieve consistent customer satisfaction.

INNOVATION

Continuous improvement of services rendered with a dynamic approach to challenge existing practices without hesitation.

RESPECT

Function collectively as a team to achieve business objectives in an honest and respectful environment by accepting various differences and opinions as being equally valid.

CHAIRMAN'S STATEMENT



Dear Valued Shareholders,
on behalf of the Board of Directors,
I am pleased to present the
Annual Report and Audited
Financial Statements of Fajarbaru
Builder Group Bhd. ("Fajarbaru"
or "Group") for the financial year
ended 30 June 2018.

Dato' Ir. Low Keng Kok
(Independent Non-Executive Chairman)

INDUSTRY TRENDS

The economy performed strongly in 2017, with improvements in the global and domestic economy exceeded expectations and the global economy recorded its highest growth since 2011. In a report by Bank Negara Malaysia, the Malaysian economy recorded a growth of 5.9% (2016 : 4.2%) which was mainly driven by domestic demand, reflecting faster expansion in both private and public sector spending. The construction sector recorded a small growth of 6.7% in 2017 as compared to 7.4% in 2016.

In the second quarter of 2018, growth has been modest at 4.5%, mainly due to commodity-specific shocks and continued expansion in the private sector activity and across major economic sectors as reported by Bank Negara. The private sector continued to be the primary driver of growth as both private consumption and investment expanded. The construction industry also grew moderately at 5.3% year-on-year for second quarter 2018 to record RM35.6 billion worth of construction works.



In 2017, The Ministry of Finance reported that volume of transactions for all property segments decreased by 2.7%, from 320,425 units (2016) to 311,824 (2017). The Group launched its first Malaysian property development in August 2017, known as Rica Residence @Sentul and it received tremendous positive response with a take-up rate of 70% in April 2018.

2017 has been a tremendous year for the timber industry in Malaysia and timber products have increased and recorded a growth at RM23.22 billion from RM21.86 billion in 2016. With the continued global demand, the growth in the timber industry will be positive in 2018.

CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL PERFORMANCE

During the financial year 2018, the Group recorded a revenue of RM395.6 million, a decrease of 12.7% as compared to a revenue of RM453.3 million in the financial year 2017. The Group recorded a decrement of 45.4% in profit before tax of RM58.6 million during the financial year 2018 as compared to RM107.2 million in the financial year 2017.

The lower revenue and profit before tax during the reporting financial year were mainly due to decrease in revenue and profit recognition in the Property Development segment. Revenue and profit before tax reduced mainly due to Gardenhill project, whereby 80% of the revenue had been recognised in last financial year 2017 amounting to RM193.0 million.

OUTLOOK & PROSPECTS

The global economy is expected to expand at a faster rate and the Malaysian economy should remain stable with GDP growth forecast expected to range between 5.5% to 6.0% in 2018. Domestic demand will be the main catalyst for growth, underpinned by private sector activity. Construction remains as the biggest core business for Fajarbaru and we expect it to continue for 2018 and 2019. Moving forward, there will be uncertainties in the construction segment until the government provides a clearer direction on its policies and guidelines that would affect the industry. However, the Group is confident in securing a number of projects in the near future with its good track record and having completed various rail-related projects such as the electrified double track (Seremban-Gemas), LRT stations and depot. Furthermore, with the Group consistently delivering quality products and services, as well as investment in the latest trackwork machineries, we are hopeful in acquiring some projects.

In the property segment, the market is expected to remain challenging but positive. On the Group's property segment, we are optimistic on the sales for the remaining units of Rica Residence @ Sentul with the increase in marketing efforts. Paragon, our Australian property development was launched in 2017 with a GDV of approximately RM600.0 million, and has a current take-up rate of more than 80%. Paragon is situated in Melbourne, features 227 luxury apartments and a first-of-its-kind elevated indoor urban forest, nestled high

above the bustling city. It recently won the award for Best High-rise residential category in the Asia Pacific Property Awards 2018. Domestically we plan to launch our Rica Residence @ Kinrara, a residential condominium project, in 2019.

Malaysia's timber exports are expected to increase 5% this year from RM23.2 billion in 2017 according to the Malaysian Timber Industry Board (MTIB). This is attributed to the high demand for the country's timber products from developed countries such as Japan, United States of America, European Union countries and Australia, as well as India due to Malaysia's high quality timber which meets the market specifications.

The change in the current Malaysia's political landscape following the country's 14th General Elections may impact the business operating landscape in the short to medium term as new economic policies are being put into place by the current Government. However, the Group strongly believes that Malaysia's overall economic outlook remains resilient and the Management has taken prudent and proactive steps and measures to sustain its operations and to manage its finances.



CHAIRMAN'S STATEMENT (cont'd)

CORPORATE GOVERNANCE

The Board is committed and places great importance of practising high standards of corporate governance, compliance, ethical business conduct and values within the Group. These responsibilities are practiced within the Group in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE DEVELOPMENTS

On 12 December 2017, the Group entered into a Contract for Renovation and Fitting-Out Works with Pos Malaysia Berhad in respect of the project known as "Proposed Expansion, Renovation and Other Associated Works for Integrated Parcel Sortation Centre at Pos Malaysia International Hub at Kuala Lumpur International Airport". The contract value stands at RM20.8 million for a period of 8 months commencing from 26 December 2017.

On 18 December 2017, the Group subscribed a total of 78,309,100 Rights Shares in P.A. Resources Berhad ("PARB"), comprising 63,074,640 Rights Shares at an issue price of RM0.05 each on the basis of 4 Rights Shares for every 5 ordinary shares held in PARB and 15,234,460 Excess Rights Shares at an issue price of RM0.05 each, made up to total shares investment value in PARB of RM3,915,455.00. The Subscribed Shares are with 78,309,100 free Warrants.

On 17 January 2018, the Group accepted the Letter of Award from Malaysia Airports (Sepang) Sdn. Bhd. in respect of the project known as "Proposed Improvement Works and Upgrades the Existing Building, Satellite Building at Kuala Lumpur International Airport (KLIA) Complex which involves Mezzanine Floor, Passenger Floor and Ground Floor on Lot No. PT13 of Kuala Lumpur International Airport in Sepang District, Selangor Darul Ehsan". The contract value stands at RM12.9 million for a period of 14 months commencing from 1 February 2018.

On 10 April 2018, the Group acquired 98 ordinary shares at AUD\$1.00 each fully paid up in Beulah Northcote Land Pty Ltd ("BNL"), representing 49% of the entire issued share capital in BNL, for a purchase consideration of AUD\$98.00 and subscribed additional of 2,988,902 new ordinary shares at AUD\$1.00 each fully paid in BNL, representing 49% of the total increase issued share capital of AUD\$6,099,800.00 in BNL for a consideration of AUD\$2,988,902.00.

DIVIDENDS

In recognition of the continued support and loyalty of shareholders, the Board of Directors has declared an interim single tier dividend of 1.5 cents per share for the financial year ended 30 June 2018 wherein RM5,542,088.31 was paid to the shareholders on 28 December 2017.

APPRECIATION

I wish to extend my sincere appreciation to our valued shareholders for their continued support. My appreciation also goes to my fellow directors for remaining resilient and resourceful in a difficult challenging operating environment in guiding the Group and progressively bringing financial stability to the Group. My special thanks go out to the Management and staff for their persistent determination, dedication and commitment in supporting and sustaining the Group. Most of all, I would like to express my sincere gratitude to the regulators and all the relevant authorities for their continued support and guidance.

The Board and I would like to place on record our appreciation to Mr. Wong Chee Heng who retired as Independent Non-Executive Director on 28 February 2018. I would also like to take this opportunity to welcome Dato' Lim Siew Mei to the Board of Directors as Non-Independent Non-Executive Director effective from 1 March 2018.

MOVING FORWARD

The Group will continue to adopt a prudent approach to manage the business operations and we will continue to deliver with the highest standards of excellence, transparency and integrity. The Board envisage the Group to achieve satisfactory results for the next financial year and will work towards the goal to enhance the performance and value of Fajarbaru.

Thank you.

Dato' Ir Low Keng Kok
Chairman



GH

GARDENHILL

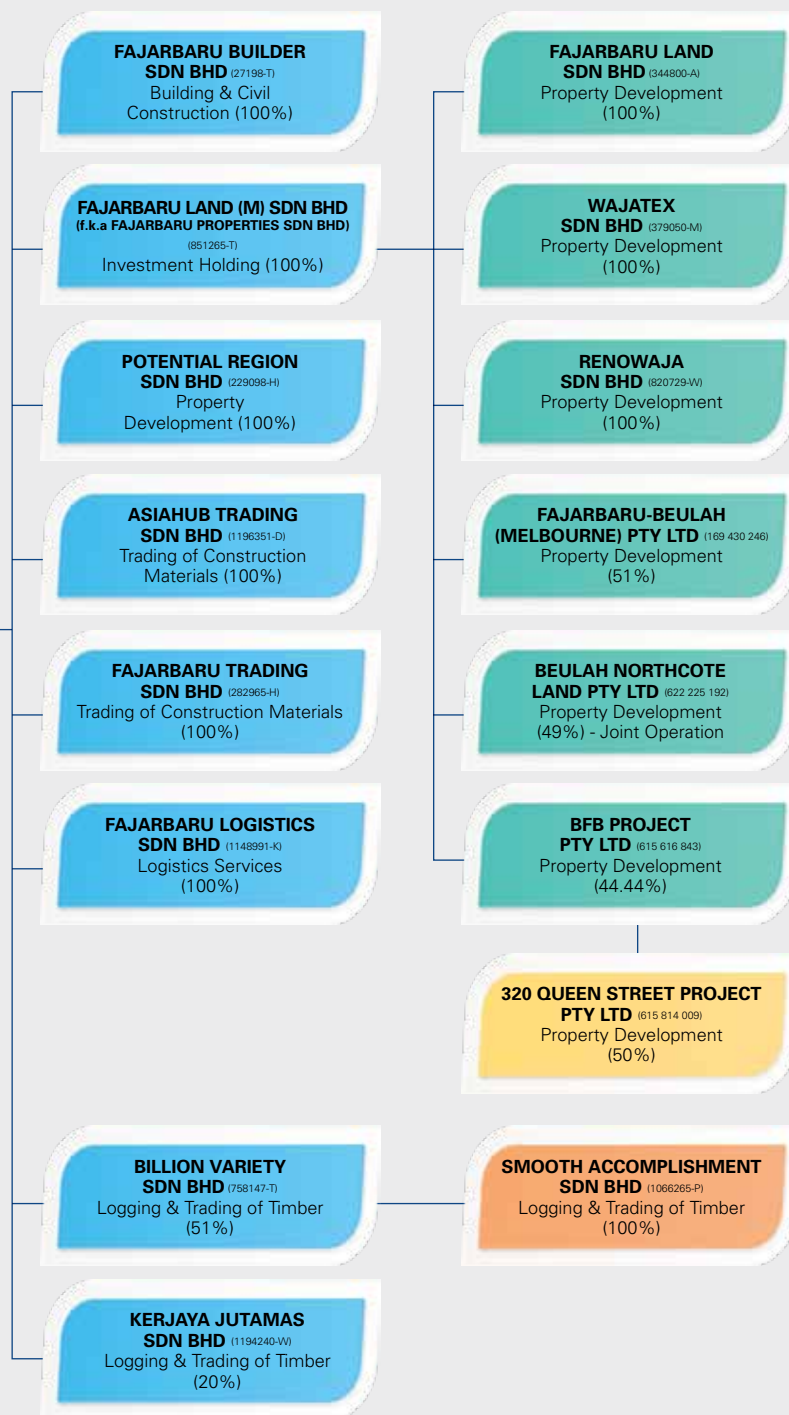
GardenHill offers a life of absolute serenity. Surrounded by lush greenery and magnificent views, every residence is an oasis of graceful design and impeccable style. Welcome to your own private sanctuary, only 15 kms from the city.

Throughout the architecture of its eleven storeys and its sophisticated interiors, GardenHill has been meticulously crafted by Woods Bagot to deliver a singular expression of tranquillity. Each residence is unique to reflect the individual lifestyle of every resident, with sliding panels to create flexible spaces and a range of colour schemes with subtle variations in tone. Premium finishes embrace natural materials for a rich sensory experience, connecting residents with nature through earthy tones, the texture of stone and the fine grain of timber.



CORPORATE STRUCTURE


FAJARBARU BUILDER GROUP BHD
(281645-U)
Investment Holding



MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis provide shareholders an overview and better understanding of the Group's financial and operational performance for the financial year ended 30 June 2018. The information in this management discussion and analysis should be read in conjunction with the Group's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessary continue in future.

INDUSTRY REVIEW AND OUTLOOK

In 2017, Malaysia's GDP growth accelerated to 5.9% from 4.2% in 2016, mainly driven by private consumption and investment coupled with higher government expenditure. In addition, the Ringgit continued to strengthen bolstered by higher crude oil prices.

Construction's contribution to the GDP stood at 8.3%, the highest in 2017, with services coming second at 6.3%. The growth in the construction sector was sustained by civil engineering activities for rail, highway, petrochemical and power plant projects. Outlook for the construction sector remained positive, buoyed by the government's pump-priming initiatives in mega infrastructure projects.

In 2017, the government awarded the Klang Valley Light Rail Transit 3 (LRT 3) project amounting to RM9 billion. The spillover of job awards in 2018 augurs well for growth in the construction sector. The Construction Industry Development Board of Malaysia (CIDB) has also embarked on the Construction Industry Transformation Programme (CITP) since 2016 and is based on four thrusts namely the Quality, Safety and Professionalism; Environmental Sustainability; Productivity; and Internationalisation. All the initiatives taken will transform the construction industry to greater heights.

The slowdown in the property market persisted in 2017, with the volume of transactions continued its downtrend. Factors such as high household debt, stricter lending policies by banks and weak local currency continued to weigh on the property market, as buyers exercised greater caution and adopted a wait-and-see approach for high value transactions such as property purchases. Overall, the property sector recorded 311,824 transactions worth RM139.8 billion last year, reflecting a 2.7% drop in volume and 3.8% decline in value as compared to 320,425 transactions worth RM145.4 billion in 2016.



On the Australia's housing market, the industry saw substantial moderation in 2017 (particularly the second half) led largely by Sydney, and to a lesser extent, Melbourne, due to stricter lending measures from the Federal Budget 2017 initiative on restricting foreign investment and ownership in new residential developments.

For timber industry, there was high demand for the country's timber products from developed countries such as Japan, the United States of America, European Union countries and Australia, as well as India due to Malaysia's high quality timber which met the market specifications. Malaysia's timber sector generates steady export earnings and is a major job generator. The industry enjoys the support of the Government through various incentive programmes and national R&D efforts.

Malaysia Timber Industry Board (MTIB) believes that Malaysia can achieve a target of RM53 billion in the export of timber and timber related products by the year 2020.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

In 2017, the Group via its three core business segments, namely Construction, Property Development and Logging and Timber Trading had delivered satisfactory financial performance despite the challenging macro-economic conditions.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

GROUP FINANCIAL REVIEW

Financial Performance

For the financial year ended 30 June 2018, the Group reported a lower consolidated revenue by 12.7% of RM395.6 million, with the construction and logging and timber trading segments being the major revenue contributors for the year as compared to RM453.3 million in the previous year. This was mainly due to decrease in revenue recognition in the property development segment.

Correspondingly, the Group's profit before tax ("PBT") in financial year under review was RM58.6 million, a decreased of 45.4% from RM107.2 million in the preceding year mainly due to lower revenue recorded in the Gardenhill project, Melbourne.

Effective execution by our management team has enabled the strong results of our Construction as well as Logging and Timber Trading segments, driving profitability growth in the year under review.

Fajarbaru believes in continuous building of shareholders value and in sharing our success while at the same time upholding fundamental investment funds for the Group's strategic growth. During the financial year under review, there was a single-tier dividend of 1.5 sen per share paid out on 28 December 2017.

The Group's balance sheet remains strong, with minimal borrowings and the cash reserves still healthy despite being drawn on to initial start-up works. Looking at the significant revenue yet to be recognised from our order book, we can only expect busy and positive times to come in the near future.

Construction Segment

Being the main segment of the Group, the construction segment continues to strive and contributes substantially to the economic growth of Malaysia. The growth in the construction sector was sustained by civil engineering activity for rail, highway, petrochemical and power plant projects.

For the financial year 2018, revenue has increased to RM222.5 million as compared to RM130.5 million in the preceding year. The increase in revenue was mainly attributed to revenue recognised from Keretapi Tanah Melayu Berhad (KTMB) project which amounted RM68.7 million for current financial year as compared to RM16.8 million for last financial year. Loss before tax was reduced from RM4.3 million in the preceding year to RM3.4 million in the current year. We will also continue to closely manage our projects to ensure their efficient and timely execution.



Property Development Segment

This segment recorded a lower revenue and profit before tax of RM68.5 million and RM3.6 million respectively as compared to a revenue of RM202.8 million and profit before tax of RM50.0 million in the preceding year.

The lower revenue and profit before tax of the current year were mainly due to the Australia project, Gardenhill's revenue being substantially recognised in the preceding year, approximately RM193.0 million. Meanwhile, for the Malaysia project, Rica Residence @ Sentul has reversed its revenue recognised on cash buyer during the financial year due to the adoption of MFRS 15, whereby the Company had deferred the recognition of revenue from sales when the Company was unable to determine the probability that we can collect the consideration to which we will be entitled under the Sales & Purchase agreement.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Logging and Timber Trading Segment

The logging and timber trading segment contributed a slightly lower revenue of RM123.8 million in the current year as compared to the preceding year of RM124.4 million. The profit before tax increased to RM60.9 million in the current financial year as compared to preceding year of RM56.8 million.



Trading and Logistics Segments

In the trading segment, the Group recorded a significant increase in revenue for the current financial year of RM32.4 million as compared to preceding year of RM5.5 million. The increase was due to the trading segment being more aggressive in seeking out opportunities as well as being the materials supplier to the Group's sub-contractor for both Semenyih and KTMB projects.

The logistics segment's revenue increased marginally for the current year at RM0.8 million as compared to the preceding year of RM0.7 million.

REVIEW OF OPERATIONS

CONSTRUCTION

Civil engineering and construction remains the primary focus and contributor of the Group's revenue and earnings. Some of the notable contracts won by the Group include a RM101.3 million contract for building works of a mixed development in Semenyih as well as a RM13.5 million engineering, procurement, construction and commissioning contract for Phase Two of the Jet-A1 underground pipeline foundation and associated works at KLIA2.

Fajarbaru Builder Group also aims to be a serious player in the rail industry with the purchase of RM50 million worth of track work machineries and this place the Group in a position to secure more maintenance works for railway tracks.

New Contracts

During the financial year under review, the segment successfully secured new contracts worth approximately RM135.7 million summarised as follows:

- "Remaining Building Works and Related External Works for Proposed Commercial Development consists of 1 Tower Block with 26 Storey (Consists of 248 Units of SOHOs); 1 Tower Block with 15 Storey (Consists

of 224 Units SOHOs) on 1 Storey Sub-Basement and Mechanical Room, 2 Storey of Shops (48 Units); 2 Storey of Offices (24 Units); 5 Storey of Elevated Parking Floors; Facility Floor with Swimming Pool, Gymnasium, Surau, Cafe, Multi-Purpose Hall, Meeting Room, Child Care, Games Room, Changing Room, Management Office and Laundry, with 1 Unit of TNB Sub-Station, Mukim Semenyih, Daerah Ulu Langat, Selangor" with a Contract value of RM101.3 million

- "Proposed Apron Line Marking, Access Road Connection and Associated Works at KLIA Air Cargo Terminal 1 (KACT 1), KL International Airport, Sepang, Selangor" with Contract value of RM0.7 million
- "Proposed Expansion, Renovation and Other Associated Works for Integrated Parcel Sortation Centre at Pos Malaysia International Hub at Kuala Lumpur International Airport (KLIA)" with Contract value of RM20.8 million.
- "Proposed Improvement Works and Upgrades the Existing Building, Satellite Building at Kuala Lumpur International Airport (KLIA) Complex in Sepang District" with a Contract value of RM12.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Completed Projects

During the financial year under review, the Group has successfully completed the following projects:-

- "Proposed Redevelopment of Air Cargo Handling Facilities at the Existing Low Cost Carrier Terminal (LCCT), KLIA, Sepang, Selangor"
- "Proposed Apron Line Marking, Access Road Connection and Associated Works at KLIA Air Cargo Terminal 1 (KACT 1), KL International Airport, Sepang, Selangor"
- "Proposed Renovation of Existing KLIA Air Cargo Terminal 1 (KACT 1)"
- "The EPCC of Phase 2 Jet-A1 Underground Pipeline Foundation and Associated Works at Klia2 Q Even Aircraft Parking Bay for KAFS"

PROPERTY DEVELOPMENT

The Malaysian property market remained challenging and is characterised by an oversupply of unaffordable housing and idle commercial space.

Completed Projects – Melbourne, Australia

Gardenhill

The Group and our Australian partner Beulah International Pty Ltd have completed an approximately RM260 million residential development called Gardenhill in Melbourne, Australia in financial year 2017. All 136 apartments at the Gardenhill have been fully-taken up. Gardenhill's innovative design and expansive list of amenities, such as Australia's first dog park and the innovative interior sliding panels, have proved to be widely popular with both local owner occupiers and downsizers who view good design as an essential part of modern living.

Gardenhill offers a life of absolute serenity. Surrounded by lush greenery, each residence is an oasis of graceful design and impeccable style. Every day at Gardenhill brings a feeling of being on top of the world, proudly positioned high above Doncaster with magnificent views. From a vantage point high on Doncaster Hill, one can see just how closely one is connected to the centre of town via the nearby Eastern Freeway. The sparkling lights of the city, the winding Yarra River, the charming neighbourhood below, the pockets of green parkland all around and the majestic mountains in the distance – these views are all vantage points in the sky.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

On-Going Projects – Klang Valley



Rica Residence @ Sentul

The property development segment launched its first Malaysian property development in August 2017, known as Rica Residence @ Sentul, has been well-received by buyers due to its impressive build-up as well as its proximity to public transportation services such as the LRT and the future development of MRT Line 2. Nestled at a pivotal location in the city, Rica Residence @ Sentul is a modern sanctuary where convenience and fulfilment come together harmoniously.

Located in Jalan Kovil Hilir, the 39-storey serviced apartment project with a gross development value of RM270 million has 473 units with built-ups ranging from 650 sq ft to 1,200 sq ft. The project received tremendous positive response with a take-up rate of 70% and is scheduled to be completed by 2021. Sentul is a very mature and well-connected location. There are established schools in the vicinity such as the Wesley Methodist School, SMK La Salle Sentul and Convent Sentul secondary school. It is only about 6km to the Kuala Lumpur City Centre area and is well connected by major roads and highways such as Jalan Ipoh, Jalan Tun Razak and Lebuhraya Sultan Iskandar Shah. It is also within walking distance to the KTM Sentul station and Sentul West station of the future Mass Rapid Transit (MRT) Line 2 set for completion in 2021.

On-Going Projects – Melbourne, Australia

Paragon

Paragon, a skyscraper of sumptuous residences which will feature Australia's first elevated high-rise indoor forest, has a current take-up rate of 85%. With approximately RM600 million gross development value, the property development features 227 luxury apartments across 48 levels in Melbourne. Wrapped in walls of glass, the architecture allows expansive sightlines to capture the very essence of the location with immersing interiors in natural light and panoramic vistas of Melbourne. Located at an address within the heart of the city, interiors have been designed to allow its occupants to step away from the chaos below.



Northcote Townhouses

The development consists of at least 15 residential two-storey townhouses along Merri Creek in Northcote, Melbourne, Australia. This would be the third property development by the Group in Australia, following Gardenhill and Paragon.

Future Projects

In Malaysia, the Group is developing the Rica Residence series, comprising Rica Residence @ Sentul, Rica Residence @ Kinrara and Rica Residence @ Malacca. Rica Residence @ Kinrara and Rica Residence @ Malacca are currently in the pipeline, with launch dates to be announced soon.

The Group envision to further expand our foothold in the Australian market by launching new property developments via joint-ventures and acquisitions. The Group believe that the Australian property development market will continue to provide a healthy income for Fajarbaru in the coming years, driven by growing demand for Australian properties from the influx of overseas investors and the local market for high quality Australian properties.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

LOGGING AND TIMBER TRADING

On-Going Logging – Jerantut, Pahang

The Group started venture into logging and timber trading by acquiring Billion Variety Sdn. Bhd. in 2014. The Group has been appointed as the sole and exclusive contractor for the concession rights to extract timber logs from the allocated area. The logging location for the Group is located in Jerantut, Pahang. The following are the Group's timber concession areas:-

- Hutan Simpan Yong, Jerantut, Pahang measuring an approximate area of 28,645 acres; and
- Hutan Simpan Som, Hutan Simpan Tekam and Hutan Simpan Tekai Tembeling (Tambahan), Jerantut, Pahang measuring an approximate area of 20,000 acres.

In addition, the Group also has been appointed as the sole and exclusive contractor for the concession rights to extract and remove timber logs in accordance to Malaysian Criteria and Indicators (MC&I) and MS ISO 2000 : 2008 standards and guidelines, save for the 32 species of trees which comprise of fruit trees and other trees that serve as food sources for fauna, from the following timber concession areas:-

- Hutan Simpan Yong, Jerantut, Pahang with approximate area of 1,000 acres;
- Hutan Simpan Berkelah, Jerantut, Pahang, an approximate land area of 1,423 acres; and
- Hutan Simpan Yong, Jerantut, Pahang with an approximate area of 500 acres.

After carrying out the logging activities, the above-mentioned concession areas shall be surrendered back for reforestation or replanting of palm oil.

LOOKING AHEAD

The Group's construction segment will continue to grow through financial year 2018, focusing on our current order book of approximately RM381.1 million (including RM102.1 million of internal project). Going forward, we opine that it will be challenging and there will be uncertainties in the construction segment in the short term. However, we believe that with a good track record and having completed various rail-related projects such as electrified double-track (Seremban-Gemas), LRT stations and depot and consistently delivering quality products and services,

we are able to compete on some of the infrastructure and rail construction jobs. Rail construction is expected to continue being a driver of Malaysia's economy as the country continues to progress. In addition, our Group has invested into the latest trackwork machineries capable of constructing and maintaining railway tracks and such services are only provided by a limited number of companies. The Group will continue to leverage on the competencies in railway tracks system to capitalise on opportunities in the sector.

The property market in general is expected to remain challenging until a clearer direction on government policies and guidelines is identified. The Group's property division will continue to promote the remaining 30% of Rica Residence @ Sentul units to bumiputra purchasers. For Paragon Melbourne, the take-up rate has surpassed the 80% mark and interest on the remaining units is better than expected and gradually being taken up when construction starts. The Group's condominium development in Puchong, Rica Residence @ Kinrara is planned for launch in 2019. Rica Residence @ Kinrara is strategically located with easy access to public transportation such as the Kinrara BK5 LRT station and other amenities. Despite the challenging external environment, the Group has confidence the demand for property will improve particularly for those projects with good connectivity.

For timber industry, backed by the positive outlook in global demand, increased consumer confidence and improved economies in Asia, the prospects are indeed bright. With the stable average prices of timber products, the Logging and Timber Trading segment will continue to generate significant revenue and profit to the Group.

As part of the Group's mitigation measures and in view of enhancing competitiveness in pricing, the Group is considering smart partnerships with both local and overseas partners to enable the offering of required technology, machineries and equipment to meet project owners' requirements.

The Group will continue to explore more business opportunities and is committed to continue capitalising its strengths to generate sustainable revenue from its existing or potential new businesses via mergers and acquisitions and/or strategic alliances. The Group will solidify strong customer focus to create and deliver sustainable value for our stakeholders.

The background of the entire page is a composite image. The top left shows a modern bedroom with a large bed, purple and white pillows, and a dark headboard. The bottom left shows a swimming pool with people swimming and a modern building facade. The right side shows a tall, modern skyscraper at night with many lit windows.

Rica Residence

SENTUL KL

Nestled at a pivotal location in the city, Rica Residence Sentul is a modern sanctuary where convenience and fulfillment come together harmoniously. A beautiful and generous landscaped park welcomes you as you come home. Set against a backdrop of clean lines, the facade is accentuated by a green spine with communal garden spaces at various levels.





BOARD OF DIRECTORS

Front row seated left to right :

1. **Dato' Sri Kuan Khian Leng**
(Group Executive Director)
2. **Dato' Ir. Low Keng Kok**
(Independent Non-Executive Chairman)

Back row left to right :

1. **Ooi Leng Chooi**
(Independent Non-Executive Director)
2. **Dato' Lim Siew Mei**
(Non-Independent Non-Executive Director)
3. **Dato' Ismail Bin Haji Omar**
(Independent Non-Executive Director)
4. **Foong Kuan Ming**
(Independent Non-Executive Director)



BOARD OF DIRECTORS (cont'd)



Dato' Ir. Low Keng Kok
(Independent Non-Executive Chairman)

Dato' Ir. Low Keng Kok, aged 64, male, a Malaysian, was appointed to the Board on 1 August 2007. He graduated from the University of Malaya with a Bachelor of Engineering (Hons) Degree in Civil Engineering. He is a Chartered Engineer and Chartered Environmentalist (U.K.). He is a Fellow of the Institution of Engineers, Malaysia and the Institution of Highways and Transportation, U.K. He is a corporate member of the Institution of Water and Environmental Management, U.K. (M.I.W.E.M) and the Institution of Civil Engineers, U.K. (M.I.C.E). He has more than 40 years of experience in management of building, infrastructural and privatization projects. He is also a Director of Fitters Diversified Berhad, a Director of Asia Knight Berhad, a Director of Universiti Teknologi Malaysia (UTM) and an Advisor for Contractors Intelligence and Contract Variation Committee (CICVC) of Penang Development Corporation (PDC).

Prior to appointment in FBG, Dato' Ir. Low was the Joint Managing Director of Road Builder (M) Holdings Bhd.

Dato' Ir. Low is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Dato' Ir. Low is the Chairman of the Remuneration Committee.

Dato' Sri Kuan Khian Leng
(Executive Director)

Dato' Sri Kuan Khian Leng, aged 42, male, a Malaysian, was appointed to the Board on 22 June 2017. He graduated with a Bachelor in Civil Engineering (First Class Honours) and Master in Management Science & Operational Research from University of Warwick, United Kingdom. He had been conferred the Darjah Sri Sultan Ahmad Shah Pahang (S.S.A.P.) which carries the title Dato' Sri by the Royal Highness Sultan of Pahang on 24 October 2017.

Dato' Sri Kuan started his career as a Civil and Structural Engineer in Sepakat Setia Perunding Sdn Bhd in year 2000. In March 2002, he joined Citibank Berhad as Assistant Manager and subsequently held several managerial positions in the Marketing, Project Management and Risk Management departments. In July 2006, he held the position of Business Intelligence Head in Kuwait Finance House (Malaysia) Berhad.



Dato' Sri Kuan served as the Executive Director of Mexter Technology Berhad from June 2007 to December 2015, overseeing the operations, business development and marketing activities of the company. He is a Council Member of Master Builders Association Malaysia (MBAM). He has more than 18 years of experience in the banking, ICT, engineering and construction industries. His main responsibilities include day-to-day business operations and development, strategic planning, management decisions and formulation of policies and procedures. He is also a Director of Spritzer Bhd.

Dato' Sri Kuan is a son of Tan Sri Dato' Sri Ir. Kuan Peng Ching @ Kuan Peng Soon, a substantial shareholder of FBG. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Dato' Sri Kuan is a member of the Remuneration Committee of the Company.

BOARD OF DIRECTORS (cont'd)



Dato' Lim Siew Mei

(Non-Independent Non-Executive Director)

Dato' Lim Siew Mei, aged 36, female, a Malaysian, was appointed to the Board on 1 March 2018. She graduated with a Master of Banking and Finance from Monash University and a Degree in Bachelor of Commerce in Accounting and Finance from Deakin University. She has more than 10 years of experience in the timber and logging industry.

Dato' Lim is not related to any Directors or major shareholders of the Company. She does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Dato' Ismail Bin Haji Omar

(Independent Non-Executive Director)

Dato' Ismail Bin Haji Omar, aged 79, male, a Malaysian, was appointed to the Board on 13 November 1997. He obtained a Bachelor of Economics (Honours) Degree from the University of Western Australia, Australia in 1965. He started his career with the Government in 1966 at the Ministry of Commerce and Industry as an Assistant Controller in the Export Commodities Division. Subsequently in 1970, he was promoted to the position of Deputy Controller. He joined the Ministry of Primary Industries as Principal Assistant Secretary in 1972 and in 1975, he was promoted to Secretary, Rubber Division, Ministry of Primary Industries. In 1979, he was promoted to the Deputy Secretary in the Cabinet Division of the Prime Minister's Department and served there for two (2) years. He was made the Director of Agriculture Division in the Economics Planning Unit in the Prime Minister's Department for two and a half (2 ½) years from 1982 to 1984.

In July 1984, he was transferred to the Ministry of Education as Secretary of Development and Supply Division, a post which he held for eight and a half (8½) years till 1993 and also sat on the Board of Rubber Research Institute for ten (10) years from 1968 to 1978. He had also served on the Malaysian Rubber Research & Development Board, Malaysian Rubber Exchange and Licensing Board and Malaysian Rubber Development Corporation.

Dato' Ismail is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Dato' Ismail is a member of the Audit Committee and Nominating Committee.



BOARD OF DIRECTORS (cont'd)



Foong Kuan Ming
(Independent Non-Executive Director)

Mr. Foong Kuan Ming, aged 63, male, a Malaysian, was appointed to the Board of Directors of FBG on 23 November 1998. Mr. Foong is an Advocate and Solicitor by profession. He graduated with a BA (Hons) in Law in 1980 from the University of Central Lancashire, England; subsequently post-graduated from The Council of Legal Education, London and was called to Utter Barrister-at-Law of Lincoln's Inn, London. He later furthered his legal studies and obtained his Masters in Law at University of Malaya in 2004. He is also an Accredited Mediator with the Malaysian Mediation Centre of the Bar Council of Malaysia. He was called to the Malaysian Bar in 1982 and has been in legal practice since then. He is currently the founder and senior partner of the law firm, Foong & Co., and is principally engaged in banking, corporate and property legal matters. He is also a Director of Careplus Group Bhd.

Mr. Foong is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Mr. Foong is the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.

Ooi Leng Chooi
(Independent Non-Executive Director)

Mr. Ooi Leng Chooi A.C.M.A. C.A (M), aged 52, male, a Malaysian, a Chartered Accountant, a member of the Malaysian Institute Of Accountants (MIA) and a Certified Finance Planner (CFP). He joined FBG in 1998 as a Finance Manager and was appointed to the Board of FBG as an Executive Director on 12 December 2001. He has more than 19 years of working experience in handling corporate finance and general management with two (2) listed companies prior in joining FBG. He is also a Director of Careplus Group Bhd.

Mr. Ooi is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Mr. Ooi is a member of the Audit Committee and Nominating Committee.



BOARD OF DIRECTORS (cont'd)

CONVICTIONS FOR OFFENCES OF DIRECTORS

None of the Directors have been convicted for any offences within the past five (5) years other than traffic offences, if any.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were Five (5) Board Meetings held during the financial year ended 30 June 2018. Details of attendance of Directors at Board Meetings are as follows:-

NAME	STATUS OF DIRECTORSHIP	ATTENDANCE OF MEETINGS
Dato' Ir. Low Keng Kok	Independent Non-Executive Chairman	4/5
Dato' Sri Kuan Khian Leng	Executive Director	4/5
Dato' Ismail Bin Haji Omar	Independent Non-Executive Director	4/5
Dato' Lim Siew Mei*	Non-Independent Non-Executive Director	1/1
Foong Kuan Ming	Independent Non-Executive Director	4/5
Ooi Leng Chooi	Independent Non-Executive Director	5/5
Wong Chee Heng**	Independent Non-Executive Director	4/4

* Appointed on 1 March 2018

** Resigned on 28 February 2018

DATE, TIME AND VENUE OF BOARD MEETINGS

All Board Meetings for the financial year ended 30 June 2018 were held in FBG Conference Room, 61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.

The date and time of the Board Meetings were as follows:

DATE	TIME
24 August, 2017 (Thursday)	1.00 p.m.
23 October, 2017 (Monday)	12.05 p.m.
23 November, 2017 (Thursday)	11.30 a.m.
22 February, 2018 (Thursday)	12.15 p.m.
24 May, 2018 (Thursday)	3.00 p.m.

SENIOR MANAGEMENT TEAM

Chan Jiaheng

Age 31, Male, Malaysian
(Director - Property)

Wong Wee Keong

Age 52, Male, Malaysian
(Director of Contract & Trading)

Yau Tuck Wai

Age 51, Male, Malaysian
(Director of Property)

Toh Teong Hock

Age 57, Male, Malaysian
(Chief Operating Officer of
Construction – Infrastructure & Civil)

Ir. Kong Kam Loong

Age 41, Male, Malaysian
(Director of Construction – Building)

Charles Tan Ting Lih

Age 42, Male, Malaysian
(Finance Director)

Chan Jiaheng

(Director)

Toh Teong Hock

(Chief Operating Officer of
Construction – Infrastructure & Civil)

Wong Wee Keong

(Director of Contract & Trading)

Mr. Chan Jiaheng has been with the company since May 2014. He graduated with a MBA from RMIT University (Melbourne), Degree in Bachelor of Engineering (Mechatronics) and Bachelor of Computer Science from University of Melbourne. He has more than 7 years of experience in the advisory and business analysis, project management and property industry. He is primarily responsible for day-to-day business operations and management decisions of the Australian property division.

Mr. Toh Teong Hock has been with the company since April 2008. He graduated from The National University of Singapore with a Degree in Bachelor of Engineering (Civil). He has more than 32 years of experience in civil engineering construction like dam, bridge, sewage treatment plant, road, railway, housing and infrastructural projects. He is primarily responsible in overseeing, supervision and coordinate the operations of the construction division.

Mr. Wong Wee Keong has been with the company since December 2010. He holds the Master in Quantity Surveyor from Heriot Watt University. He has more than 32 years of experience in the construction industry. His responsibility involve overseeing, supervision and coordinate the operations of the contract and purchasing departments.

SENIOR MANAGEMENT TEAM (cont'd)

Ir. Kong Kam Loong

(Director of Construction – Building)

Ir. Kong Kam Loong has been with the company since July 2008. He graduated from the Universiti Teknologi Malaysia with a Degree of Bachelor of Engineering (Civil). He is a Professional Engineer registered with the Institute of Engineers Malaysia (IEM), a Registered Professional Engineer with the Board of Engineers (BEM) and a professional member of Malaysia Green Building Confederation (MGBC). He has more than 15 years of experience in the construction industry involving in design and construction planning. His main responsibilities include carried out in compliance of regulations and procedures; and supervise and coordinate with sub-contractors on site.

Yau Tuck Wai

(Director of Property)

Mr. Yau Tuck Wai has been with the company since March 2010. He is a graduate from Chartered Institute of Marketing (UK). He has more than 25 years of experience in property industry. He is primarily responsible for the day-to-day business operations of the property division.

Charles Tan Ting Lih

(Finance Director)

Mr. Charles Tan has been with the company since June 2011. He is a Chartered Accountant, and a member of the Malaysian Institute of Accountants (MIA). He has more than 14 years of experience in accounting, corporate finance and general management. His main roles include leading the accounts and finance department; implementing system control and financial budgeting.

Note:-

Save as disclosed, none of the above Key Senior Management has:-

1. any family relationship with any Director and/or substantial shareholder of the Company;
2. any directorship of public companies;
3. any conviction for offences within the past five years other than traffic offences, if any;
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
5. any conflict of interest with the Company.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds from the issue of the Employees' Share Option Scheme

(a) Employees' Share Option Scheme

Utilisation	Amount (RM'000)
1. Working Capital	4,018
2. Expenses for the Issue	-
Total Proceeds from the Issue:	4,018

2. Total audit and non-audit fee payable to external auditors

	The Group		The Company	
	2018	2017	2018	2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
1. Audit Fee	243.4	211.4	92.0	80.0
2. Non-Audit Fee	5.0	8.1	5.0	8.1
Total fee payable to external auditors	248.4	219.5	97.0	88.1

3. Options, warrants or convertible securities exercised

At the Extraordinary General Meeting held on 28 October 2009 the Company's shareholders approved of an Employees' Share option Scheme (" ESOS ") of up to fifteen percent (15%) of the issued and paid-up capital of the Company to eligible Director and employees of the Group. The Company has on 26 February 2014 resolved to extend the existing ESOS which is expiring on 17 December 2014 for a further five (5) years period till 16 December 2019.

- i. During the financial year ended 30 June 2018, the total number of options granted, exercised and outstanding under the Employee Share Scheme are as set out in the table below:

Description	Number of Options			
	Grand Total		Directors and Chief Executive	
	2018	2017	2018	2017
(a) Granted	16,297,000	20,710,000	6,900,000	7,150,000
(b) Exercised	6,697,000	4,413,000	2,450,000	250,000
(c) Outstanding	9,600,000	16,297,000	4,450,000	6,900,000

* Including forfeited options

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

- ii. Percentage of options applicable to Directors and Senior Management under the Employees' Share Option Scheme:

Directors and Senior Management	During the financial year ended 30 June 2018	Since commencement up to 30 June 2018
(a) Aggregate maximum allocation	50%	50%
(b) Actual granted (the ESOS granted over the issued and paid-up ordinary share capital of the Company (excluding treasury shares))	1.92%	4.62%

- iii. Set below is a breakdown of the options offered to and exercised by, or shares granted to and vested in (if any) non-executive directors pursuant to an employees, Share Option Scheme in respect of the financial year ended 30 June 2018 as follows:

Name of Director	Amount of Options Offered	Amount of Options Exercised
Dato' Ir Low Keng Kok	300,000	-
Dato' Ismail Bin Haji Omar	200,000	-
Dato' Lim Siew Mei	800,000	400,000
Foong Kuan Ming	200,000	200,000
Ooi Leng Chooi	200,000	100,000
Total	1,700,000	700,000

The Company has not issued warrants or convertible securities during the financial year ended 30 June 2018, other than the exercise of Employees' Share Option Scheme of up to 6,697,000 options.

4. **Profit Guarantee**

Claim by Fajarbaru Builder Group Bhd ("FBG") against Cashrep Holdings Sdn. Bhd. ("Cashrep") and Cita Jati Sdn. Bhd. ("Cita Jati").

- FBG's claim is based on Profit Guarantee Agreement and a Supplemental Profit Guarantee Agreement both executed by Cashrep and Cita Jati in favour of FBG.
- On 23 November 2006 and 11 April 2007, the Company has obtained Winding-Up Orders from the Court against Cita Jati and Cashrep respectively. The Official Receiver from the Jabatan Insolvensi, Wilayah Persekutuan was appointed as liquidator for both companies.

5. **Recurrent related party transactions**

There were no recurrent related party transactions during the financial year ended 30 June 2018.

6. **Material Contracts involving directors and substantial shareholders**

There were no material contracts involving directors and substantial shareholders during the financial year ended 30 June 2018.

7. **Revaluation Policy**

The Group did not adopt a policy on regular revaluation of its landed properties.

SUSTAINABILITY STATEMENT

Our FY2018 Sustainability Statement ("Sustainability Statement" or the "Statement") provides an overview of Fajarbaru Builder Group Bhd ("Fajarbaru")'s sustainability initiatives and practices, highlighting our economic, environmental and social impacts.

Megatrends can have profound impacts on the dynamics of the business environment and the economy. In line with increasing consumer and shareholder activism, sustainability is fast becoming a mainstream practice amongst many corporations. Companies today need to demonstrate sound business practices that generate positive impact on the environment, economy and society. In addition, sustainability considerations provide an opportunity for corporations to shift away from short-termism towards long-term value creation. A global study highlighted that more than 84% of the market value of an organisation is linked to intangible assets such as brand value, reputation, human capital, relationships with stakeholders among others. Therefore, sustainability provides a comprehensive outlook of managing relevant intangible assets that are critical for business success and resilience. Further, sustainability allows companies to unlock synergies across various functional units and capitalise on business opportunities through continuous innovations in business models and processes.

Our core values – Integrity, Quality, Safety, Innovation and Respect – guide our approach towards achieving our vision of becoming the most valued construction and property company in the markets we serve.

In 2017, we engaged an external sustainability consultant to facilitate the creation of a sustainability framework that would shape Fajarbaru's sustainability reporting practices and an organisation-wide sustainability strategy. This exercise enables us to objectively assess our sustainability readiness and develop long term solutions to manage our intangible value drivers.

SCOPE

This is Fajarbaru Builder Group Bhd's first year of formally disclosing its sustainability management and initiatives using Bursa Malaysia's Sustainability Reporting Guide. This Sustainability Statement covers the reporting period between 1st July 2017 to 30th June 2018.

This Statement has been prepared in accordance with Note 9 of Bursa Malaysia's Main Market Listing Requirements. This practice note aids our disclosures on economic, environmental and social matters that are relevant to our business activities.

The information presented in the Statement primarily covers our construction, property development and timber logging business activities in Malaysia, unless otherwise stated. More information on FBG's divisions and subsidiaries can be viewed in the Corporate Structure section of this annual report. The terms "Fajarbaru", "Fajarbaru Group", "the Group", and "we" refer to Fajarbaru Builder Group Bhd and/or its divisions and subsidiaries. We aim to expand our scope of reporting to include other business divisions in the future.

We aim to continuously improve our sustainability disclosures and we appreciate your thoughts and feedback on our sustainability initiatives, reporting and communication. Please send your feedback to:

Jenny Foo
Senior Manager, Group Marketing & Communication
No. 61 & 63, Jalan SS6/12, Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

SUSTAINABILITY STATEMENT (cont'd)

SUSTAINABILITY GOVERNANCE

A sustainability governance structure ensures effective implementation of the sustainability strategy and promotes accountability over the initiatives and management processes established.

We aspire to establish a sustainability working committee in the near future. This committee will comprise representatives across various functional bodies of FBG. The committee shall be responsible to develop comprehensive strategies, implement management programmes as well as monitor our progress towards improving sustainability performance.

STAKEHOLDERS

In this dynamic and ever-changing business environment, it is critical to engage with stakeholders to understand their expectations and continuously improve our operations to meet their respective needs.

Our stakeholders play a critical role to our long-term business success. For a differentiated approach, we have identified individual goals for each stakeholder group within our mission statements. As an inclusive corporate citizen, we engaged our stakeholders through various activities and communication channels throughout the year.

Our stakeholders consist of the following:

Stakeholders	Individual Goals	Engagement Activities	Frequency of engagement
Board of Directors	To enhance shareholders value and our long term financial performance.	- Board meetings - Annual General Meetings	- Quarterly - Annually
Employees	To create value for our employees by providing better growth opportunities.	- Employee induction training - Townhall sessions - Safety briefings - Learning and development programmes - Performance appraisals	- Ad hoc - Quarterly - Ongoing - Ongoing - Annually
Customers	To achieve highest level of customer satisfaction through reliable and timely delivery, innovative and cost-effective products and solutions without compromising on quality and safety.	- Customer feedback mechanism	- Ongoing
Shareholders	To create value for our shareholders by consistently improving our profitability and growth, and ultimately deliver superior returns on their investment.	- Annual General Meetings - Media releases	- Annually - Ad hoc
Suppliers / vendors / associates	To be the preferred business partner, consultant and supplier; to have a relationship based on respect, professionalism and ethics.	- Meetings - Written communication	- Ongoing - Ongoing
Local communities	To create a sustainable future for our stakeholders and the society by preserving the environment, be responsible and be active in the development of a better society and economy.	- Corporate Social Responsibility events	- Ad hoc

SUSTAINABILITY STATEMENT (cont'd)

THE 17 SUSTAINABLE DEVELOPMENT GOALS

The United Nations 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (“SDGs”) were introduced the 2015 United Nations Conference on Sustainable Development. The agenda provides a harmonised view for governments, corporations and the general public to address areas of critical importance for the economy, the planet and wider society.

Malaysia is committed to support and implement the SDGs. These goals have been embedded in the key outcomes outlined in the 11th Malaysia Plan, a five-year development plan from 2016 to 2020. According to the Business & Sustainable Development Commission, the SDGs could unlock US\$12 trillion in market opportunities as well as create 380 million new jobs globally by 2030.



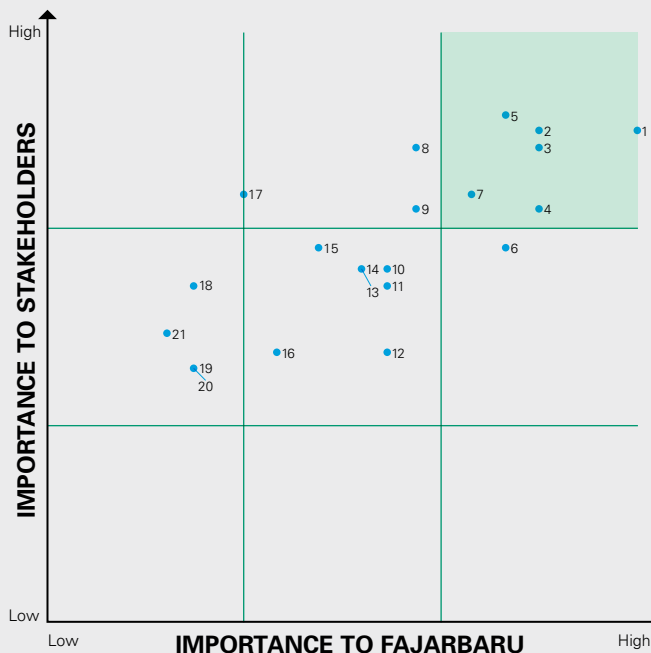
We support the SDGs and will use these goals to shape our long-term sustainability strategy and initiatives. In this Statement, we share how we are contributing to these goals through our business activities and various sustainability initiatives.

SUSTAINABILITY STATEMENT (cont'd)

MATERIALITY

Sustainability covers a variety of topics that affect the business landscape today. A materiality assessment provides the threshold to determine the relevant economic, environmental and social impacts to the Group. Fajarbaru has performed a materiality assessment in line with Bursa Malaysia's Sustainability Reporting Guide.

We appointed an external consultant to perform a Stakeholders Materiality Survey in the 1st half of 2018. Selected management personnel were invited to participate in this survey. We also obtained continuous feedback from our employees and key senior management through focus group sessions during this process. We asked respondents to rate the importance they placed on 21 economic, environmental and social matters. Each respondent was required to rate the importance of each matter on a five-point scale: 'not important' (1) to 'very important' (5).



1.	Financial Sustainability of the Company
2.	Safe Working Environment
3.	Practice of Good Business Conduct/ Ethics
4.	Client Satisfaction
5.	Employee Training, Education and Career Development
6.	Risk Management
7.	Anti-Corruption Policies and Procedures
8.	Respecting Human Rights Standards
9.	Client Data Privacy
10.	Material Management
11.	Employee Benefits
12.	Supply Chain Management
13.	Diverse and Inclusive Workplace
14.	Corporate Social Responsibility
15.	Waste Management
16.	Land and Biodiversity Management
17.	Energy Management
18.	Water Management
19.	Carbon Emissions
20.	Assessment of Suppliers' Social Practices
21.	Assessment of Suppliers' Environmental Practices

For FY2018, we have identified six material topics that would be emphasised within our Statement. These six topics are reflected in the upper green quadrant seen in the diagram above.

We aim to extend our stakeholder reach to provide a more inclusive materiality assessment in the future. We also recognise that the materiality matrix and reporting content may change as we continue to expand our stakeholder universe. We will review the relevance of these topics and assess their impacts on our business operations over the near, medium and long-term future.

SUSTAINABILITY STATEMENT (cont'd)

ECONOMIC

The construction, property development and timber logging industries are important sectors that contributed to our business growth. The financial sustainability of the Group is discussed in the Management, Discussion and Analysis section in this Annual Report.

Additionally, we have identified our supply chain management, our commitment towards good business conduct and participation in key industry engagements as important issues to be disclosed in this Statement.



SUPPLY CHAIN MANAGEMENT

Responsible business entities support local suppliers that will contribute towards the economic growth of the local community. During FY2018, all materials are sourced from local suppliers and only local companies have been appointed as our subcontractors.

At Fajarbaru, we aim to improve the competencies of our local suppliers and subcontractors to ensure continuity of local participation in our development projects. Therefore, we believe it is also important that our business associates and subcontractors are aware of the requirements of the quality standards that we subscribe.

On 23 April 2018, Fajarbaru organised the Quality Assessment System in Construction ("QLASSIC") awareness workshop for subcontractors involved in architecture work. The half-day awareness workshop serves as a knowledge sharing platform for our subcontractors to learn about the requirements of QLASSIC. The briefing allowed us to share our industry expertise on the assessment process and ensure alignment of quality expectations across the value chain. We believe a shared understanding on the requirements of QLASSIC will aid the Construction Industry Development Board ("CIDB")'s external evaluation process for our completed building projects.



In FY2019, we will increase the frequency and expand our scope of the awareness workshops for our subcontractors. We will also encourage more subcontractors to participate in our workshops in the future.

We acknowledge that it is necessary to integrate environmental and social considerations within our supply chain. Currently, we frequently communicate to our subcontractors to abide by all applicable laws and regulations. Our subcontractors are required to ensure high service quality and monitor employee safety at the work environment. We aim to identify the relevant and decision-useful environmental and social considerations for our suppliers and subcontractors in the near future.

SUSTAINABILITY STATEMENT (cont'd)



COMMITMENT TO GOOD BUSINESS CONDUCT

Fajarbaru aims to achieve the highest standards of integrity and governance in the conduct of its day-to-day operations. All employees of Fajarbaru shall observe the provisions of the Code of Conduct and Business Ethics and Employee Handbook to maintain the highest standard of professional conduct.

Fajarbaru observes a No-Gift Policy, whereby employees are prohibited from soliciting or receiving any gifts from their associates and business partners which may influence the employee's judgement in the decision-making process or result in an appearance of conflict.

The Group has established a Whistleblowing Policy that provides a platform for all stakeholders to report any instance of misconduct or criminal offence. All stakeholders may report any violations of the Code of Conduct and Business Ethics through a dedicated whistleblowing email: whistleblow@fajarbaru.com.my, which is accessible by the Chairperson of the Audit Committee.

An internal grievance platform was established as another mechanism for employees to submit their concerns. The grievance platform allows Fajarbaru to identify issues that affect the well-being of the employee and the dynamics of the work environment.



PARTICIPATION IN INDUSTRY ENGAGEMENTS

We are committed to contribute towards the economic development of the infrastructure and construction industry. Through our active engagement with industry partners, we are able to contribute our expertise to pave the way forward for the construction and infrastructure industry.

The Master Builders Association of Malaysia ("MBAM") was founded in 1954 dedicated to promoting and developing the construction industry in Malaysia. Fajarbaru has been actively involved in MBAM as committee members.

Fajarbaru's current representatives in MBAM

Dato' Sri Kuan Khian Leng	Affiliate Membership Committee - Chairman, MBAM Material Resources Committee - Deputy Chairman, MBAM Council Member, MBAM
Mr Eugene Ng	Material Resources Committee Member, MBAM

Fajarbaru is recognised as a Class A and Grade 7 contractor by PKK and CIDB respectively, which is the highest classification awarded. Pusat Khidmat Kontraktor ("PKK") is a Government registration body for licensed contractors in Malaysia. CIDB is established by the Government to develop the capacity of the construction industry by improving quality and productivity. The highest classifications awarded allow us to participate in government and private projects of any size.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL

We aspire to be a responsible employer by providing a safe and inclusive work environment for all our employees. Our core values shape our approach when conducting our operations and influence the way we work. This section outlines how Fajarbaru has engaged with its workforce and the local communities. We have identified our human resources, service quality and community engagements to be important topics within the social pillar.



OCCUPATIONAL HEALTH AND SAFETY

Workplace safety is amongst our core values where safety of our employees, customers, business associates and communities must be prioritized in all decisions making processes and shall not be compromised in any manner.

Cross-division monthly construction meetings play a vital role within Fajarbaru's construction and property development division. These meetings provide an avenue to discuss important aspects of the construction projects undertaken by the Group. Issues concerning health and safety, quality, progress and internal control findings are frequently assessed and deliberated amongst key personnel within the Group. This ensures cohesion and increases efficiency in our construction projects.

In compliance with the Occupational Safety and Health Act (OSHA) 1994, a safety and health committee comprising project management personnel, site managers and representatives from our subcontractors has been established at every project site. The committee is responsible to review the compliance towards legislative requirements and design internal controls that would promote the desired health and safety objectives and outcomes. The safety and health committee meet at least once every two months.

Site managers are responsible to conduct daily inspections of the project site to ensure all identified safety measures have been properly implemented. In addition, toolbox talks on health and safety requirements are conducted daily to spread awareness on maintain the highest safety standards. The Quality Assurance/Quality Control ("QA/QC") and Environment, Safety and Health ("ESH") departments in Fajarbaru will conduct safety audits at each project site every month. All employees are required to undergo a formal health and safety training every quarter to keep abreast with the latest developments in safety standards.

A safety and health committee has been established at Fajarbaru's headquarters in Kelana Jaya. The committee is responsible to develop and review the health and safety management programmes conducted at the headquarters.



SUSTAINABILITY STATEMENT (cont'd)



EMPLOYEE TRAINING

Capacity building programmes within the Group ensure our employees are equipped with the necessary skillsets, knowledge and qualifications to perform their roles effectively.

Our Human Resources department works together with the department heads to perform an annual training needs analysis for all employees. The analyses provide a structured approach to help Human Resources identify relevant training programmes and solutions for our workforce. Further, we also aim to align our employees' career development plans with their respective job requirements.

According to our internal tracking, we provided 3,759 hours of training for all our employees for the year FY2018. The distribution of training hours segregated by gender and business divisions are seen in the table below.

Average Training Hours provided	Construction	Property	Logistics	Average
Per employee	17.7	2.7	3.2	11.8
By Gender				
Male	20.5	1.1	3.2	14.3
Female	7.4	4.0	0.0	4.5

Employee training provided comprise the following categories: leadership skills, workplace safety, technical skills, accounting and administration, as well as quality control and assurance. Moving forward, we aspire to monitor the employee training we provide by training categories and will report training hours by training category in the coming sustainability disclosures.

Fajarbaru has implemented the ISO 9001:2015 – Quality Management System for its construction division. The ISO standard requires all employees in this division (excluding non-executive employees) to undergo at least 12 hours of training per year. Moving forward, we will study the feasibility of implementing an annual training target for employees in other business divisions.

We support our employees' career aspirations by sponsoring the relevant education and professional certification programmes that employees wish to undertake. For every employee, the Group will reimburse the subscription fees for two professional bodies of their choice.

QLASSIC Assessor Training Course

The success of our business operations is highly dependent on the collective strengths of our human capital. We encourage employees to participate in the relevant accreditation programmes to improve their range of knowledge and skills.

In the construction industry, QLASSIC assessments are carried out by competent and qualified assessors appointed by CIDB. Employees of Fajarbaru are encouraged to be accredited as qualified QLASSIC assessors. This ensures we have sufficient competencies within the organisation to meet the requirements of the QLASSIC assessments for our building projects. Employees who intend to be recognised as a QLASSIC assessor are required to undergo the Assessor Training Course and pass the Knowledge Assessment Examination. Three Fajarbaru's employees have participated in this QLASSIC Assessor Training Course and successfully passed the Knowledge Assessment Examination. Moving forward, we aim to encourage more employees to undertake this accreditation programme.

SUSTAINABILITY STATEMENT (cont'd)



EMPLOYEE RIGHTS AND BENEFITS

At Fajarbaru, we invest in the development of our employees and reward outstanding performance to attract, motivate and retain the best talents. Our compensation package is consistent with industry expectations and complies with the legal requirements of applicable laws and regulations in Malaysia. We offer our employees a compensation package that is based on merit and fair performance review processes.

In line with our inclusivity agenda, we aspire to promote equal opportunity where all remuneration and promotion decisions will be made based on the contributions and merits of each employee.

Benefits Provided to Full Time Employees	
General Benefits – Contributions to Employees Contribution Fund (EPF), Social Security Organisation (SOCSO), Employment Insurance Scheme (EIS), Professional Body Subscription Fee	Leave – Annual Leave, Compassionate Leave, Marriage Leave, Paternity Leave, Maternity Leave, Examination Leave, Medical Leave, Prolonged Illness leave
Healthcare – Medical Benefits, Dental Benefits, Group Hospital & Surgical Scheme, Group Personal Accident Insurance	Staff Discount – Discount to purchase property
Allowances – Site Allowance, Handphone Allowance, Mileage Claims, Accommodation Allowance, Meal Allowance, Car Allowance	Uniforms

We believe that everyone should be respected and treated with dignity. Our Employee Handbook outlines our commitment against harassment, discrimination and violence at the workplace. We encourage all employees to speak up against any disputes or channel their concerns through the internal grievance mechanism.



The Group encourages employees to practice a healthy and balanced lifestyle through sports and wellness activities. The Fajarbaru Sports Club was established with a view of promoting a balanced and healthy lifestyle and foster employee relations. Among the sports activities organised by Fajarbaru Sports Club include paintball, bowling and badminton.

On 21 April 2018, Fajarbaru participated in the annual MBAM Badminton & Table Tennis Tournament 2018 that was organised by MBAM. Our employees represented Fajarbaru in the Badminton Tournament. The tournament aims to forge bonds between industry players while promoting a healthy and active lifestyle.



SUSTAINABILITY STATEMENT (cont'd)



On the last Friday of every month, the Fajarbaru Sports Club will organise a "TGIF" session. We provided healthy meals during each "TGIF" session as a token of appreciation to our staff for their hard work and as another method to promote healthy living and eating.

On 26 and 27 August 2017, we organised a company retreat for our staff to Taiping, Perak. The company retreat serves as a platform for our staff to become better acquainted with each other and to rejuvenate themselves.



On 21 and 22 October 2017, we organised a team building programme for our staff. The two-day team building programme was held in Pangkor Island, Perak. Employees and senior management were involved in various physical activities, problem-solving quizzes, and simulation exercises. 200 employees participated in the team building programme.

Fajarbaru also conducts a townhall session every quarter. These sessions provide an avenue for the top management to engage with the working level employees on pertinent issues that are important to the organisation. In addition, Fajarbaru also observes and celebrate major festivals in Malaysia during these townhall sessions.

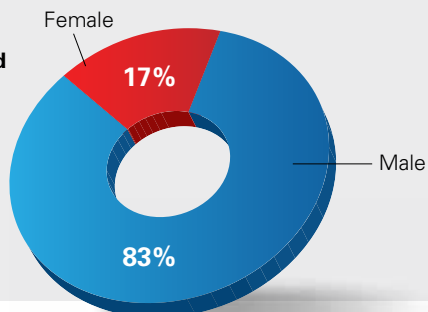


WORKFORCE DIVERSITY

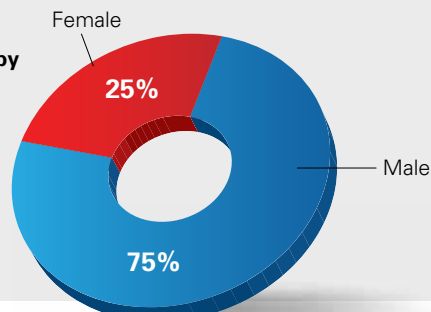
Diversity is an emerging trend that is shaping the business environment in Malaysia. Workforce diversity provides the necessary range of skills, experience and perspectives for the organisation to be successful in this ever-changing business environment. We recognise that we operate in industries traditionally dominated by men. That said, we endeavour to promote equal opportunity and inclusivity in our recruitment process and will continue to identify measures to improve female representation in our organisation.

As at 30 June 2018, 317 people are employed in Fajarbaru Group of Companies.

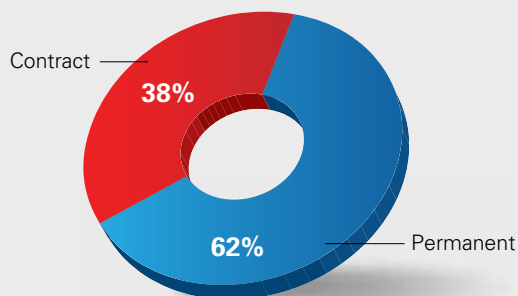
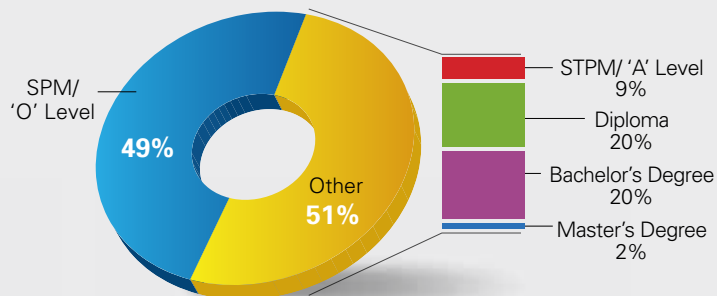
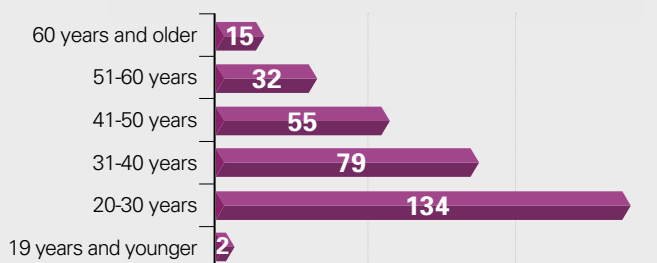
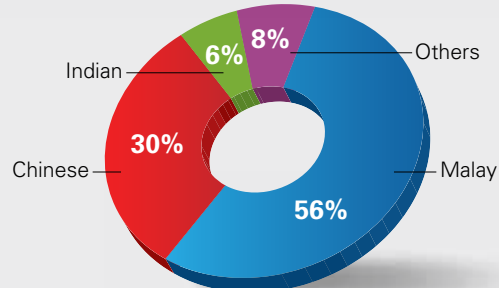
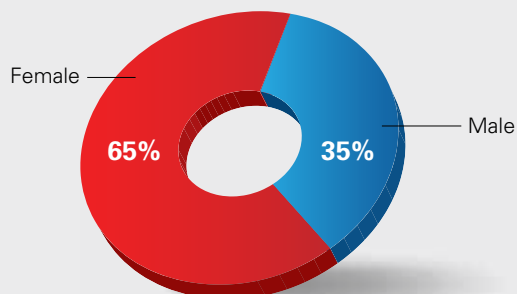
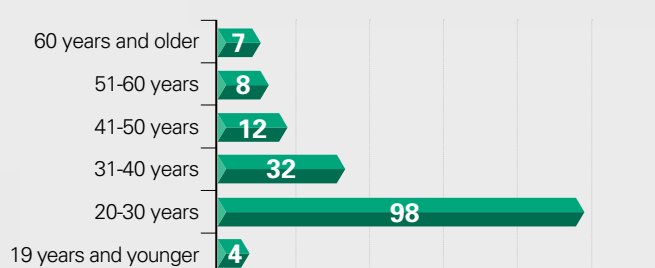
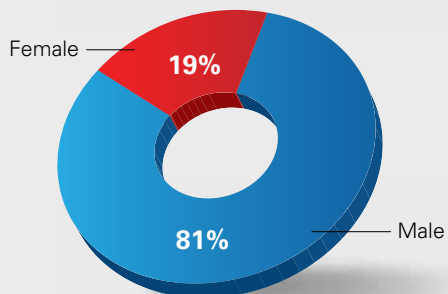
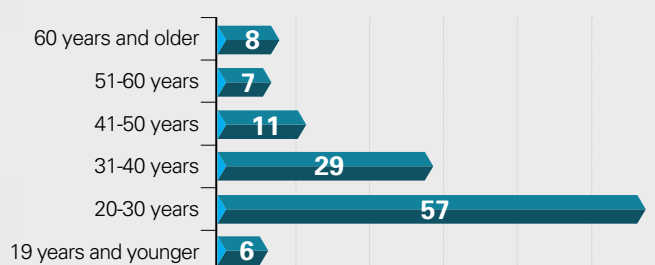
Promotion of Women in Board of Directors



Employee Diversity by Gender



SUSTAINABILITY STATEMENT (cont'd)

Employee Diversity by Employment Contract

Employee Diversity by Education Background

Employee Diversity by Age

Employee Diversity by Ethnicity

New Employee Hires by Gender

New Employee Hires by Age

Employee Turnover by Gender

Employee Turnover by Age


SUSTAINABILITY STATEMENT (cont'd)



SERVICE QUALITY

ISO 9001 – Quality Management System is used to formalise a system that documents policies, processes and procedures that are geared towards achieving a particular quality objective identified. As an organisation, we recognise the benefits of adopting an international standard of practice such as ISO 9001. Our construction arm, Fajarbaru Builder Sdn Bhd have been awarded the ISO 9001 certification since 2009. In August 2017, we have achieved the latest ISO 9001 certification standard – the ISO 9001:2015 certification.

Our reputation as a reliable and professional contractor is directly attributed to the quality of service we deliver. Fajarbaru's Quality Policy describes our commitment to achieve customer satisfaction through the provision of the best products and services, fast and value-adding delivery while achieving performance beyond our customers' expectations.

FAJARBARU QUALITY POLICY	
Fast	Fast and value delivery within stipulated time-frame and cost without ignoring quality and safety products & service
Best	Continually improve the effectiveness of quality management system to provide Best quality products & services
Satisfaction	Working towards customer Satisfaction by meeting customer as well as statutory & regulatory requirements
Beyond	Our work performance shall be Beyond the customer expectation by providing sufficient resources and management commitment

The Quality Policy is supported by the procedures and standards of practice outlined within the Quality Manual. The procedures outlined within the Quality Manual comprise:

PROCEDURES WITHIN THE QUALITY MANUAL	
Document Requirement & Control	Project Management Process Control
Control of Records	Human Resources Management
Drawing Control	Management Review & Analysis
Internal Audit	Monitoring & Measurement Equipment Control
Continual Improvement Risk & Opportunity Analysis	Control of Customer & External Provider Property
Monitoring & Measurement of Product and Non-Conformity Control	Control of Outsourced Process
Tendering Control	Product Preservation
Purchasing Control	Design & Development Control
Project Planning	

QLASSIC is an evaluation process established by CIDB to measure and evaluate the workmanship quality of a constructed building. The QLASSIC scoring system provides a standardised view and enables an objective analysis of constructed building projects. We view the evaluation system as a vital tool method within our quality assessment and control procedures. We ensure that the requirements of the QLASSIC evaluation are considered at all phases of the building construction project to ensure we deliver high quality works with zero defects to our customers.

SUSTAINABILITY STATEMENT (cont'd)



CUSTOMER SATISFACTION

At the end of each project, we receive feedback from our client on their satisfaction levels for the works delivered. This is done via a Customer Satisfaction Survey. Clients assess the quality of our workmanship in the following areas:

AREAS ASSESSED WITHIN THE CUSTOMER SATISFACTION SURVEY

Quality Control	Labour Status	Safety
Professionalism	Material	Overall performance

Feedback gathered from our clients help us to continuously improve our quality of service deliverables. The outcome of the Customer Satisfaction Survey will be tabled during senior management meetings for a thorough evaluation to identify potential improvement opportunities.

For our property development division, we ensure our customers are frequently updated on the progress of the construction through newsletters and site photos communicated via email. Moving forward, we strive to consider the implementation of innovative engagement platforms to improve our interactions with our customers.



COMMUNITY ENGAGEMENTS

Fajarbaru is committed to enrich the lives of communities in regions where we operate. We attempt to collaborate with the communities to resolve any issues that may manifest from our business activities.

We visited Farm in the City, a petting zoo in Seri Kembangan with 34 children from House of Love (Pertubuhan Rumah Anak Yatim Berkat Kasih) on 30 June 2018. Our employees interacted with the children during the half day event and participated in the farm visits, feeding stations and various exhibits in the petting zoo. This CSR event allowed us instil awareness about environmental conservation and protection.



Our business operations within the timber logging industry resides in Jerantut, Pahang. As part of our continuous effort to contribute to community development, we have contributed approximately RM140,000 to various schools in Jerantut in FY2018. The monetary contribution comes in the form of sponsorship of sports equipment to neighbouring schools, funding for school society and competitions.

In December 2017, we sponsored students in Kampung Batu Balak, Pahang for a Back-to-School Programme. The programme provides financial aid to students in financial hardship to help ease the parents' burden in preparation for the new school year. We contributed approximately RM3,600.00 towards school supplies for the children and 12 students received financial aid.

ENVIRONMENT

We recognise that our business activities have direct or indirect consequences on the wider environment. This is our first year providing a systematic reporting on our environmental footprint. Therefore, our environmental disclosures are predominantly focused on the impacts created at the headquarters. Moving forward, we aim to enhance our environmental footprint reporting to include project sites. In addition, we will also systematically report on the key environmental risks and impacts created at our project sites.

We have identified energy management, carbon emissions, water management, resource and waste management as important environmental factors for the Group.

SUSTAINABILITY STATEMENT (cont'd)



ENERGY MANAGEMENT

Our electricity consumption at our headquarters in Kelana Jaya in FY2018 amounts to 215.86 MWh. In FY2018, we have refurbished our office to improve the interior in our lobby. We took the opportunity to change our existing lighting to energy-efficient LED lightbulbs as a method to reduce our energy consumption. We plan to roll out awareness programmes for our employees by encouraging the practice of switching off all lights and unused appliances during the lunch hour and at the end of the day.



CARBON EMISSIONS

Our Greenhouse Gas ("GHG") emissions calculation is based on the GHG Protocol classification of direct and indirect emissions. Scope 2 emissions (purchased electricity) constitutes our largest emission source at the headquarters. Our carbon emissions are attributed to the activities in our headquarters. In FY2018 our carbon emissions amount to 176.58 metric tonnes of carbon emissions equivalent (tCO₂e). For FY2018, we have calculated our emissions under the following categories:

Direct (Scope 1) emissions

Description: Emissions from sources that are owned or controlled by us.

Emission Source:

Company-owned vehicles designated as pooled cars.

Emissions from the consumption of fuel for cars were derived using the emission factor published by the IPCC Guidelines for National GHG Inventories.

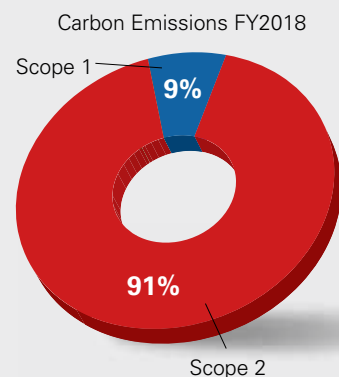
Energy Indirect (Scope 2) emissions

Description: Emissions from the generation of purchased or acquired electricity consumed by us.

Emission Source:

Electricity consumed within the headquarters in Kelana Jaya deemed to be within Fajarbaru's operational control.

Emissions from the consumption of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular grid.



Moving forward, we endeavour to undertake measures to enhance our scope of reporting and establish a boundary for calculating Scope 3. Further, we also aim to set benchmarks to monitor performance in the future.



WATER MANAGEMENT

Our water consumption at our headquarters in Kelana Jaya is sourced locally from our municipal water utilities supplier. A total of 1,000 litres of water was consumed at our headquarters in FY2018.

The office refurbishment exercise in FY2018 includes the refurbishment of our washrooms. We installed water efficient taps and plumbing in our washrooms to reduce consumption. Additionally, we have adjusted the water outflow to prevent the wastage of water. We aim to introduce monitoring measures by conducting regular checks and fixing any plumbing leaks in our office immediately when detected.



RESOURCES AND WASTE MANAGEMENT

As a property development and construction outfit, the Group uses large quantities of sand, cement, and steel. Our Environment, Safety and Health (ESH) department monitors the usage of materials to ensure wastages are minimized where possible. We have a stringent procurement and monitoring process to ensure that raw materials are used efficiently.

SUSTAINABILITY STATEMENT (cont'd)

Building Information Modelling ("BIM")

We seek innovation to improve the way we do things to deliver efficient and effective products and services to our clients. One such example is the use of BIM for our operations.

BIM is a tool to link different aspects within the design, construction and delivery for construction projects. BIM integrates design (3D), time (4D), cost (5D) and project lifecycle (6D) into the model during the planning and construction phases. The tool enables Fajarbaru to improve its efficiency and build better buildings.

Fajarbaru started its BIM journey in 2016. We have undergone many capacity building initiatives to integrate the application of BIM within our processes. Since then, we have successfully adopted and implemented BIM modelling in pre-award and post-award of building construction contracts.

To further harness the potential of BIM, we encourage our subcontractors to also adopt its use in our construction projects. We have conducted awareness programmes and briefings sessions for our subcontractors on the potential applications of BIM.

Paper and other office materials make up a significant proportion of materials used at our headquarters. To that end, we aspire to implement practices that ensures the sustainable usage of materials. Our purchased paper materials are certified by the Forest Stewardship Council ("FSC"). We encourage our staff to reduce printing physical copy printouts and to print on both sides of paper used. We also reuse and recycle waste paper where possible.

We strive to implement new methods to ensure the effective consumption of resources and to reduce waste creation in our office. We have recently adopted a Document Management System for headquarters. Moving forward, we aim to roll-out an awareness campaign for our employees to improve the awareness towards the conservation of resources and recycling waste.

General waste and scheduled waste are created in our operations at the project sites and our headquarters. We appointed licensed waste disposal contractors for the disposal of our general and scheduled waste generated at our project site offices. At our headquarters, we appointed a licensed agent to collect our used paper and ink cartridges for recycling. Further, we also ensure that waste is removed and disposed from our project sites and headquarters on a daily basis.

We repurpose old equipment previously used at the project site offices to our headquarters, thereby extending the life of the assets and avoid unnecessary deposits of waste to the landfill. The repurposed equipment include office chairs, office desks, and other furniture and office fittings.

MOVING FORWARD

We will establish a sustainability policy that would provide an overarching framework for our sustainability initiatives and practices. The sustainability policy will reaffirm our commitment towards responsible business practices and sustainability management while we build resilient businesses through our focus on quality and innovation.

We aim to establish a Group sustainability committee in the near future. This committee will make up of representatives from different functional units and business divisions and will steer the sustainability agenda for the Group.

Sustainability is a highly contextualised topic. The sustainability risks and impacts are linked to the type of industry, geography and other unique circumstances. Therefore, we believe a differentiated approach towards sustainability management would best suit Fajarbaru's diversified business activities. We aspire to improve our internal data collection and monitoring activities across the Group. This would help create a sustainability framework that will guide the creation of relevant Key Performance Indicators (KPIs) and targets for the different business activities.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Fajarbaru Builder Group Bhd. is committed to apply the principles and best practices recommended by the Malaysian Code on Corporate Governance ("Code") and to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the long term financial performance of the Group.

The Board is pleased to present below the manner in which the Group has applied the principles of the Code and the extent of compliance with the best practices of the Code throughout the financial year ended 30 June 2018:-

BOARD OF DIRECTORS

Board Charter

The Board Charter act as a source of reference and primary induction literature in providing insights to the Board members and senior management.

The details of the Board Charter are available for reference at www.fajarbaru.com.my.

Composition and Balance

The Board of Fajarbaru Builder Group Bhd. currently has six (6) members comprising of an Independent Non-Executive Chairman, Executive Director, a Non-Independent Non-Executive Director, and three (3) Independent Non-Executive Directors. The Company is in compliance with the Main Market Listing Requirements of Bursa Securities Malaysia Berhad ("Bursa Securities") which required at least two directors, or one-third of the total number of Directors, whichever is higher, to be Independent Directors.

The presence of independent non-executive directors fulfills a pivotal role in corporate accountability. Although all the Directors have an equally responsibility for the Group's operations, the role of these independent non-executive directors is particularly important as they provide unbiased and independent view, advice and judgement to take account of the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and quarterly results, acquisitions, and disposals, material agreements, major capital expenditures, budgets and long term plans would require Board approval.

The Chairman is primarily responsible for the Group's overall business plan and direction, whereas, the Executive Directors are responsible for the day-to-day business operations, management decisions, financial planning and implementation of policies. The Non-Executive Directors share their experience and expertise and give independent input to major decisions including formulation of policies and strategies, they act independently and objectively in carrying their duties.

Besides, the roles of the Chairman are separate with clear division of responsibilities to ensure balance of power and authority. The Chairman is delegated authority to take all decisions and actions that further the corporate purpose of creating long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The Chairman's main responsibility is to lead and manage the Board with the focus on environmental issues, employees, public and shareholders' interest. Concentrated discussion of these items assists the Board in making the right decisions based on the long term opportunities for the business and its stakeholders. The Board monitors the decisions and actions of the Chairman and the performance of the Group to gain assurance that progress is being made towards the corporate purpose within the limits imposed through the Group's governance assurance framework.

The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated by the Board to a Committee, the Chairman or another nominated member of the Management team:-

- (i) Approval of corporate directions and plan
- (ii) Approval of annual budgets / forecast
- (iii) Approval of any Joint Venture
- (iv) Approval of any material acquisitions and disposals of undertakings
- (v) Changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits
- (vi) Board appointment
- (vii) Any matters / transactions that fall within the ambit of the Board pursuant to the Companies Act 1965, the Main Market Listing Requirements of Bursa Malaysia, Terms of Reference of the respective Board Committees or any other applicable rule.

Adherence to the Limits of Authority is reported directly to the Audit Committee.

The Board met five (5) times during the financial year ended 30 June 2018 to review the Group's operations, quarterly and annual financial statements and any other matters that required the Board's approval. Details of each Director's attendance are set out on page 12 of this annual report.

Board Committees

The Board has delegated certain functions to the Committees its established to assist in the execution of its responsibilities. The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs. The relevant Board Committees established are as follows:-

- (i) Audit Committee
- (ii) Nominating Committee
- (iii) Remuneration Committee
- (iv) Risk Management Committee

The duties and responsibilities of the Nominating and Remuneration Committees are to assist the Board in reviewing and recommending the appointment of caliber candidate irrespective of gender and evaluation of the performance of the Directors. They also assess the appropriate remuneration policies applicable to Directors, Chief Executive Officer, Managing Director and senior management.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The activities of the Nominating and Remuneration Committees for the financial year are included in the following:-

- (i) reviewed the bonus and incentives of Directors and senior management of the Group;
- (ii) assessed and evaluated the effectiveness of Directors through the annual Board evaluation (including the independence of Independent Non-Executive Directors);
- (iii) reviewed the letter of employment of senior management staff;
- (iv) reviewed the composition of the Board and Board Committees of the Group;
- (v) reviewed the Directors' Fees for the Group; and
- (vi) reviewed the design and allocation of awards of the Employees' Share Option Scheme ("ESOS")

All recommendations of the Nominating and Remuneration Committees are subject to endorsement by the Board.

The responsibilities and activities of Risk Management Committee disclosed on page 56 to 61 of this Annual Report.

Two (2) Nominating Committee meetings were held during the financial year and were attended by all its members. At the meeting, the Committee has discussed on the training needs of the directors, reviewed and assessed the executive directors, recommendation on re-election of directors subject to retirement as well as the continuation in office of independent non-executive director who have served for more than 9 years.

Supply of Information

All Directors are supplied with board papers pertaining to agenda items prior to the Board meeting. This is issued in sufficient time to enable the Directors to obtain further explanations, when necessary, in order to be properly briefed before the meeting.

Directors have access to the advices and services of the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

The appointment of the Company Secretary is based on the capability and proficiency determined by the Board. All Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring the proper Board procedures are followed through and that all applicable rules and regulations are complied with. The Company Secretaries attended the Board meetings and recorded the deliberations, in terms of the issues discussed and the conclusion made by the Board in discharging their duties and responsibilities.

Profile of Company Secretary

Mr. Tan Kok Aun is a member of The Malaysian Association of Company Secretaries. He has more than 27 years of experience as a corporate secretary.

Ms Wong Wai Yin is a member of The Malaysian Institute of Chartered Secretaries and Administrators. She has more than 32 years of experience in corporate secretarial practice.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Appointments of the Board

The Nominating Committee has the responsibility for assessing and considering the re-appointment of the existing Directors; and for identifying and selecting potential new Directors to the Board. It also considered succession planning and the composition of the Board. The Board has established a Boardroom Diversity Policy. The Nominating Committee considers the experience, skills and qualities of the new and existing Directors to ensure a good balance of skills amongst the Directors so as to continue to enhance the effectiveness of the Board. The Board, through the Nomination Committee, agreed the importance of having diversity on the Board and will take steps to ensure that women candidates are sought as part of its recruitment exercise. The ultimate decision will be based on merit and contributions the candidate brings to the Board.

The Nominating Committee will evaluate the independence of the Independence Directors based on the evaluation criteria approved by the Board and submit its findings to the Board for deliberation. The Independence Directors who are also the Nomination Committee members will be excused from the meeting during discussion of his/her independence status. The assessment takes into account the individual Director's ability to exercise independent judgement to enhance the Board's accountability.

Re-election of the Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors (including a Managing Director) for the time being, or, if their number is not a multiple of three, then the number nearest to one-third (1/3) shall retire from office and shall be eligible for re-election. All directors (including a Managing Director) shall retire from office once at least in each three years, but shall be eligible for re-election.

The Company's Articles of Association also provides that any director appointed during the year shall hold office until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Directors' Training

The Board acknowledges that continuous education is vital for its members to gain insight into the state of the economy, technological advances, latest regulatory developments and management strategies. All members of the Board have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad. The Board will also identify training needs amongst the Directors and enroll the Directors for training programme, as and when required.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The external auditors briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. In addition, the Board is briefed at every Board meeting on any significant changes in laws and regulations that are relevant by the Company Secretary. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, either at the Company's expense or through self-reading.

During financial year 2018, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal control, corporate governance, finance and any changes to relevant legislation, rules and regulations from in-house professionals. The Company also organised in-house programmes for its directors and senior management.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as directors.

The training, conferences or seminars attended by the Directors during the financial year are as outlined below:

DIRECTORS	TRAINING PROGRAMME
Dato' Ir. Low Keng Kok	- Integrating an Innovation Mindset with Effective Governance - Governance Programme: Public University Board of Directors 1/2017 - Trainer for "Talk on Managing Construction Projects" in Master Builders Association Malaysia (MBAM), State of Penang and Fajarbaru Group of Companies
Dato' Sri Kuan Khian Leng	8th Malaysian Construction Summit 2017 "Redefining Profit – Value Creation Through Quality and Safety" - Managing Construction Projects - F&B Innovation Seminar
Dato' Ismail Bin Haji Omar	Managing Construction Projects
Dato' Lim Siew Mei	- Managing Construction Projects - Mandatory Accreditation Programme (MAP)
Foong Kuan Ming	- Driving Financial Integrity and Performance – Enhancing Financial Literacy for Audit Committees - An Overview on the Malaysian Code on Corporate Governance 2017 - Corporate Governance Guide - Managing Construction Projects
Ooi Leng Chooi	- Managing Construction Projects - Detailed Analysis and Application of the Three New Standards: MFRS9, MFRS15 & MFRS16

The Company Secretaries normally circulate the relevant statutory and regulatory requirements from time to time for the Board's reference and brief the Board on the updates, where applicable.

Whistle-blowing Policy

The Company is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

This policy is to provide an avenue for all employees of the Company and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

A whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. Any anonymous disclosure will not be entertained. Any employee or member of the public who wishes to report improper conduct is required to disclose his identity to the Company in order for the Company to accord the necessary protection to him / her. However, the Company reserves its right to investigate into any anonymous disclosure.

The Whistle-blowing Policy is posted on the Company's website at www.fajarbaru.com.my. Any improper conduct may be reported in writing directly to whistleblow@fajarbaru.com.my, which is accessible by the Chairperson of the Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION

Remuneration Policy

The remuneration of the Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Directors concerned.

Remuneration Procedure

The Remuneration Committee is responsible for making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors. The remuneration package of Non-Executive Directors will be decided by the Board as a whole, with the Directors concerned required to abstain from the deliberations and voting on decisions in respect of the individual's remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole, subject to approval by the shareholders of the Company at the Annual General Meeting.

Disclosure

The aggregate remuneration of Directors for the financial year ended 30 June 2018 is as follows:-

	Fees RM '000	Salaries RM '000	Bonus RM '000	Allowance RM '000	EPF RM '000	Socso RM '000	Total RM '000
Dato' Ir Low Keng Kok	74	-	-	-	-	-	74
Dato' Sri Kuan Khian Leng	-	510	200	60	93	1	864
Dato' Ismail Bin Haji Omar	36	-	-	-	-	-	36
Dato' Lim Siew Mei*	67	91	36	4	17	1	216
Foong Kuan Ming	48	-	-	-	-	-	48
Ooi Leng Chooi	38	-	-	-	-	-	38
Wong Chee Heng**	32	-	-	-	-	-	32

* Appointed on 1 March 2018

** Resigned on 28 February 2018

	Executive Directors	Non-Executive Directors
Below RM 50,000	-	4
RM 50,001 to RM 100,000	-	1
RM 200,001 to RM 250,000	-	1
RM 850,001 to RM 900,000	1	-

The aggregate remuneration of Key Senior Management personnel for the financial year ended 30 June 2018 is as follows:-

	Key Senior Management
Below RM 400,000	1
RM 450,001 to RM 500,000	1
RM 500,001 to RM 550,000	1
RM 650,001 to RM 700,000	1
RM 750,001 to RM 800,000	1
RM 850,001 to RM 900,000	1

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Annual General Meeting and Dialogue with Shareholders

The Board is aware of the importance of the timely and accurate disclosure of material information to shareholders and investors of the Group.

The Company reaches out to its shareholders through the issuance of Annual Report, Explanatory Circulars and updates on the Company are provided through the quarterly reports announced to the Bursa Securities. The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders of the Company. Besides the usual agenda of the Annual General Meeting, the Board presents the progress and performance of the business. Thereafter, the shareholders are presented with the opportunity to participate in question and answer sessions with the Directors. The Chairman and where appropriate, the Managing Director or the Executive Directors, will respond to any questions raised during the meeting.

In the re-election of Directors, the Board will ensure that through the notice of meeting, full information is disclosed on Directors who are retiring and willing to continue to serve, if re-elected.

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of a proposed resolution. This is to facilitate a better understanding and evaluation of the issues involved.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report.

Internal Control

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on page 56 to 61 of this Annual Report.

Relationship with the Auditors

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the Company's external auditors. The external auditors meet and report their findings to the Audit Committee pursuant to their audit for each financial year.

The Report of the Audit Committee is set out in pages 63 to 65 of this Annual Report.

Compliance with the Code

The Board has to the best of its ability and knowledge complied with the Malaysian Code on Corporate Governance. The Board expects to continue to improve and enhance the procedures from time to time, especially in both corporate governance and internal control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' interest and the Group's assets. This Statement on Risk Management and Internal Control ("Statement") is prepared in accordance with paragraph 15.26 (b) and Practice Note 9 of the Main Market Listing Requirements ("LR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer.

Accordingly, the Board of Directors ("Board") furnishes this Statement, which outlines the nature and scope of the system of risk management and internal control in the Group (comprising the Company and its subsidiaries) for the financial year ended 30 June 2018 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibilities and commitment in maintaining a sound risk management and internal control systems to ensure the reliability, adequacy and effectiveness of financial, operational and compliance controls as well as reviewing the adequacy and integrity of the system in meeting the Group's business and corporate objectives.

The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with the Principles, Practices and Guidance of the Malaysian Code on Corporate Governance ("MCCG").

In embracing Practice 9.1 of the MCCG, the Board has formalised a Risk Management framework ("framework") that sets out pertinent policies and guidelines to streamline the Group's risk management initiatives and activities in a structured and holistic manner to safeguard shareholders' investment and the Group's assets. Based on this framework, the Board has established an on-going process to identify, evaluate, control, report and monitor significant business risks faced by the Group.

The system of risk management and internal control covers not only the financial aspects but also operational and compliance aspects of the Group. The risk management process and internal control system involve every business units and their respective key management, including the Board, and are designed to meet the Group's particular needs and to manage the risks to which it is exposed. The system is designed to identify and manage rather than eliminate the risk of failure to achieve business objectives. Consequently, the Board recognizes that a sound system provides reasonable but not absolute assurance that the Group will not be hindered in achieving its business objectives in the ordinary course of business.

The Board is assisted by Senior Management in implementing a formal approach towards identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and is an ongoing process. This includes examining principal business risks in critical areas and identifying measures to mitigate, avoid and eliminate these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

RISK MANAGEMENT FRAMEWORK

The Board recognised the risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives and maintains an ongoing commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. Significant risks were identified and assessed in terms of likelihood of their occurrence and the impact on the achievement of the Group's business and corporate objectives.

Risk management of the Group's operations is delegated to the Risk Management Committee ("the Committee") chaired by an Independent Director and its members consist of Executive Directors and the Management team. The Committee was formed to provide an integrated risk management infrastructure to identify, respond to and monitor the significant business risk in a systematic and on-going approach.

The Committee had been established with the responsibility to identify and communicate to the Board of Directors the critical strategic business risks (both present and potential) the Group faces, their changes and the management action plans to manage the risks.

The Committee together with the respective heads of the Group's business unit are responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed.

Changes in the key business risks faced by the Group or emergence of new key business risks and the corresponding internal controls are discussed during management meetings with material changes in the key business risks faced by the Group or emergence of new key business risks are highlighted to the Board, if any.

A database of strategic risks identified and appropriate controls has been created and the information filtered to produce a detailed risk register/scorecard and individual risk profiles for the respective business units, which is continuously updated.

Key risks to each business unit's objectives aligned with the Group's strategic objectives are identified and scored for likelihood of the risks occurring and the magnitude of the impact.

The risks profile of the relevant business units have been tabled to the Risk Management Committee with highlights on the key business risk, their causes and management action plans thereon.

All major risk that have an impact on the Group such as market, economic, legislative and financial risks, will be identified, rated and monitored closely on an on-going basis. For each of the risk identified, the risk owner is assigned to ensure that the appropriate risk response actions are carried out in a timely manner. The Internal Auditors will update the Risk scorecard and perform an independent review on the risk and internal control area and report to the Audit Committee on a quarterly basis.

The individual risks in the profile are scored for their likelihood of occurrence and the impact thereof established for each key business unit or company in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated in terms of likelihood of their occurrence and the impact thereof, this feature essentially articulates the Board's risk appetite, i.e. the extent of risk the Group is prepared to take or seek in achieving its corporate objectives. Details of specific risks are recorded in individual risk registers, covering the risk description, causes of risk, risk consequences, internal controls implemented by Management to address the causes of risk, Management's assessment of the effectiveness of internal controls and the residual risk rating.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The role of this risk management framework is to provide all staff with guidance in how to apply consistent and comprehensive risk management.

The Board believes that the function of a sound system of internal control and risk management policies is built on a clear understanding and appreciation of the Group's risk management framework and policy with the following key elements:

- (i) Provide a systematic approach to the early identification and management of risks;
- (ii) Effective and efficient risk management activities contribute to good corporate governance and are integral to the achievement of business objectives;
- (iii) Provide consistent risk assessment criteria;
- (iv) Make available accurate and concise risk information that informs decision making including business direction;
- (v) Adopt risk treatment strategies that are cost effective and efficient in reducing risk to an acceptable level; and
- (vi) Monitor and review risk levels to ensure that risk exposure remains within an acceptable level.

Risk identification is a key step in the risk management process to ensure a complete list of risks is identified. There are four level of risk being identified namely High Level, Significant Level, Medium Level and Low Level. High Level of risk requires immediate prohibition of the process and immediate corrective action; Significant Level of risk requires immediate corrective action; Medium Level of risk may require corrective action through planning and budgeting process; and Low Level of risk requires the costs to treat the risk are disproportionately high compared to the negligible consequences or may require consideration in any future changes to the process or can be fixed immediately.

Possible risk treatments options include avoid the risk, mitigate the risk, transfer the risk, accept the impact of the risk or deferred the risk. Risk escalation is an important tool for ensuring that risks are known and understood by the people with appropriate authority to manage them. If a risk poses an extreme risk and requires allocation of substantial risk treatment resources, then it would not be appropriate for this to be managed at the divisional level. The Board has overall accountability for managing risks and therefore, where a risk poses such a high threat, the Board should be immediately informed of it.

The respective risk owners are responsible for identifying risks and to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in the various work processes and procedures of the respective operational functions and the risk mitigating processes are implemented in the following aspects:

1. **Financial**
Liquidity risk management processes which ensures that the Group effectively and efficiently meets its financial obligations and liquidity requirements.
2. **Business**
Business risk management approach which identifies key business risks and their financial impact. Identified business risks are assessed and ranked based on their severity of consequences and likelihood of occurrence for remedial and mitigating actions to be taken.
3. **Operational**
Key operational risks identified such as risks affecting quality and timelines of project delivery are monitored by risk owners to ensure that remedial and mitigating actions are carried out.
4. **Environmental, Safety and Health**
Adopting stringent monitoring controls on environmental, safety and health which are of utmost importance to the business.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The Committee met two (2) times during the financial year ended 30 June 2018 to review the Group's risk and any other matters that required the Board's approval.

INTERNAL CONTROL SYSTEM

The internal control system is designed to enable the Group to manage, rather than to eliminate the risk of failure to achieve business objectives. The internal control system can only provide reasonable and not absolute assurance against material misstatement and loss.

Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks of the Group which has been in place for the financial year under review.

The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the "Statement of Internal Control: Guidance for Directors of Public Listed Companies".

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, are as follows:

- Quarterly review of financial information covering financial performance and quarterly financial results;
- Operational information and updates provided by management during the board meetings;
- Audit Committee's review and consultation with management on the integrity of the financial results, annual report and audited financial statements;
- Audit findings and reports on the review of systems of internal control from the Internal Auditors;
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects;
- Director representations in the boards of the companies in which the Group has investment; if any;
- The Group has in place experienced and competent employees in areas of responsibility to support the effectiveness of the Group's system of internal control. The Group also provides relevant training to the employees to ensure continuous improvement of their competencies;
- The Tender Committee, which consists of members from the Senior Management, reviews all significant procurement exercises based on the established policies and procedures of the Company before review and approval by the Group Executive Director or the Board; and
- The Management team, which comprises of the Group Executive Director and head of department, meets at least once a month to review the Group's performance and to ensure that all functions within the organization are working towards the Group's goals and objectives. Decisions are then communicated to all relevant staff levels in a timely manner. Any other matters which are beyond the authority of the Management team will be escalated to the Board of Directors for decision through the Group Executive Director.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key elements of the Group's risk management and internal control system are as follows:

- The Group has a defined organisation structure and each function and/or operating business segments is led by a head of department. The line of accountability, responsibility, approval, authorisation and control procedures have been laid down and communicated throughout the Group;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability, with appropriate sign-off by personnel entrusted with the responsibilities;
- Significant changes in business development are reported by Management to the Board at scheduled meetings. This oversight review enables the Board to evaluate and monitor the Group's business performance vis-à-vis its corporate objectives;
- Key result areas and key performance indicators are established and aligned with the strategic business objectives and goals and are monitored on an ongoing basis;
- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. The Board is kept updated on the Group's activities and operations on a timely and regular basis;
- Regular in-house trainings by external parties were conducted to keep Directors and Management abreast with the current thinking on risk management and internal controls and updates on new legislations;
- Internal policies and standard operating procedures are clearly documented to ensure compliance with internal controls, laws and regulations, which are subjected to regular reviews and improvement, have been communicated to all levels across the Group; and
- Whistle-Blowing Policy is in place to provide avenues for whistle-blowing.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with Bursa's Guidelines, Management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and implementing strategies to mitigate those risks, maintaining a sound system of risk management and internal control; and monitoring and reporting to the Board of any material control deficiencies and changes in risks that could significantly affect the Group achieving its objective and performance.

Before producing this Statement, the Board has received assurance from the Group Executive Director that the system of risk management and internal control for the financial year under review is operating adequately and effectively, in all material aspects.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

BOARD ASSURANCE AND LIMITATION

The Board is satisfied with the procedures outlined above and the Board will continue to review the effectiveness of the Group's risk management and internal control system. Nonetheless, the Board recognises that the internal control system should be continuously improved in line with the evolving business environment. It should be noted generally that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the Group's risk management and internal control system can only provide reasonable, but not absolute assurance against material misstatements, frauds, losses or other significantly adverse consequences.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa's Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report for the financial year under review and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted, in the review of the adequacy and integrity of the systems of risk management and internal control of the Group.

This statement is made in accordance with a resolution of the Board of Directors dated 8 October 2018 pursuant to paragraph 15.26 (b) of the LR of Bursa Securities.

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of the preparation of the audited financial statements (as required under Paragraph 15.26(a) of the Main Market Listing Requirements):

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company of the results and cash flows for that financial year.

The Directors, in preparing the financial statements for the financial year ended 30 June 2018 have:

- used appropriate accounting policies and apply them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed.

The Directors are responsible for ensuring that proper accounting records are kept and disclosure with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 2016.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Fajarbaru Builder Group Bhd. is pleased to present the report of the Audit Committee of the Board for the year ended 30 June 2018.

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the directors listed below. During the year ended 30 June 2018, the Committee held a total of five (5) meetings.

AUDIT COMMITTEE MEMBERS	STATUS OF DIRECTORSHIP	ATTENDANCE OF MEETINGS
Foong Kuan Ming (Chairman)	Independent Non-Executive Director	4 / 5
Dato' Ismail Bin Haji Omar* (Member)	Independent Non-Executive Director	1 / 1
Ooi Leng Chooi (Member)	Independent Non-Executive Director	5 / 5
Wong Chee Heng** (Member)	Independent Non-Executive Director	4 / 4

* Appointed on 28 February 2018

** Resigned on 28 February 2018

During the financial year, the Committee undertook the following activities:-

1. Reviewed the audited financial statements for the year ended 30 June 2018 and unaudited quarterly financial results announcement of the Group, prior to the Board's approval.
2. Reviewing with the External Auditors the scope of work and results of their examination together with the actions taken thereon.
3. Reviewing the scope and results of the Internal Audit procedures and reports as well as to recommend any necessary action to be taken by management.
4. Monitoring and reviewing the Financial and Operations Reports.
5. Reviewing any related party transaction that may arise within the Group of the Company.
6. Verified allocation of employees share options at the end of each financial year end pursuant to Regulation 8.17 (2) of the Main Market Listing Requirement.

TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

The Committee shall be appointed by the Board from among their numbers and shall consists of not less than three (3) members. All the Committee member must be non-executive Directors' with a majority of them being independent.

The Chairman shall be an independent non-executive director. No alternate directors of the Board shall be appointed as a member of the Committee. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or if he is not, then he must be a person who complies with the requirements of Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In the event of any vacancy in the Committee resulting in non compliance of subparagraph 15.09 (1) of the Main Market Listing Requirements, the vacancy must be filled within three (3) months. The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the Terms of Reference.

REPORT OF THE AUDIT COMMITTEE (cont'd)

Responsibilities and Duties

The duties of the Committee are:

1. to consider the appointment, resignation and dismissal of external auditors and the audit fee;
2. to review the nature and scope of the audit with the internal and external auditors before the audit commences;
3. to review the quarterly and annual financial statements of the Group and the Company focusing on the matter set out below, and thereafter to submit them to the Board:
 - (a) any changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit;
 - (c) the going concern assumption; and
 - (d) compliance with accounting standards and regulatory requirements.
4. to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
5. to review the audit reports prepared by the internal and external auditors, the major findings and management's responses thereto;
6. to review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
7. to review any appraisal or assessment of the performance of members of the internal audit department;
8. to approve any appointment or termination of senior executives in the internal audit department;
9. to review related party transactions entered into by the Group and the Company to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient; and
10. any such other functions as may be agreed to by the Committee and the Board.
11. to review the implementation and allocation of the Group's Employee Share Option Scheme (ESOS) as being in compliance with the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the ESOS by-laws as approved by the Board of Directors and shareholders

The Audit Committee has established an Auditor Independence Policy, which setting out the 5-year rotation and cooling off requirement. The Audit Committee carried out an annual review of the performance of External Auditor, including assessment on their independence in performing their obligations, adequacy of experience and resources of the firm and professional staff assigned to the audit, and the level of non-audit services to be rendered by the External Auditor to the Group.

REPORT OF THE AUDIT COMMITTEE (cont'd)

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO ESOS ALLOCATION

During the financial year, the Committee administered the Employee Share Option Scheme ("ESOS"). Shares options had been offered and granted to eligible employees of the Group pursuant to the criteria as set out in the by-laws of the Company's ESOS. The Audit Committee had reviewed the allocation of the share options granted and noted that they were made in compliance with the by-laws of the Company's ESOS.

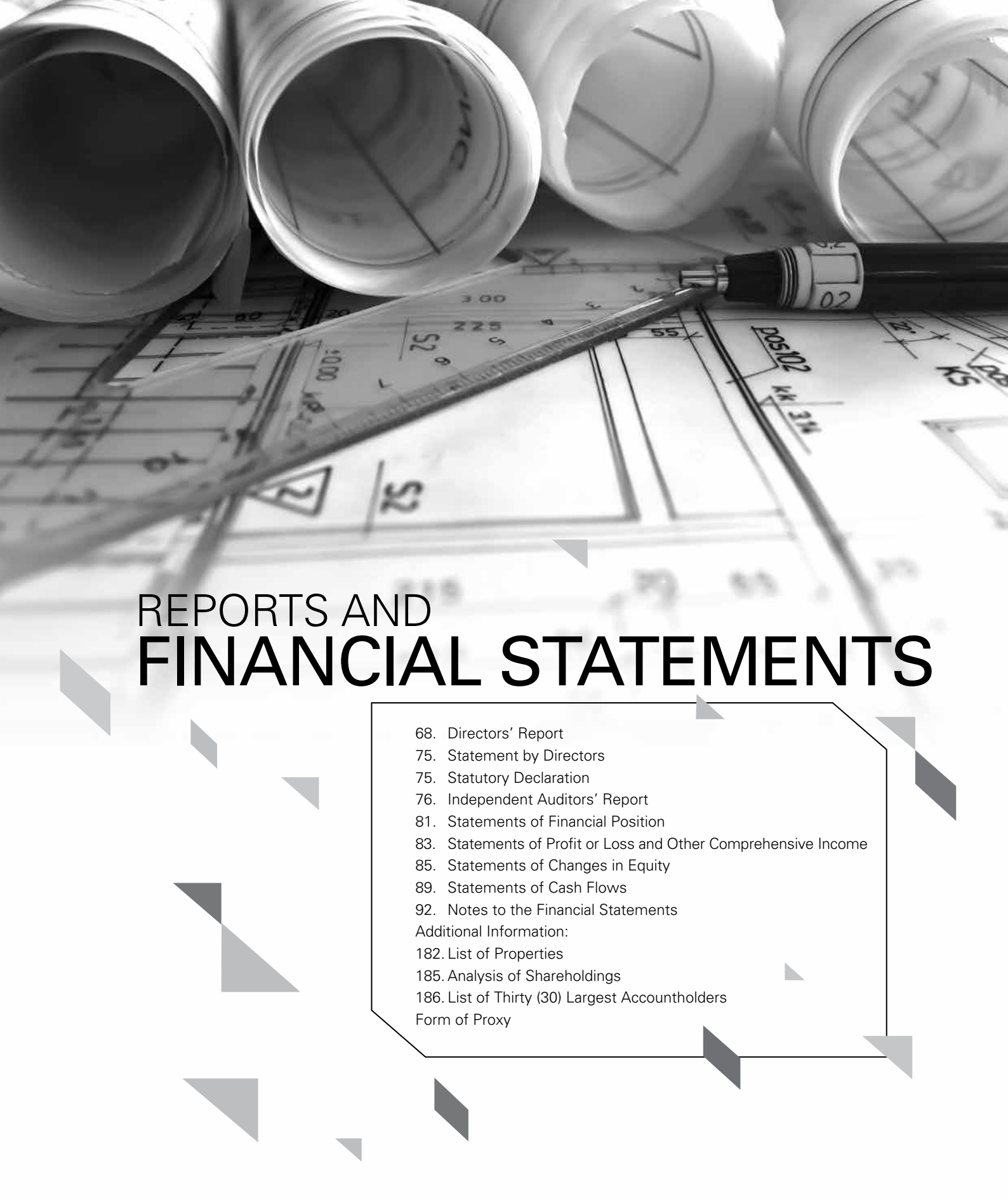
INTERNAL AUDIT FUNCTION

The Company has an in-house Internal Audit Department whose principal responsibility is to undertake regular and systematic reviews of the systems of financial and operational controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The total cost incurred in discharging its functions and responsibilities during the year is RM222,284 (Year 2017: RM196,159). The attainment of such objectives involves the following activities being carried out:-

1. reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls promoting effective control in the Company and the Group at reasonable cost;
2. ascertaining the extent of compliance with established policies, procedures and statutory requirements;
3. ascertaining the extent to which the Group and the Company's assets are accounted for and safeguarded;
4. appraising the reliability of information developed within the Group and the Company for management;
5. recommending improvements to the existing system of controls;
6. reviewing the effectiveness and efficiency of operations; and carrying out investigations and special reviews requested by management and / or Audit Committee.

The finding of the audit, including a follow-up on the status of Management's implementation of recommendation raised in previous reports, were tabled at the Audit Committee meetings for deliberation and the Audit Committee's expectation on the corrective measures were communicated to the respective heads of the business decisions.





REPORTS AND FINANCIAL STATEMENTS

- 68. Directors' Report
- 75. Statement by Directors
- 75. Statutory Declaration
- 76. Independent Auditors' Report
- 81. Statements of Financial Position
- 83. Statements of Profit or Loss and Other Comprehensive Income
- 85. Statements of Changes in Equity
- 89. Statements of Cash Flows
- 92. Notes to the Financial Statements
- Additional Information:
- 182. List of Properties
- 185. Analysis of Shareholdings
- 186. List of Thirty (30) Largest Accountholders
- Form of Proxy

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	40,952,187	46,009,813
Attributable to:-		
Owners of the Company	17,463,228	46,009,813
Non-controlling interests	23,488,959	-
	<u>40,952,187</u>	<u>46,009,813</u>

DIVIDENDS

The Company paid an interim single tier dividend of 1.5 sen per ordinary share amounting to RM5,542,088 for the financial year ended 30 June 2018 on 28 December 2017.

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued share capital from RM189,676,838 to RM194,274,998 by way of an issuance of 6,697,000 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme at the exercise price as disclosed in Note 27 to the financial statements. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- (b) there were no issues of debentures by the Company.

DIRECTORS' REPORT (cont'd)

TREASURY SHARES

There were no repurchase or resale of treasury shares during the financial year.

As at 30 June 2018, the Company held a total of 1,070,164 treasury shares out of the total of 373,843,028 issued and fully paid up ordinary shares. The treasury shares are held at a carrying amount of RM1,141,028.

The details on the treasury shares are disclosed in Note 24 to the financial statements.

RIGHTS ISSUE AND WARRANTS

On 25 September 2014, the Company issued a renounceable rights issue of 109,628,288 new ordinary shares of RM0.50 each with 109,628,288 free detachable new warrants on the basis of one (1) rights share and one (1) warrant for every two (2) ordinary shares of RM0.50 each held in the Company at an issue price of RM0.50 per rights share. These warrants were listed on the Bursa Malaysia Securities Berhad on 2 October 2014.

The warrants have a term of 5 years to exercise from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid. During the financial year, no warrants were exercised.

The details on the rights issue and warrants are disclosed in Note 25 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

DIRECTORS' REPORT (cont'd)

EMPLOYEE SHARE OPTION SCHEME

- (a) Employee Share Option Scheme ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 28 October 2009. The ESOS is to be in force for a period of 5 years. The Company has on 26 February 2014 resolved to extend the existing ESOS which expired on 17 December 2014 for a further period of 5 years to 16 December 2019.

The main features of the ESOS are as follows:-

- (i) The Options Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees and directors of the Group to subscribe for new ordinary shares of RM0.50 each in the Company.
 - (ii) Subject to the discretion of the Options Committee, any employee whose employment has been confirmed and any directors holding office of the Group, shall be eligible to participate in the ESOS.
 - (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management of the Group. In addition, not more than 10% of the share available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
 - (iv) The option price for each share shall be the weighted average of the market prices as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date on which the option is granted less, if the Option Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company of RM0.50.
 - (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (b) On 1 December 2016, the Company has offered a total of 20,710,000 share options at the option price of RM0.60 to eligible employees and directors of the Company in accordance with the By-Laws of the ESOS. The ESOS will be expiring on 16 December 2019.

The details of the ESOS are disclosed in Note 27 to the financial statements.

DIRECTORS' REPORT (cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company that 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 and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

DIRECTORS' REPORT (cont'd)

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Ir. Low Keng Kok
 Dato' Sri Kuan Khian Leng
 Dato' Ismail bin Haji Omar
 Dato' Lim Siew Mei (Appointed on 1.3.2018)
 Foong Kuan Ming
 Ooi Leng Chooi
 Wong Chee Heng (Resigned on 28.2.2018)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Tan Sri Kong Hon Kong
 Datuk Seri Lau Kuan Kam
 Dato' Chua Tiong Moon
 Dato Sri' Kong Yew Foong
 Toh Teong Hock
 Wong Wee Keong
 Yau Tuck Wai
 Kong Kam Loong
 Tan Ting Lih
 Chan Jiaheng

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	At 1.7.2017/ (Date of Appointment)	Number of Ordinary Shares		At 30.6.2018
		Bought	Sold	
The Company				
<i>Direct Interests</i>				
Dato' Ir. Low Keng Kok	7,297	-	-	7,297
Dato' Ismail bin Haji Omar	17,269	-	-	17,269
Dato' Lim Siew Mei	3,361,380	400,000	(100,000)	3,661,380
Foong Kuan Ming	2,857	200,000	-	202,857
Ooi Leng Chooi	6,900	100,000	(90,000)	16,900
<i>Indirect Interest</i>				
Dato' Sri Kuan Khian Leng*	32,626,300	-	-	32,626,300

	Number of Warrants Over Ordinary Shares			
	At 1.7.2017/ (Date of Appointment)	Granted	Exercised	At 30.6.2018
The Company				
<i>Direct Interests</i>				
Dato' Ir. Low Keng Kok	2,432	-	-	2,432
Dato' Lim Siew Mei	680,694	-	-	680,694
<i>Indirect Interest</i>				
Dato' Sri Kuan Khian Leng*	11,828,294	-	-	11,828,294

* Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016 through Unique Bay Sdn. Bhd. and through the parent, Tan Sri Ir. Kuan Peng Ching @ Kuan Peng Soon.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Group or the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 50(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid and payable to the directors of the Company during the financial year are disclosed in Note 42 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 58 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 44 to the financial statements.

Signed in accordance with a resolution of the directors dated

Dato' Ir. Low Keng Kok

Dato' Sri Kuan Khian Leng

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Ir. Low Keng Kok and Dato' Sri Kuan Khian Leng, being two of the directors of Fajarbaru Builder Group Bhd., state that, in the opinion of the directors, the financial statements set out on pages 81 to 181 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 of 30 June 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 8 October 2018.

Dato' Ir. Low Keng Kok

Dato' Sri Kuan Khian Leng

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Ting Lih, MIA Membership Number: 28826, being the officer primarily responsible for the financial management of Fajarbaru Builder Group Bhd., do solemnly and sincerely declare that the financial statements set out on pages 81 to 181 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Ting Lih, NRIC Number: 761030-08-5911,
at Kuala Lumpur in the Federal Territory
on this 8 October 2018.

Tan Ting Lih

Before me
Datin Hajah Raihela Wanchik (No. W-275)
Commission for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fajarbaru Builder Group Bhd., which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 181.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (cont'd)

Key Audit Matters (Cont'd)

Revenue Recognition and Inventories - Property Development Cost

Refer to Note 14 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
Property development revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Accounting for property development activities is inherently complex and there is judgment involved in determination of stage of completion and estimated total budgeted cost. We focused on this area as the recognition requires the application of judgment.	Our procedures included, amongst others:- • Reviewing the budgets prepared by management for property development projects. • Assessing the estimated total costs to complete through inquiries with the operational and finance personnel of the Group. • Inspecting documentation to support cost estimates made including contract variations and cost contingencies. • Assessing the reliability of contract budgets by compared contract budgets to actual outcomes. • Testing sales of properties to sign sales and purchase agreements and billings raised to property buyers. • Performing recomputation on the profit recognised and checked calculation of the percentage of completion.

Revenue recognition and contract assets and liabilities

Refer to Notes 16 and 38 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
The recognition of revenue on contracts is based on the percentage of completion method. The determination of the percentage of completion requires the management to exercise significant judgement in estimating the total costs to complete the contracts. We focused on this area as the recognition of revenue and costs require the application of judgement.	Our procedures included, amongst others:- • Reviewing the contract value secured and projected budgeted costs. • Assessing the estimated total costs to complete through inquiries with the operational and finance personnel of the Group. • Inspecting documentation to support cost estimates made including contract variations and cost contingencies. • Assessing the reliability of contract budgets by compared contract budgets to actual outcomes. • Performing verification on the actual progress billings issued and actual costs incurred for the financial year. • Checking on the subsequent billings of amount owing by contract customers. • Performing recomputation on the profit recognised and checked calculation of the percentage of completion.

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (cont'd)

Key Audit Matters (Cont'd)

Recoverability of trade receivables Refer to Note 13 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
The balance of trade receivables amounted to RM98,900,026 of which RM41,639,244 exceeded the credit terms. Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay. We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement.	Our procedures included, amongst others:- • Reviewing the ageing analysis of receivables and tested its reliability. • Reviewing subsequent cash collections for major receivables and overdue amounts. • Examining other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules. • Evaluating the reasonableness and testing the adequacy of the Group's impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.
Assessment of liquidated and ascertained damages ("LAD") on construction contract Refer to Note 35 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
The determination of whether there is any exposure to LAD or otherwise involves significant management judgement based on available facts and circumstances including: (i) extension of time submitted to contract customers due to circumstances that were beyond the control of the Group; and (ii) the likelihood of impact on the outcome of the negotiations with contract customers.	Our procedures included, amongst others:- • Inquiring in-house operational and finance personnel of the Group to assess the merits of the extension of time submitted to the contract customers. • Inspecting relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works. • Verifying the evidences of acceptance by contract customers of the work performed by the Group to-date. • Evaluating the reasonableness and testing the adequacy of the Group's LAD provided by assessing the relevant assumptions and contract terms.

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.

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and 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 Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 financial 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

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.

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

Chong Tuck Wai
Approval No: 03023/03/2019 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 June 2018

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	248,757,689	113,757,862
Investment in associates	6	1,352,310	-	20,000	20,000
Property, plant and equipment	7	43,541,201	40,347,956	7,000	-
Investment properties	8	44,081,111	44,081,111	-	-
Investment securities	9	11,775,746	5,519,031	11,775,746	5,519,031
Intangible assets	10	213,802	208,202	-	-
Goodwill		7,497	7,497	-	-
Prepayments	11	17,888,177	25,409,155	-	-
Deferred tax assets	12	2,629,758	2,759,509	-	-
		121,489,602	118,332,461	260,560,435	119,296,893
CURRENT ASSETS					
Trade receivables	13	98,900,026	85,423,907	-	-
Other receivables, deposits and prepayments	11	47,765,545	35,910,599	39,687	2,000
Inventories	14	135,127,763	158,868,640	-	-
Amount owing by contract customers	15	-	21,785,175	-	-
Contract assets	16	34,443,005	-	-	-
Amount owing by subsidiaries	17	-	-	1,430,171	90,526,219
Amount owing by associates	18	37,319,596	14,913,479	9,500,000	11,000,000
Short-term investments	19	5,619,048	5,431,690	-	-
Fixed deposits with licensed banks	20	12,564,874	11,070,391	-	-
Cash and bank balances	21	40,696,203	65,388,619	475,562	1,165,178
Current tax assets		287,393	105,887	5,025	5,734
Derivative assets	22	-	111,178	-	-
		412,723,453	399,009,565	11,450,445	102,699,131
TOTAL ASSETS		534,213,055	517,342,026	272,010,880	221,996,024

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

STATEMENTS OF FINANCIAL POSITION

At 30 June 2018 (cont'd)

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	23	194,274,998	189,676,838	194,274,998	189,676,838
Treasury shares	24	(1,141,028)	(1,141,028)	(1,141,028)	(1,141,028)
Warrant reserve	25	7,673,980	7,673,980	7,673,980	7,673,980
Other reserve	26	1,110,407	1,110,407	-	-
Employee share option reserve	27	2,627,865	1,412,649	2,627,865	1,412,649
Fair value reserve	28	(46,317)	(2,387,577)	(46,317)	(2,387,577)
Foreign exchange translation reserve	29	(715,105)	(1,095,082)	-	-
Retained profits		83,261,173	71,340,033	67,129,293	26,661,568
Equity attributable to the owners of the Company		287,045,973	266,590,220	270,518,791	221,896,430
Non-controlling interests	5	26,778,004	52,132,273	-	-
TOTAL EQUITY		313,823,977	318,722,493	270,518,791	221,896,430
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	7,392,792	7,392,792	-	-
Long-term borrowings	30	31,464,490	33,790,860	-	-
		38,857,282	41,183,652	-	-
CURRENT LIABILITIES					
Trade payables	33	53,345,926	58,351,770	-	-
Other payables and accruals	34	18,036,277	39,845,737	148,167	97,719
Amount owing to contract customers	15	-	11,181,861	-	-
Contract liabilities	16	21,170,448	-	-	-
Amount owing to a subsidiary	17	-	-	1,335,387	1,875
Provision	35	12,383,587	12,327,425	-	-
Short-term borrowings	36	71,603,651	18,226,190	-	-
Bank overdrafts	37	1,100,667	2,939,747	-	-
Current tax liabilities		3,891,240	14,563,151	8,535	-
		181,531,796	157,435,881	1,492,089	99,594
TOTAL LIABILITIES		220,389,078	198,619,533	1,492,089	99,594
TOTAL EQUITY AND LIABILITIES		534,213,055	517,342,026	272,010,880	221,996,024

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2018

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
REVENUE	38	395,629,658	453,319,706	47,168,932	12,086,700
COST OF FINISHED GOODS	39	(86,222,484)	(191,348,240)	-	-
OTHER INCOME	40	10,678,355	10,853,625	35,723	111
PROJECT EXPENSES		(210,665,041)	(121,291,835)	-	-
STAFF COSTS	41	(17,858,534)	(13,955,576)	(345,685)	(371,349)
DEPRECIATION	43	(1,196,421)	(1,449,897)	(1,000)	-
OTHER EXPENSES	44	(29,961,350)	(22,905,315)	(839,597)	(378,412)
PROFIT FROM OPERATIONS		60,404,183	113,222,468	46,018,373	11,337,050
FINANCE COSTS	45	(3,120,936)	(5,968,231)	-	-
		57,283,247	107,254,237	46,018,373	11,337,050
SHARE OF RESULT IN ASSOCIATES, NET OF TAX	6	1,352,310	(20,640)	-	-
PROFIT BEFORE TAXATION		58,635,557	107,233,597	46,018,373	11,337,050
INCOME TAX EXPENSE	46	(17,683,370)	(27,593,828)	(8,560)	-
PROFIT AFTER TAXATION		40,952,187	79,639,769	46,009,813	11,337,050
OTHER COMPREHENSIVE INCOME/(EXPENSES)					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Fair value changes of available-for-sale financial assets		2,341,260	(1,182,650)	2,341,260	(1,182,650)
Foreign currency translation		745,052	(2,054,362)	-	-
		3,086,312	(3,237,012)	2,341,260	(1,182,650)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		44,038,499	76,402,757	48,351,073	10,154,400

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2018 (cont'd)

		The Group	The Group	The Company	The Company
	Note	2018 RM	2017 RM	2018 RM	2017 RM
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		17,463,228	38,791,476	46,009,813	11,337,050
Non-controlling interests		23,488,959	40,848,293	-	-
		40,952,187	79,639,769	46,009,813	11,337,050
TOTAL COMPREHENSIVE					
INCOME ATTRIBUTABLE TO:-					
Owners of the Company		20,184,465	36,561,101	48,351,073	10,154,400
Non-controlling interests		23,854,034	39,841,656	-	-
		44,038,499	76,402,757	48,351,073	10,154,400
EARNINGS PER SHARE (SEN)					
- Basic	47	4.72	10.71		
- Diluted	47	4.55	10.69		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2018

The Group

	Share Capital RM	Treasury Shares RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	ESOS Reserve RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable To The Owners Of The Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1.7.2016	181,366,514	(1,138,169)	5,279,999	7,673,980	1,110,407	-	(1,204,927)	(47,357)	37,069,335	230,109,782	25,702,000	255,811,782
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	38,791,476	38,791,476	40,848,293	79,639,769
Other comprehensive expenses for the financial year:												
- fair value changes for available-for-sale financial assets	-	-	-	-	-	-	(1,182,650)	-	-	(1,182,650)	-	(1,182,650)
- foreign currency translation	-	-	-	-	-	-	-	(1,047,725)	-	(1,047,725)	(1,006,637)	(2,054,362)
Total comprehensive income for the financial year	-	-	-	-	-	-	(1,182,650)	(1,047,725)	38,791,476	36,561,101	39,841,656	76,402,757
Contributions by and distribution to owners of the Company:												
- Purchase of treasury shares	-	(2,859)	-	-	-	-	-	-	-	(2,859)	-	(2,859)
- ESOS reserve	-	-	-	-	-	1,795,174	-	-	-	1,795,174	-	1,795,174
- New shares issued under employees' share options exercised	3,030,325	-	-	-	-	(382,525)	-	-	-	2,647,800	-	2,647,800
- Dividends	-	-	-	-	-	-	-	-	(4,520,778)	(4,520,778)	-	(4,520,778)
- Dividends paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	-	(11,270,000)	(11,270,000)
- Transition to no-par-value	5,279,999	-	(5,279,999)	-	-	-	-	-	-	-	-	-
- Reduction of issued share by a subsidiary	-	-	-	-	-	-	-	-	-	-	(2,141,383)	(2,141,383)
Total transactions with owners	8,310,324	(2,859)	(5,279,999)	-	-	1,412,649	-	-	(4,520,778)	(80,663)	(13,411,383)	(13,492,046)
Balance at 30.6.2017	189,676,838	(1,141,028)	-	7,673,980	1,110,407	1,412,649	(2,387,577)	(1,095,082)	71,340,033	266,590,220	52,132,273	318,722,493

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2018 (cont'd)

	Share Capital RM	Treasury Shares RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	ESOS Reserve RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Attributable To The Owners Of The Company		Non-Controlling Interests RM	Total Equity RM
									Retained Profits RM	Company RM		
The Group												
Balance at 1.7.2017	189,676,838	(1,141,028)	-	7,673,980	1,110,407	1,412,649	(2,387,577)	(1,095,082)	71,340,033	266,590,220	52,132,273	318,722,493
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	17,463,228	17,463,228	23,488,959	40,952,187
Other comprehensive income for the financial year:												
- fair value changes for available-for-sale financial assets	-	-	-	-	-	-	2,341,260	-	-	2,341,260	-	2,341,260
- foreign currency translation	-	-	-	-	-	-	-	379,977	-	379,977	365,075	745,052
Total comprehensive income for the financial year	-	-	-	-	-	-	2,341,260	379,977	17,463,228	20,184,465	23,854,034	44,038,499
Contributions by and distribution to owners of the Company:												
- ESOS reserve	-	-	-	-	-	1,795,174	-	-	-	1,795,174	-	1,795,174
- New shares issued under employees' share options exercised	4,598,160	-	-	-	-	(579,958)	-	-	-	4,018,202	-	4,018,202
- Dividends	-	-	-	-	-	-	-	-	(5,542,088)	(5,542,088)	-	(5,542,088)
- Dividends paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	-	(49,208,303)	(49,208,303)
Total transactions with owners	4,598,160	-	-	-	-	1,215,216	-	-	(5,542,088)	271,288	(49,208,303)	(48,937,015)
Balance at 30.6.2018	194,274,998	(1,141,028)	-	7,673,980	1,110,407	2,627,865	(46,317)	(715,105)	83,261,173	287,045,973	26,778,004	313,823,977

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2018 (cont'd)

	Share Capital RM	Treasury Shares RM	Share Premium RM	Warrant Reserve RM	ESOS Reserve RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
The Company								
Balance at 1.7.2016	181,366,514	(1,138,169)	5,279,999	7,673,980	-	(1,204,927)	19,845,296	211,822,693
Profit after taxation for the financial year	-	-	-	-	-	-	11,337,050	11,337,050
Other comprehensive expense for the financial year:								
- fair value changes for available-for-sale financial assets	-	-	-	-	-	(1,182,650)	-	(1,182,650)
Total comprehensive income for the financial year	-	-	-	-	-	(1,182,650)	11,337,050	10,154,400
Contributions by and distribution to owners of the Company:								
- Purchase of treasury shares	-	(2,859)	-	-	-	-	-	(2,859)
- ESOS reserve	-	-	-	-	1,795,174	-	-	1,795,174
- New shares issued under employees' share options exercised	3,030,325	-	-	-	(382,525)	-	-	2,647,800
- Dividends	-	-	-	-	-	-	(4,520,778)	(4,520,778)
- Transition to no-par-value	5,279,999	-	(5,279,999)	-	-	-	-	-
Total transactions with owners	8,310,324	(2,859)	(5,279,999)	-	1,412,649	-	(4,520,778)	(80,663)
Balance at 30.6.2017	189,676,838	(1,141,028)	-	7,673,980	1,412,649	(2,387,577)	26,661,568	221,896,430

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2018 (cont'd)

	Share Capital RM	Treasury Shares RM	Share Premium RM	Warrant Reserve RM	ESOS Reserve RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
The Company								
Balance at 1.7.2017	189,676,838	(1,141,028)	-	7,673,980	1,412,649	(2,387,577)	26,661,568	221,896,430
Profit after taxation for the financial year	-	-	-	-	-	-	46,009,813	46,009,813
Other comprehensive income for the financial year:								
- fair value changes for available-for-sale financial assets	-	-	-	-	-	2,341,260	-	2,341,260
Total comprehensive income for the financial year	-	-	-	-	-	2,341,260	46,009,813	48,351,073
Contributions by and distribution to owners of the Company:								
- ESOS reserve	-	-	-	-	1,795,174	-	-	1,795,174
- Share options to employees	4,598,160	-	-	-	(579,958)	-	-	4,018,202
- Dividends	-	-	-	-	-	-	(5,542,088)	(5,542,088)
Total transactions with owners	4,598,160	-	-	-	1,215,216	-	(5,542,088)	271,288
Balance at 30.6.2018	194,274,998	(1,141,028)	-	7,673,980	2,627,865	(46,317)	67,129,293	270,518,791

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2018

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	58,635,557	107,233,597	46,018,373	11,337,050
Adjustments for:-				
Depreciation on property, plant and equipment	9,555,674	1,888,277	1,000	-
Dividend income	-	-	(46,680,000)	(11,730,000)
Equipment written off	-	64,972	-	-
Gain on derivative financial instruments	(73,406)	(111,178)	-	-
Interest expenses	3,120,936	4,445,832	-	-
Gain on disposal of property, plant and equipment	(27,856)	(1,510)	-	-
Interest income	(3,108,905)	(1,877,322)	(158)	(111)
Inventories written down	1,696,305	632,462	-	-
Impairment loss on trade receivables	-	470,242	-	-
Provision for liquidated ascertained damages	-	4,852,908	-	-
Reversal of impairment loss on trade receivables	(3,328,499)	(2,000,000)	-	-
Reversal of imputed interest on trade payables	-	1,522,399	-	-
Reversal of imputed interest on trade receivables	-	(1,414,549)	-	-
Addition/(Reversal) of provision of foreseeable loss	56,162	(189,099)	-	-
Share of result in associates, net of tax	(1,352,310)	20,640	-	-
Share-based payments	1,795,174	1,795,174	95,349	95,349
Unrealised gain on foreign exchange	-	(2,344,179)	-	-
Unrealised loss on foreign exchange	6,264,355	-	-	-
Operating profit/(loss) before working capital changes	73,233,187	114,988,666	(565,436)	(297,712)
Decrease in inventories	23,000,763	54,449,609	-	-
(Increase)/Decrease in trade and other receivables	(22,310,402)	5,736,373	(37,687)	367
Decrease in contract assets	5,159,571	-	-	-
Decrease/(Increase) in amounts owing by/ to contract customers	-	(19,373,605)	-	-
Increase in amounts owing by subsidiaries company	-	-	(1,067,333)	-
(Decrease)/Increase in trade and other payables	(26,630,720)	(47,307,571)	50,449	27,857
CASH FROM/(FOR) OPERATIONS	52,452,399	108,493,472	(1,620,007)	(269,488)
Income tax (paid)/refund	(28,407,036)	(19,507,027)	681	-
Interest paid	(4,077,127)	(5,779,413)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCES CARRIED FORWARD	19,968,236	83,207,032	(1,619,326)	(269,488)

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2018 (cont'd)

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
BALANCES BROUGHT FORWARD		19,968,236	83,207,032	(1,619,326)	(269,488)
CASH FLOWS (FOR)/FROM					
INVESTING ACTIVITIES					
(Advances to)/Repayment from subsidiaries		-	-	(29,157,649)	1,993,601
Dividend received		-	-	34,680,000	11,730,000
Interest received		3,108,905	1,851,280	158	111
Investment in subsidiaries		-	-	(1,978,970)	(2,000,000)
Investment in securities		(3,915,455)	-	(3,915,455)	-
Investment in an associate		-	(20,640)	-	(20,000)
(Placement)/Withdrawal of deposits with licensed banks		(1,494,483)	6,110,793	-	-
Proceeds from disposal of property, plant and equipment		35,105	27,753	-	-
(Purchase)/Redemption of short-term investments		(187,358)	11,956,613	-	-
(Advances to)/Repayment from associates		(28,670,472)	(14,913,479)	1,500,000	(11,000,000)
Purchase of Trademark		(5,600)	-	-	-
Purchase of property, plant and equipment	49(a)	(11,928,145)	(29,692,959)	(8,000)	-
Increase in issued share capital by a subsidiary		-	(2,141,383)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(43,057,503)	(26,822,022)	1,120,084	703,712
CASH FLOWS FOR					
FINANCING ACTIVITIES					
Advance from a subsidiary		-	-	1,333,512	-
Drawdown of bankers' acceptances	49(b)	4,088,000	3,298,000	-	-
Repayment of trust receipts	49(b)	-	(105,009)	-	-
Drawdown of revolving credit	49(b)	25,000,000	-	-	-
Repayment of invoice financing facility	49(b)	(1,824,658)	(7,110,099)	-	-
Proceeds from exercise of Employee Share Option Scheme		4,018,202	2,647,800	4,018,202	2,647,800
Repayment of hire purchase obligations, net	49(b)	(802,034)	(440,652)	-	-
Drawdown of term loans	49(b)	53,022,299	22,010,539	-	-
Repayment of term loans	49(b)	(29,260,539)	(51,328,056)	-	-
Purchase of treasury shares		-	(2,859)	-	(2,859)
Dividends paid	48	(5,542,088)	(4,520,778)	(5,542,088)	(4,520,778)
Dividends paid to non-controlling interests by a subsidiary		(49,208,303)	(11,270,000)	-	-
NET CASH FOR FINANCING ACTIVITIES		(509,121)	(46,821,114)	(190,374)	(1,875,837)
BALANCES CARRIED FORWARD		(23,598,388)	9,563,896	(689,616)	(1,441,613)

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2018 (cont'd)

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD		(23,598,388)	9,563,896	(689,616)	(1,441,613)
EFFECT OF EXCHANGE DIFFERENCES		745,052	(2,054,686)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		62,448,872	54,939,662	1,165,178	2,606,791
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	49(c)	39,595,536	62,448,872	475,562	1,165,178

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	No. 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur.
Principal place of business	:	No. 61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 October 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12:

Clarification of the Scope of the Standard

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

In addition, the Group has also early adopted MFRS 15 'Revenue from Contracts with Customer' ("MFRS 15") which is effective for annual periods beginning on or after 1 July 2017, in the current financial year. The impacts of the early adoption are disclosed in Note 57 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 Other than MFRS 15 mentioned in Note 3.1, the Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 July 2018 with the practical expedients permitted under the standard, and that the comparatives will not be restated.

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made 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 other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at reporting date is disclosed in Note 7 to the financial statements.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amount of the Group's current tax assets/(liabilities) as at the reporting date is RM287,393 and (RM3,891,240) (2017 - RM105,887 and (RM14,563,151)). The carrying amount of the Company's current tax assets/(liabilities) as at the reporting date is RM5,025 and (RM8,535) (2017 - RM5,734).

(c) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Investment Properties

The Group determines whether its investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 14 to the financial statements.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 13 to the financial statements. The carrying amount of other receivables as at the reporting date is disclosed in Note 11 to the financial statements.

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The carrying amount of available-for-sale equity investment as at the reporting date is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(h) Construction Contracts

Significant judgement is required in determining the stage of completion of a construction contract, the extent of the construction costs incurred, the estimation of the variation works and total budgeted construction costs, as well as the recoverability of the construction project. In making the judgement, management evaluates based on experience and by relying the works of specialists. The gross amount due from contract customers for contract works as at the reporting date is disclosed in Note 16 to the financial statements.

(i) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12 to the financial statements.

(j) Profit Recognition of Property Development Activities

The Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(c) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(d) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimation of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchanged rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributable to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate or joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate or joint arrangement that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(iii) Warrant reserve

Warrant reserve represents the amount allocated to warrants issued and outstanding at the reporting date. The warrants reserve will be transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants, on expiry of the exercise period, shall remain in equity.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is categorised as at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the host contract.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(f) Financial Guarantee Contract

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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 June 2018. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses.

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

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use. Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates used for this purpose are:-

Buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 50%
Renovations	10% - 20%
Land development, expenditure, fish pond and equipment	10% - 20%
Telecommunication equipment	50%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 LEASED ASSETS

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.11 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INVESTMENT PROPERTIES (CONT'D)

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

4.12 INTANGIBLE ASSETS

Intangible assets that are acquired by the Group are stated at cost less accumulated impairment losses, if any.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

4.13 CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount owing by customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount owing to customers on contracts.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract cost includes direct materials, labour and applicable overheads.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets and contract assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow 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 it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.15 ADVANCE PAYMENTS MADE FOR PURCHASE OF TIMBER LOGS

Advance payments made for purchase of timber logs are treated as prepayments. The costs of timber logs shall be deducted against prepayments on the basis of the volume of timber logs extracted during the financial year as a proportion of the total volume of timber logs extractable over the remaining period from the timber concession area.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost and net realisable value are determined as below:-

(a) Property Development

(i) Properties Held for Future Development

The cost comprises specifically identified cost, including cost associated to the purchase of land and an appropriate proportion of common infrastructure costs and borrowing costs capitalised.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the properties held for future development will be the best available measure of the net realisable value.

Properties held for future development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operation cycle is classified as non-current asset.

Properties held for future development is transferred to 'properties under development for sale' category when development activities have commenced and are expected to be completed within the Group's normal operating cycle.

(ii) Properties Under Development for Sale

The cost comprises specifically identified cost, including cost associated to the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of common infrastructure costs and borrowing costs capitalised.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

(iii) Completed Properties Held for Sale

The cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises cost associated with the acquisition of land, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary in selling the property.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 INVENTORIES (CONT'D)

(b) Trading

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

4.17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.18 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.20 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.21 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employees' share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 EMPLOYEE BENEFITS (CONT'D)

(c) Share-based Payment Transactions (Cont'd)

Upon expiry of the share option, the employees' share option reserve is transferred to retained profits.

When the share options are exercised, the employees' share option reserve is transferred to share capital account if new ordinary shares are issued.

Any recharge for the share options granted to a subsidiary's employees is to be offset against the expense recognised in the consolidated financial statements and the investments in subsidiaries in the Company's separate financial statements.

4.22 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.23 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and shares options granted to employees and warrants.

4.25 REVENUE AND OTHER INCOME

(a) Revenue from Contracts with Customers

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Recognition and Measurement

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices. A good or service is distinct if:-

- the customer can either benefit from the good or service on its own or together with other readily available resources; and
- the good or service is separately identifiable from other promises in the contract.

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting a distinct bundle of goods or services.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from Contracts with Customers (Cont'd)

Revenue is measured based on the consideration specified in a contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances a customer-controlled asset; or
- the Group's performance does not create an asset with alternative use and the Group has a right to payment for performance completed to date.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from Contracts with Customers (Cont'd)

The revenue recognition policies for each of the Group's major activities are described below:-

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and the Group has a present right to payment for goods sold. Revenue is measured based on the consideration specified in a contract with customer and where applicable, net of GST, expected returns, cash and trade discounts.

(ii) Property Development Activities

Revenue is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(iii) Construction Activities

Revenue is recognised progressively when construction services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the construction costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

(iv) Services

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 REVENUE AND OTHER INCOME (CONT'D)

(b) Other Income

(i) Dividend Income

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

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms.

(iv) Management Fees

Management fees are recognised when services are rendered.

4.26 OPERATING SEGMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2018 RM	2017 RM
Unquoted shares, at cost		
At 1 July 2017/2016	115,586,103	111,886,278
Addition during the financial year	133,300,000	2,000,000
Movement of ESOS during the financial year	1,699,827	1,699,825
At 30 June 2018/2017	250,585,930	115,586,103
Accumulated impairment losses	(1,828,241)	(1,828,241)
	<u>248,757,689</u>	<u>113,757,862</u>

Included in the investments in subsidiaries is an amount of RM3,399,652 (2017 - RM1,699,825) relating to the share options granted by the Company to the employees of the subsidiaries.

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018 %	2017 %	
Subsidiaries of the Company				
Fajarbaru Builder Sdn. Bhd.	Malaysia	100	100	General contractors in construction.
Fajarbaru Trading Sdn. Bhd.	Malaysia	100	100	Provision of trading of construction materials.
Fajarbaru Land (M) Sdn. Bhd. ("FLMSB") (formerly known as Fajarbaru Properties Sdn. Bhd.)	Malaysia	100	100	Investment holding and provision of management services to its subsidiary.
Potential Region Sdn. Bhd. ("PRSB")	Malaysia	100	100	Property development.
Billion Variety Sdn. Bhd. ("BVSB")	Malaysia	51	51	Logging and trading of timber.
Asiahub Trading Sdn. Bhd.	Malaysia	100	100	Provision of trading of construction materials.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018 %	2017 %	
Subsidiaries of the Company (Cont'd)				
Fajarbaru Logistics Sdn. Bhd.	Malaysia	100	100	Transportation and logistics service provider.
Subsidiaries of the FLMSB				
Wajatex Sdn. Bhd.	Malaysia	100	100	Property development.
Renowaja Sdn. Bhd.	Malaysia	100	100	Property development.
Fajarbaru Land Sdn. Bhd.	Malaysia	100	100	Property development.
Fajarbaru-Beulah (Melbourne) Pty. Ltd. ("FBM") @	Australia	51	51	Property development.
Subsidiaries of the BVSB				
Smooth Accomplishment Sdn. Bhd.	Malaysia	51	51	Logging and trading of timbers.

Note:

@ - This subsidiary was audited by other firms of chartered accountants.

- (a) On 29 June 2018, the Company acquired 118,000,000 ordinary shares in FLMSB by way of capitalised the amount owing by FLMSB of RM116,373,119 and a cash consideration of RM1,626,881.
- (b) On 29 June 2018, the Company acquired 15,300,000 ordinary shares in PRSB by way of capitalisation of the amount owing by PRSB of RM14,947,911 and a cash consideration of RM352,089.
- (c) In the previous financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment loss of RM1,828,241, representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income. This subsidiary belonged to the Group's property development reportable segment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) The non-controlling interests at the end of the reporting period comprise the following:

	Effective Equity Interest		The Group	
	2018 %	2017 %	2018 RM	2017 RM
BVSB Group	49	49	26,601,830	37,828,737
FBM	49	49	176,174	14,303,536
			<u>26,778,004</u>	<u>52,132,273</u>

(e) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	BVSB Group	
	2018 RM	2017 RM
At 30 June		
Non-current assets	18,626,424	26,411,905
Current assets	39,146,603	58,118,790
Non-current liabilities	(206,464)	(433,352)
Current liabilities	(3,098,540)	(6,895,839)
Net assets	<u>54,468,023</u>	<u>77,201,504</u>
Financial Year Ended 30 June		
Profit for the financial year attributable to non-controlling interests	<u>22,093,096</u>	<u>20,591,967</u>
Net cash from operating activities	61,686,411	63,826,162
Net cash for investing activities	(71,434)	(19,171,565)
Net cash for financing activities	<u>(68,228,954)</u>	<u>(36,786,347)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (e) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	2018 RM	FBM 2017 RM
<u>At 30 June</u>		
Non-current assets	15,732	146,260
Current assets	2,373,962	74,696,400
Non-current liabilities	-	-
Current liabilities	(2,030,156)	(45,651,770)
Net assets	359,538	29,190,890
<u>Financial Year Ended 30 June</u>		
Profit for the financial year attributable to non-controlling interests	1,395,863	20,256,326
Net cash from operating activities	20,928,600	99,056,869
Net cash for investing activities	-	(3,457,390)
Net cash for financing activities	(62,049,737)	(56,953,548)

6. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted shares, at cost	20,640	20,640	20,000	20,000
Share of post-acquisition profit/(loss)	1,331,670	(20,640)	-	-
	1,352,310	-	20,000	20,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

6. INVESTMENT IN ASSOCIATES (CONT'D)

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2018 %	2017 %	
Associates of the Company				
BFB Project Pty. Ltd. ("BFB") *	Australia	44	44	Property development.
Kerjaya Jutamas Sdn. Bhd. ("KJSB")	Malaysia	20	20	Logging and trading of timber.
320 Queen Street Project Pty. Ltd. (320-Q) *	Australia	50	50	Property development.

Note:-

* - Not required to be audited under the law of the country of incorporation.

(a) The summarised financial information for each associate that is material to the Group is as follows:-

	BFB Group	
	2018 RM	2017 RM
<u>At 30 June</u>		
Non-current assets	7,465,249	4,885
Current assets	131,384,844	52,630,866
Non-current liabilities	(143,023,737)	(60,747,655)
Current liabilities	(1,584,775)	(1,568,432)
Net liabilities	(5,758,419)	(9,680,336)
<u>Financial Year Ended 30 June</u>		
Loss for the financial year/Total comprehensive expenses	(12,569,586)	(9,515,336)
Group share of loss for the financial year/other comprehensive expenses	-	(640)
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Cost of investment	640	640
Group's share of net liabilities	(640)	(640)
Carrying amount of the Group's interests in this associate	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

6. INVESTMENT IN ASSOCIATES (CONT'D)

(a) The summarised financial information for each associate that is material to the Group is as follows (Cont'd):-

	KJSB	
	2018 RM	2017 RM
<u>At 30 June</u>		
Non-current assets	32,465,899	44,335,058
Current assets	24,849,902	16,094,854
Non-current liabilities	(75,227)	(101,038)
Current liabilities	(50,479,026)	(61,582,857)
Net assets/(liabilities)	6,761,548	(1,253,983)
<u>Financial Year Ended 30 June</u>		
Profit/(Loss) for the financial year/Total comprehensive income/(expenses)	8,015,531	(1,353,983)
Group share of profit/(loss) for the financial year/other comprehensive income/(expenses)	1,332,310	(20,000)
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Cost of investment	20,000	20,000
Group's share of net assets/(liabilities) above	1,332,310	(20,000)
Carrying amount of the Group's interests in this associate	1,352,310	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2017 RM	Additions RM	Transfer RM	Disposals RM	Depreciation Charge RM	At 30.6.2018 RM
2018						
<i>Carrying Amount</i>						
Freehold land	4,920,641	-	-	-	-	4,920,641
Buildings	1,249,208	-	-	-	(30,516)	1,218,692
Plant and machinery	15,022,605	12,454,413	16,042,253	-	(8,448,813)	35,070,458
Motor vehicles	1,877,843	205,194	-	(7)	(646,340)	1,436,690
Furniture, fittings and office equipment	298,131	96,561	-	(4,942)	(180,923)	208,827
Renovations	920,989	-	-	(2,300)	(240,941)	677,748
Land development, expenditure, fish pond and equipment	16,282	-	-	-	(8,141)	8,141
Telecommunication equipment	4	-	-	-	-	4
Capital work-in-progress	16,042,253	-	(16,042,253)	-	-	-
	40,347,956	12,756,168	-	(7,249)	(9,555,674)	43,541,201

The Group	At 1.7.2016 RM	Additions RM	Written Off RM	Disposal RM	Exchange Fluctuation Differences RM	Depreciation Charge RM	At 30.6.2017 RM
2017							
<i>Carrying Amount</i>							
Freehold land	4,920,641	-	-	-	-	-	4,920,641
Buildings	1,279,724	-	-	-	-	(30,516)	1,249,208
Plant and machinery	873,629	14,729,787	-	-	-	(580,811)	15,022,605
Motor vehicles	1,693,285	922,083	-	(2)	-	(737,523)	1,877,843
Furniture, fittings and office equipment	285,840	239,886	-	(3,855)	324	(224,064)	298,131
Renovations	1,200,771	104,590	(64,972)	(22,386)	-	(297,014)	920,989
Land development, expenditure, fish pond and equipment	24,423	-	-	-	-	(8,141)	16,282
Telecommunication equipment	10,212	-	-	-	-	(10,208)	4
Capital work-in-progress	-	16,042,253	-	-	-	-	16,042,253
	10,288,525	32,038,599	(64,972)	(26,243)	324	(1,888,277)	40,347,956

The Company

2018

Carrying Amount

Office equipment	-	8,000	-	-	-	(1,000)	7,000
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment RM	Carrying Amount RM
2018				
Freehold land	6,230,278	-	(1,309,637)	4,920,641
Buildings	1,525,800	(307,108)	-	1,218,692
Plant and machinery	44,591,267	(9,520,809)	-	35,070,458
Motor vehicles	7,918,878	(6,482,188)	-	1,436,690
Furniture, fittings and office equipment	1,627,651	(1,418,824)	-	208,827
Renovations	1,567,871	(890,123)	-	677,748
Land development, expenditure, fish pond and equipment	6,115,032	(1,390,219)	(4,716,672)	8,141
Telecommunication equipment	20,424	(20,420)	-	4
Capital work-in-progress	-	-	-	-
	69,597,201	(20,029,691)	(6,026,309)	43,541,201
2017				
Freehold land	6,230,278	-	(1,309,637)	4,920,641
Buildings	1,525,800	(276,592)	-	1,249,208
Plant and machinery	16,094,602	(1,071,997)	-	15,022,605
Motor vehicles	8,169,695	(6,291,852)	-	1,877,843
Furniture, fittings and office equipment	1,545,939	(1,247,808)	-	298,131
Renovations	1,570,171	(649,182)	-	920,989
Land development, expenditure, fish pond and equipment	6,115,032	(1,382,078)	(4,716,672)	16,282
Telecommunication equipment	20,424	(20,420)	-	4
Capital work-in-progress	16,042,253	-	-	16,042,253
	57,314,194	(10,939,929)	(6,026,309)	40,347,956
The Company				
2018				
Office equipment	8,000	(1,000)	-	7,000

- (a) Included in the freehold land and buildings of the Group are certain land and buildings with a total carrying amount of RM2,163,392 (2017 - RM2,182,708) which have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The following property, plant and equipment were acquired under hire purchase terms:-

	The Group	
	2018 RM	2017 RM
Motor vehicles	1,206,915	1,712,431
Plant and machinery	2,367,376	1,480,500
	<u>3,574,291</u>	<u>3,192,931</u>

(c) In the previous financial year, the Group had made an allowance for impairment loss of RM4,716,672 on the land development expenditure, fish pond and equipment of a subsidiary as the value-in-use was lower than the carrying amount.

8. INVESTMENT PROPERTIES

	The Group	
	2018 RM	2017 RM
At cost:-		
At 1 July	44,693,459	44,693,459
Less: Accumulated impairment losses	(612,348)	(612,348)
	<u>44,081,111</u>	<u>44,081,111</u>
At 30 June		
Approximate fair value:-		
Investment property under construction, at cost	9,272,741	9,272,741
Leasehold land	940,000	871,200
Freehold land	43,951,200	43,598,800
	<u>54,163,941</u>	<u>53,742,741</u>

The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

9. INVESTMENT SECURITIES

	The Group/The Company	
	2018	2017
	RM	RM
Quoted shares in Malaysia	11,775,746	5,519,031

Investment in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

10. INTANGIBLE ASSETS

	The Group	
	2018	2017
	RM	RM
Transferable club membership, at cost	208,202	208,202
Trademarks	5,600	-
	<u>213,802</u>	<u>208,202</u>

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company
		2018	2017	2018
	Note	RM	RM	RM
Non-current portion:-				
Prepayments	(a)	17,888,177	25,409,155	-
Current portion:-				
Other receivables				
- Third parties	(b)	12,528,618	7,694,731	25,910
- Land trust	(c)	8,929,668	-	-
- Goods and services tax recoverable		2,472,207	2,970,654	12,439
		<u>23,930,493</u>	<u>10,665,385</u>	<u>38,349</u>
Advances to suppliers		1,015,499	221,054	-
Advances to subcontractors		6,431,958	10,960,590	-
Deposits	(d)	7,730,809	5,594,740	1,000
Prepayments		8,656,786	8,468,830	338
		<u>47,765,545</u>	<u>35,910,599</u>	<u>39,687</u>
		<u>65,653,722</u>	<u>61,319,754</u>	<u>2,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	Note	The Group	
		2018 RM	2017 RM
Other receivables		28,273,565	15,008,457
Allowance for impairment losses	(e)	(4,343,072)	(4,343,072)
		<u>23,930,493</u>	<u>10,665,385</u>

- (a) Included in the non-current prepayments are advance payments made for the future supply of timber logs. The cost of timber logs extracted/supplied will be progressively set off against the advance payments.
- (b) In the previous financial years, included in the other receivables was an amount of RM5,666,018 which represented the money received from a buyer and held by a solicitor.
- (c) The amount owing is in relation to advances to land trust for the property development activities under the joint operation of the Group. Details of a joint operation of the Group are as follows:-

Name of Joint Operation	Proportion of share held by the Group 2018 %
Beulah Northcote Land Pty Ltd	<u>49</u>

- (d) Included in the deposits of the Group at the end of the reporting period is an amount of RM819,140 (2017 - RM870,000) pertaining to deposits for the tender submission which the Group is bidding for.
- (e) In the previous financial years, the Group made an allowance for impairment loss in full on the amount owing by other receivables of RM4,343,072 due to the poor financial results from the fish breeding operations.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2018	2017
	RM	RM
Deferred tax assets		
At 1 July	2,759,509	2,614,029
Recognised in profit or loss (Note 46)	(129,751)	145,480
	2,629,758	2,759,509
Deferred tax liabilities		
At 1 July/30 June	(7,392,792)	(7,392,792)

The components of the deferred tax assets and liabilities during the financial year are as follows:-

	The Group	
	2018	2017
	RM	RM
Deferred tax assets:-		
Unutilised tax losses	1,648,673	1,648,673
Others	981,085	1,110,836
	2,629,758	2,759,509
Deferred tax liabilities:-		
Investment properties	(4,625,675)	(4,625,675)
Accelerated capital allowances	(2,767,117)	(2,767,117)
	(7,392,792)	(7,392,792)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

13. TRADE RECEIVABLES

	The Group	
	2018 RM	2017 RM
Trade receivables	99,493,456	89,345,836
Imputed interest	(13,810)	(13,810)
Allowance for impairment losses	(579,620)	(3,908,119)
	<u>98,900,026</u>	<u>85,423,907</u>
Imputed interest, at amortised cost:-		
At 1 July	(13,810)	(1,428,359)
Reversal during the financial year	-	1,414,549
At 30 June	<u>(13,810)</u>	<u>(13,810)</u>
Allowance for impairment losses:-		
At 1 July	(3,908,119)	(5,437,877)
Addition during the financial year	-	(470,242)
Reversal during the financial year	3,328,499	2,000,000
At 30 June	<u>(579,620)</u>	<u>(3,908,119)</u>

The Group's normal trade credit terms range from 30 to 90 days (2017 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables of the Group at the end of the reporting period is an amount of RM2,730,110 (2017 - RM11,678,668) being project retention sums to be received from customers in accordance with the terms of respective contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

14. INVENTORIES

	The Group	
	2018	2017
	RM	RM
Trading of timber:		
- work-in-progress	7,935,550	13,292,619
- finished goods	287,359	4,866,181
Property development costs	123,819,569	111,904,777
Completed development units	1,764,388	28,619,684
Others	1,320,897	185,379
	135,127,763	158,868,640
Property development costs are analysed as follows:-		
Freehold land at cost	79,660,472	79,660,472
Development costs	44,159,097	32,244,305
	123,819,569	111,904,777
Recognised in profit or loss:-		
Inventories recognised as cost of sales	99,955,277	180,989,515
Inventories written down	1,696,305	632,462

Included in development costs during the financial year was interest expense amounting to RM1,526,877 (2017 - RM1,333,581).

The freehold land at cost with an aggregate carrying value of RM66,122,628 (2017 - RM66,122,628) had been pledged to financial institutions for credit facilities granted to the Group as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

15. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2018	2017
	RM	RM
Contract costs incurred	-	1,064,972,550
Attributable profits	-	35,062,460
	-	1,100,035,010
Progress billings	-	(1,089,431,696)
	-	10,603,314
Amount owing by contract customers	-	21,785,175
Amount owing to contract customers	-	(11,181,861)
	-	10,603,314

Following the early adoption of MFRS 15, amount owing by/(to) customers on contracts have been reclassified as contract assets as disclosed in Note 16 to the financial statements.

16. CONTRACT ASSETS/(LIABILITIES)

		The Group
		2018
		RM
Contract assets in relation to:		
- property development	(a)	14,691,877
- construction	(b)	19,751,128
		34,443,005
Contract liabilities in relation to:		
- construction	(c)	(21,170,448)
		13,272,557

- (a) The amount represents the Group's rights to consideration for property development activities carried out but not billed at the end of the reporting period. This balance will be billed progressively in the future upon the fulfilment of contractual milestones notwithstanding the control of the properties under construction has not been transferred to house buyers.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (b) The amount represents the Group's rights to consideration for construction services rendered but not billed at the end of the reporting period. This balance will be billed progressively in the future upon the fulfilment of contractual milestones.
- (c) The amount represents advances received from customers for which revenue is only recognised upon completion of the construction service in the subsequent periods.

The Group has applies the practical expedient in MFRS15.121, under which the Group does not disclose information about the remaining performance obligation that have original expected durations of one year or less.

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2018 RM	2017 RM
Amount owing by:-		
Trade balances	1,430,171	362,838
Non-trade balances	-	90,163,381
	1,430,171	90,526,219
Amount owing to:-		
Non-trade balance	(1,335,387)	(1,875)

(a) The trade balances are subject to the normal credit term of 60 (2017 - 60) days.

(b) The non-trade balances are unsecured, interest-free and repayable on demand.

(c) The amounts owing are to be settled in cash.

18. AMOUNT OWING BY ASSOCIATES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

19. SHORT-TERM INVESTMENTS

	The Group	
	2018 RM	2017 RM
Unit trusts in Malaysia, at fair value	5,619,048	5,431,690
Weighted average effective interest rate (%): - licensed investment banks	3.07	3.12
Average maturity (days): - licensed investment banks	1	1

20. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore a weighted effective interest rate of 2.95% (2017 - 2.86%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (2017 - 30 to 365 days).

Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM12,564,874 (2017 - RM11,070,391) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 31, 36 and 37.

21. CASH AND BANK BALANCES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	40,286,331	62,962,735	475,562	1,165,178
Cash held under housing development accounts	409,872	2,425,884	-	-
	40,696,203	65,388,619	475,562	1,165,178

Cash held under housing development accounts are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are prohibited from being used in other operations.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

22. DERIVATIVE ASSETS

	Contract/ Notional Amount RM	Assets RM	Liabilities RM
2018			
<u>Current</u>			
Foreign currency forward contracts	-	-	-
2017			
<u>Current</u>			
Foreign currency forward contracts	14,310,519	111,178	-

23. SHARE CAPITAL

	2018 Number of Shares	The Group/The Company 2017 Number of Shares	2018 RM	2017 RM
Issued and Fully Paid-Up				
Ordinary shares with no par value				
At 1 July	367,146,028	362,733,028	189,676,838	181,366,514
New shares issued under:				
- employee share options scheme for cash	6,697,000	4,413,000	4,598,160	3,030,325
	373,843,028	367,146,028	194,274,998	184,396,839
Transfer from share premium account	-	-	-	5,279,999
At 30 June	373,843,028	367,146,028	194,274,998	189,676,838

- (i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.
- (ii) Included in share capital is share premium amounting to RM5,279,999 (2017 - RM5,279,999) that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (twenty-four (24) months from the commencement of Section 74 of the Companies Act 2016).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

23. SHARE CAPITAL (CONT'D)

- (iii) During the financial year, the Company increased its issued capital from RM189,676,838 to RM194,274,998 by issuance of 6,697,000 new ordinary shares of RM0.60 each pursuant to the exercise of share options under the Employee Share Option Scheme ("ESOS"). The new shares issued rank pari passu in all respects with the existing shares of the Company.
- (iv) In the previous financial year, the Company increased its issued and paid-up share capital from RM181,366,514 to RM184,396,839 by the issuance of 4,413,000 new ordinary shares of RM0.60 each for cash pursuant under the ESOS. The new shares issued rank pari passu in all respects with the existing shares of the Company.

24. TREASURY SHARES

	Weighted Average Cost Per Share RM	The Group/The Company Number of Shares	Amount RM
At 1 July 2016/2017	1.07	1,065,164	1,138,169
Purchase of treasury shares	0.57	5,000	2,859
At 30 June 2017/2018/1 July 2017		1,070,164	1,141,028

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sales and issuance and distribution of treasury share dividend.

In the previous financial year, the Company repurchased 5,000 of its issued ordinary shares from the open market through Bursa Malaysia Securities Berhad during the previous financial year at a weighted average price of approximately RM0.57 per share. The total consideration paid for the repurchase for previous year including transaction costs was RM2,859. The repurchase transactions were financed by internally generated funds.

The shares repurchased are being held as treasury shares in accordance with Section 127(16) of the Companies Act 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

25. WARRANT RESERVE

On 25 September 2014, the Company issued a renounceable rights issue of 109,628,288 new ordinary shares of RM0.50 each with 109,628,288 free detachable new warrants on the basis of one (1) rights share and one (1) warrant for every two (2) ordinary shares of RM0.50 each held in the Company at an issue price of RM0.50 per rights share. These warrants were listed on the Bursa Malaysia Securities Berhad on 2 October 2014.

The principal terms of the warrants are as follows:-

- (i) The exercise period commenced on the date of issue of the warrants (25 September 2014) and will expire five years from the date of issuance (24 September 2019). Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.
- (ii) The warrants are issued in registered form and constituted by a Deed Poll dated 15 August 2014.
- (iii) The exercise price will be RM0.70 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of the Company.

There is no movement in the warrants reserve during the financial year.

26. OTHER RESERVE

Included in the other reserve is the reserve arising from discount on acquisition of non-controlling interests by the Group and waiver of debts due to non-controlling interests.

27. EMPLOYEE SHARE OPTION RESERVE ("ESOS")

In the previous financial year, the Company has granted 20,710,000 share options under the ESOS. These options will be expiring on 16 December 2019 and are exercisable if the employee remains in service for at least 6 months from the date of offer.

The option prices and the details in the movement of the options granted are as follows:-

Date of Offer	Exercise Price RM	Remaining Contractual Life of Options	Number of Options over Ordinary Shares			
			At 1 July 2017	Granted	Exercised	At 30 June 2018
1 December 2016	0.60	2 years	16,297,000	-	6,697,000	9,600,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

27. EMPLOYEE SHARE OPTION RESERVE ("ESOS") (CONT'D)

The number of options exercisable as at 30 June 2018 was 6,697,000 (2017 - 4,413,000) and have an exercise price at a weighted average of RM0.60 (2017 - RM0.60) each pursuant to the exercise of share options under Employees' Share Option Scheme ("ESOS") and a weighted average contractual life of 2 (2017 - 3) years.

The fair values of the share options granted were estimated using a Black Scholes Model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	The Group/The Company
Fair value of share options at the grant date (RM)	0.0866
Weighted average ordinary share price (RM)	0.56
Exercise price of share option (RM)	0.60
Expected volatility (%)	26.62
Expected life (years)	3.04
Risk free rate (%)	3.39
Expected dividend yield (%)	2.50

The expenses recognised for employee services received during the financial year are as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Expenses arising from equity-settled share-based payment transaction	1,795,174	1,795,174	95,349	95,349

28. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

29. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiary and the Group's share of an associate's foreign currency translation differences whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

30. LONG-TERM BORROWINGS

	The Group	
	2018	2017
	RM	RM
Term loans (Note 31)	29,209,329	31,389,304
Hire purchase payables (Note 32)	2,255,161	2,401,556
	31,464,490	33,790,860

31. TERM LOANS

	The Group	
	2018	2017
	RM	RM
Current liabilities (Note 36)	38,312,970	12,371,235
Non-current liabilities (Note 30)	29,209,329	31,389,304
	67,522,299	43,760,539

(a) The term loans are secured by:-

- (i) legal charges over the freehold land of the Group as disclosed in Note 14;
- (ii) a corporate guarantee of the Company; and
- (iii) a fixed deposit with a licensed bank amounting to RM2,108,931 (2017 - RM2,054,440) as disclosed in Note 20.

(b) The term loan of the Group at the end of the reporting period bore interest rates ranging from 4.88% to 7.40% (2017 - 4.83% to 7.15%) per annum. The interest rates are fixed at the inception of the term loan agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

32. HIRE PURCHASE PAYABLES

	The Group	
	2018	2017
	RM	RM
Minimum hire purchase payments:		
- not later than one year	1,069,800	879,360
- later than one year and not later than five years	2,483,029	2,690,446
	3,552,829	3,569,806
Less: Future finance charges	(392,987)	(435,953)
Present value of hire purchase payables	3,159,842	3,133,853
Analysed by:-		
Current liabilities (Note 36)	904,681	732,297
Non-current liabilities (Note 30)	2,255,161	2,401,556
	3,159,842	3,133,853

The hire purchase payables of the Group are secured by:

- (i) a corporate guarantee of the Company; and
- (ii) a personal guarantee of a former director of a subsidiary.

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.85% to 6.15% (2017 - 4.68% to 6.18%). The interest rates are fixed at the inception of the hire purchase agreements.

33. TRADE PAYABLES

	The Group	
	2018	2017
	RM	RM
Trade payables	53,345,926	58,351,770
Imputed interest, at amortised cost:-		
At 1 July	-	(1,522,399)
Reversal during the financial year	-	1,522,399
	-	-
At 30 June	53,345,926	58,351,770

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

33. TRADE PAYABLES (CONT'D)

The normal trade credit terms granted to the Group range from 30 to 90 days (2017 - 30 to 90 days).

Included in the trade payables of the Group at the end of the reporting period is an amount of RM4,069,120 (2017 - RM3,116,551) being project retention sums to be settled in accordance with the terms of the respective contracts.

34. OTHER PAYABLES AND ACCRUALS

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Other payables:					
- Third parties		4,032,066	11,582,132	45,867	5,424
- Goods and services tax payables		60,384	2,522,042	-	1,195
		4,092,450	14,104,174	45,867	6,619
Accruals		5,667,228	8,591,109	102,300	91,100
Deposits received from subcontractors	(a)	158,261	75,122	-	-
Advances received from customers	(b)	8,118,338	17,075,332	-	-
		18,036,277	39,845,737	148,167	97,719

(a) These deposits have been received from the subcontractors engaged by the Group to carry out the constructions.

(b) These amounts have been advanced by the project owners to a subsidiary of the Group, Fajarbaru Builder Sdn. Bhd. to be used for mobilisation of the construction works.

35. PROVISION

Included in provision is an amount of RM12,067,860 (2017 - RM12,067,860) being the provision for Liquidated Ascertained Damages ("LAD") in respect of construction projects undertaken by the Group. The provision is recognised based on the terms of the applicable construction agreements for expected LAD to be claimed by contract customers.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

36. SHORT-TERM BORROWINGS

	The Group	
	2018	2017
	RM	RM
Bankers' acceptances	7,386,000	3,298,000
Term loans (Note 31)	38,312,970	12,371,235
Hire purchase payables (Note 32)	904,681	732,297
Invoice financing facility	-	1,824,658
Revolving credit	25,000,000	-
	71,603,651	18,226,190

- (a) The bankers' acceptances, invoice financing facility and revolving credit are secured by:-
- (i) fixed deposits with licensed banks amounting to RM2,536,693 (2017 - RM2,261,821) as disclosed in Note 20; and
 - (ii) a corporate guarantee of the Company.
- (b) The short-term borrowings of the Group at the end of the reporting period bore interest rates as below:-

	The Group	
	2018	2017
	%	%
Bankers' acceptances	4.97 - 5.26	4.69 - 5.00
Term loans	4.88 - 7.40	4.83 - 7.15
Hire purchase payables	4.85 - 6.15	4.68 - 6.18
Invoice financing facility	-	4.74
Revolving credit	5.15	-

37. BANK OVERDRAFTS

- (a) The bank overdrafts of the Group are secured by:-
- (i) a first party first legal charge over the freehold land and buildings of a subsidiary as disclosed in Note 7;
 - (ii) fixed deposits with licensed banks amounting to RM7,919,250 (2017 - RM6,754,130) as disclosed in Note 20; and
 - (iii) a corporate guarantee of the Company.
- (b) The bank overdrafts of the Group at the end of the reporting period bore an effective interest rate of 7.40% (2017 - 7.21% to 7.65%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

38. REVENUE

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Contracts with customers				
- Constructions	196,762,801	130,396,432	-	-
- Property Development	66,176,025	193,046,249	-	-
Trading	131,865,696	129,146,676	-	-
Management fee from subsidiaries	-	-	431,400	356,700
Services	767,604	730,349	-	-
Investment Fund Income	57,532	-	57,532	-
Dividend income	-	-	46,680,000	11,730,000
	<u>395,629,658</u>	<u>453,319,706</u>	<u>47,168,932</u>	<u>12,086,700</u>

39. COST OF FINISHED GOODS

Costs of finished goods comprise original costs of purchase plus the costs incurred in bringing the goods to the present location.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

40. OTHER INCOME

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Forfeited deposit	-	1,248,513	-	-
Gain on foreign exchange:				
- realised	2,004,918	841,741	-	-
- unrealised	-	2,344,179	-	-
Interest income:				
- licensed banks	432,102	1,125,072	158	111
- short-term highly liquid investment bank	97,308	213,704	-	-
- short-term investments	187,357	313,387	-	-
- overdue interest	2,025,782	5,951	-	-
- others	366,356	219,208	-	-
Gain on derivative financial instruments	73,406	111,178	-	-
Gain on disposal of property, plant and equipment	27,856	1,510	-	-
Reversal of imputed interest on trade receivables	-	1,414,549	-	-
Reversal of impairment loss on trade receivables	3,328,499	2,000,000	-	-
Rental income	86,060	243,882	-	-
Others	2,048,711	770,751	35,565	-
	10,678,355	10,853,625	35,723	111

41. STAFF COSTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages, bonus and allowances	23,560,898	18,085,936	240,000	276,000
Defined contribution plan	2,689,087	2,154,544	-	-
Other staff related expenses	1,589,891	1,174,270	10,336	-
Share-based payment	1,795,174	1,795,174	95,349	95,349
	29,635,050	23,209,924	345,685	371,349
Less: Amount classified as:				
- cost of sales	(2,424,148)	(2,510,462)	-	-
- project expenses	(9,352,368)	(6,743,886)	-	-
	17,858,534	13,955,576	345,685	371,349

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM1,253,418 (2017 - RM1,046,978) and RM335,349 (2017 - RM371,349) respectively as disclosed in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

42. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive:-				
Non-fee emoluments:				
- salaries, wages, bonus and allowances	770,000	602,500	-	-
- defined contribution plan	92,592	72,300	-	-
- other emoluments	876	829	-	-
	863,468	675,629	-	-
Non-executive:-				
Fees	294,600	276,000	240,000	276,000
Share-based payment	95,349	95,349	95,349	95,349
	389,949	371,349	335,349	371,349
	1,253,417	1,046,978	335,349	371,349

43. DEPRECIATION

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Depreciation	9,555,674	1,888,277	1,000	-
Less: Amount classified as project expenses	(8,359,253)	(438,380)	-	-
	1,196,421	1,449,897	1,000	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

44. OTHER EXPENSES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Included in other expenses are:				
Auditors' remuneration:				
- audit fee:				
- Crowe Malaysia				
- statutory audit for the financial year	243,400	211,400	92,000	80,000
- under/(over)provision in the previous financial year	6,000	(4,000)	6,000	-
- non-audit fee:				
- Crowe Malaysia				
- current financial year	5,000	8,100	5,000	8,100
- underprovision in the previous financial year	-	100	-	100
Equipment written off	-	64,972	-	-
Impairment loss on trade receivables	-	470,242	-	-
Rental of premises	236,453	311,435	-	-
Loss on derivatives financial instruments	-	1,683,247	-	-
Unrealised loss on foreign exchange	6,264,355	-	-	-

45. FINANCE COSTS

	The Group	
	2018 RM	2017 RM
Interest expenses on:		
- bank overdrafts	114,807	32,016
- bankers' acceptances	247,271	34,922
- invoice financing	245,088	200,241
- term loans	1,884,032	3,950,139
- trust receipts	-	2,189
- revolving credit	296,726	-
- hire purchase	167,151	79,982
- others	165,861	146,343
	3,120,936	4,445,832
- reversal of imputed interest on trade payables	-	1,522,399
	3,120,936	5,968,231

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

46. INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax expense:				
- for the financial year	17,506,897	27,753,483	8,535	-
- under/(over)provision in the previous financial year	46,722	(14,175)	25	-
	17,553,619	27,739,308	8,560	-
Deferred tax expense (Note 12):				
- relating to originating and recognition of temporary differences	129,751	(145,480)	-	-
	17,683,370	27,593,828	8,560	-

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation	58,635,557	107,233,597	46,018,373	11,337,050
Tax at the statutory tax rate of:				
- Malaysia 24%	13,063,399	12,791,598	11,044,410	2,720,892
- Australia 30%	1,261,414	16,180,579	-	-
Tax effects of:-				
Share of result in associates	(324,554)	-	-	-
Non-deductible expenses	3,711,500	2,564,121	181,823	323,988
Non-taxable gains	(389,010)	(2,345,237)	(11,203,200)	(2,815,200)
Deferred tax assets not recognised during the financial year	675,521	1,641,622	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(355,093)	(3,224,680)	(14,498)	(229,680)
Under/(Over)provision of current tax in the previous financial year	152,183	(14,175)	25	-
Tax exempt income	(111,990)	-	-	-
Income tax expense for the financial year	17,683,370	27,593,828	8,560	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

46. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment. The Group has accounted for the reduction in the tax rate in the current financial year, based on the percentage of increase in chargeable income of the Company and its subsidiaries.

The temporary differences attributable to the deferred tax assets and deferred tax liability which are not recognised in the financial statements are as follows:-

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Deferred tax assets:				
- unutilised tax losses	7,290,690	4,786,500	544,790	605,200
- unabsorbed capital allowances	9,811,933	3,036,898	-	-
- provision for LAD	12,067,860	12,067,860	-	-
- others	1,594,032	1,663,945	-	-
	30,764,515	21,555,203	544,790	605,200
Deferred tax liabilities:				
- accelerated capital allowances	(23,968,491)	(19,530,914)	-	-
- others	(6,289,836)	(2,961,337)	-	-
	506,188	(937,048)	544,790	605,200

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in the shareholdings of those subsidiaries under Sections 44(5A) and (5B) of the Income Tax Act, 1967.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

47. EARNINGS PER SHARE

	The Group	
	2018	2017
Basic earnings per share		
Profit attributable to owners of the Company (RM)	17,463,228	38,791,476
Weighted average number of ordinary shares in issue for basic earnings per share	370,129,046	362,159,924
Shares deemed to be issued for no consideration:		
- employee share options in issue	2,221,710	604,479
- warrants	11,328,203	_*
Weighted average number of ordinary shares in issue for diluted earnings per share	383,678,959	362,764,403
Basic earnings per ordinary share attributable to owners of the Company (sen)	4.72	10.71
Diluted earnings per ordinary share attributable to owners of the Company (sen)	4.55	10.69

* In the previous year, the potential conversion of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of warrants have been ignored in the calculation of dilutive earnings per share.

48. DIVIDENDS

	The Group/The Company	
	2018	2017
	RM	RM
Paid:-		
- interim dividend of approximately 2.5% of RM0.50 per ordinary share in respect of financial year ended 30 June 2017	-	4,520,778
- interim dividend interim single tier dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2018	5,542,088	-
	5,542,088	4,520,778

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

49. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cost of property, plant and equipment purchased	12,756,168	32,038,599	8,000	-
Amount financed through hire purchase	(828,023)	(2,345,640)	-	-
Cash disbursed for purchase of property, plant and equipment	11,928,145	29,692,959	8,000	-

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Banker Acceptance RM	Revolving Credit RM	Invoice Financing RM	Term Loans RM	Hire Purchase RM	Total RM
2018						
At 1 July	3,298,000	-	1,824,658	43,760,539	3,133,853	52,017,050
<u>Changes in Financing Cash Flows</u>						
Drawdown of banker's acceptance	4,088,000	-	-	-	-	4,088,000
Drawdown of revolving credit	-	25,000,000	-	-	-	25,000,000
Repayment of invoice financing facility	-	-	(1,824,658)	-	-	(1,824,658)
Drawdown of term loans	-	-	-	53,022,299	-	53,022,299
Repayment of term loans	-	-	-	(29,260,539)	-	(29,260,539)
Net repayment of hire purchase obligation	-	-	-	-	(802,034)	(802,034)
	4,088,000	25,000,000	(1,824,658)	23,761,760	(802,034)	50,223,068
<u>Non-cash Changes</u>						
New hire purchase	-	-	-	-	828,023	828,023
At 30 June	7,386,000	25,000,000	-	67,522,299	3,159,842	103,068,141

Comparative information is not presented by virtue of the exemption given in MFRS 107.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

49. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Fixed deposits with licensed banks (Note 20)	12,564,874	11,070,391	-	-
Cash and bank balances (Note 21)	40,696,203	65,388,619	475,562	1,165,178
Bank overdrafts	(1,100,667)	(2,939,747)	-	-
	52,160,410	73,519,263	475,562	1,165,178
Less: Fixed deposits pledged to licensed banks (Note 20)	(12,564,874)	(11,070,391)	-	-
	39,595,536	62,448,872	475,562	1,165,178

50. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

50. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Subsidiaries:				
- advances received	-	-	-	13,754,000
- advances given	-	-	14,620,000	11,448,754
- management fees received	-	-	431,400	356,700
- payment on behalf by/(of) the Company	-	-	81,232	(77,728)
- received on behalf	-	-	24	9,024
Advances to/(from) associates	28,670,472	14,913,479	(1,500,000)	11,000,000

The outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key Management Personnel Compensation

	The Group	
	2018 RM	2017 RM
<i>Key management personnel</i>		
<i>Directors</i>		
Salaries, wages, allowances and bonus	770,000	602,500
Defined contribution plan	92,592	72,300
Others	876	829
	<u>863,468</u>	<u>675,629</u>
 <i>Other key management personnel</i>		
Salaries, wages, allowances and bonus	2,369,810	1,953,175
Defined contribution plan	278,388	234,732
Others	3,918	19,195
	<u>2,652,116</u>	<u>2,207,102</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

51. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2018 RM	2017 RM
Australian Dollar	2.98	3.30
Euro	4.70	-
Renminbi	-	0.63
United States Dollar	4.04	4.29

52. OPERATING SEGMENTS

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services. The operating segment reporting are organised and managed separately according to the nature of the services provided, with each segment representing a business unit that serves different markets.

(b) Business segments

The Group Executive Director (the chief operating decision maker) review internal management report at least on a quarterly basis.

The Group is organised into 6 main business segments as follows:-

- (i) Investment holding - involved in group-level corporate services.
- (ii) Construction - involved as general contractors in the construction industry.
- (iii) Property development - involved in development of commercial and residential properties.
- (iv) Trading - involved in trading of construction materials.
- (v) Logging and trading of timber - involved in the extraction and trading of timber.
- (vi) Services - involved as transportation and logistics service provider.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

(c) Allocation basis and transfer pricing

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

The directors are of the opinion that transfer prices between business segments are based on negotiated prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

2018	Property development RM	Construction RM	Trading RM	Investment holding RM	Logging and trading of timber RM	Services RM	Adjustments and eliminations RM	Per consolidated financial statements RM
Revenue								
External sales	68,498,877	196,762,801	8,085,569	57,532	123,780,127	767,604	(2,322,852)	395,629,658
Inter-segment sales	-	25,703,207	24,303,834	65,834,906	-	-	(115,841,947)	-
Total revenue	68,498,877	222,466,008	32,389,403	65,892,438	123,780,127	767,604	(118,164,799)	395,629,658
Results								
Depreciation	182,260	543,750	8,743	9,055	335,938	116,675	-	1,196,421
Other non-cash income	799,130	3,429,761	-	-	-	-	(b)	4,228,891
Other non-cash expenses	-	-	-	6,264,355	-	-	(c)	6,264,355
Segment profit/(loss)	3,578,382	(3,382,600)	(21,528)	(4,348,409)	60,870,419	(98,520)	2,037,813	58,635,557
Assets								
Additions to non-current assets	-	12,665,189	-	19,544	71,435	-	(e)	12,756,168
Segment assets	197,921,297	223,792,877	8,785,814	408,910,970	58,770,443	645,064	(364,613,410)	534,213,055
Liabilities								
Segment liabilities	47,101,014	170,650,876	6,002,157	1,731,901	1,389,656	371,223	(6,857,749)	220,389,078

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

2017	Property development RM	Construction RM	Trading RM	Investment holding RM	Logging and trading of timber RM	Services RM	Adjustments and eliminations RM	Per consolidated financial statements RM
Revenue								
External sales	202,749,869	120,215,638	4,775,642	-	124,371,034	730,349	477,174	453,319,706
Inter-segment sales	-	10,247,408	744,807	13,180,050	-	-	(24,172,265)	-
Total revenue	202,749,869	130,463,046	5,520,449	13,180,050	124,371,034	730,349	(23,695,091)	453,319,706
Results								
Depreciation	276,232	1,149,130	7,994	3,128	336,197	115,596	-	1,888,277
Other non-cash income	-	2,139,176	-	2,344,179	-	-	1,388,061	5,871,416
Other non-cash expenses	1,270,444	477,775	-	-	466,600	3,642	-	2,218,461
Segment profit/(loss)	50,035,244	(4,336,489)	(645,071)	1,313,196	56,777,380	(1,572)	4,090,909	107,233,597
Assets								
Additions to non-current assets	142,850	31,612,977	17,488	7,679	255,015	2,590	-	32,038,599
Segment assets	248,789,505	279,611,487	6,145,823	262,130,890	96,463,021	913,460	(376,712,160)	517,342,026
Liabilities								
Segment liabilities	164,590,343	216,383,511	2,416,567	33,205,067	16,604,740	529,039	(235,109,734)	198,619,533

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

- (a) Inter-segment revenues are eliminated on consolidation.
- (b) Non-cash income consist of the following:-

	The Group	
	2018	2017
	RM	RM
Gain on disposal of equipment	27,856	1,510
Unrealised gain on foreign exchange	-	2,344,179
Reversal of impairment loss on trade receivables	3,328,499	2,000,000
Reversal of imputed interest on trade receivables	-	1,414,549
Gain on derivative financial instruments	73,406	111,178
Reversal of sales commission	799,130	-
	<u>4,228,891</u>	<u>5,871,416</u>

- (c) Non-cash expenses consist of the following:-

	The Group	
	2018	2017
	RM	RM
Impairment loss on trade receivables	-	470,242
Equipment written off	-	64,972
Loss on derivative financial instruments	-	1,683,247
Unrealised loss on foreign exchange	6,264,355	-
	<u>6,264,355</u>	<u>2,218,461</u>

- (d) The following items are added from segment profit to arrive at "Profit before taxation" presented in the consolidated income statement:-

	The Group	
	2018	2017
	RM	RM
Interest income	(1,083,123)	(1,877,322)
Interest expenses	3,120,936	5,968,231
	<u>2,037,813</u>	<u>4,090,909</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

- (e) Additions to non-current assets consist of the following:-

	The Group	
	2018	2017
	RM	RM
Plant and machinery	12,454,413	14,729,787
Motor vehicles	205,194	922,083
Furniture, fittings and office equipment	96,561	239,886
Renovations	-	104,590
Telecommunication equipment	-	-
Capital-in-progress	-	16,042,253
	12,756,168	32,038,599

- (f) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	The Group	
	2018	2017
	RM	RM
Inter-segment balances	(367,530,561)	(379,577,556)
Deferred tax assets	2,629,758	2,759,509
Current tax assets	287,393	105,887
	(364,613,410)	(376,712,160)

- (g) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	The Group	
	2018	2017
	RM	RM
Inter-segment balances	(18,141,781)	(257,065,677)
Deferred tax liabilities	7,392,792	7,392,792
Current tax liabilities	3,891,240	14,563,151
	(6,857,749)	(235,109,734)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

	Revenue	
	2018 RM	2017 RM
Malaysia	355,983,036	260,273,457
Australia	39,646,622	193,046,249
	<u>395,629,658</u>	<u>453,319,706</u>

The information by geographical segment for non-current assets is not presented as the non-current assets relating to Australia is immaterial to the Group.

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group revenue:-

	2018 RM	Revenue 2017 RM	Segment
Customer A	68,679,828	-	Construction
Customer B	40,792,782	-	Construction

53. CAPITAL COMMITMENT

	The Group	
	2018 RM	2017 RM
Authorised but not Contracted for		
Purchase of property, plant and equipment	<u>20,046,688</u>	<u>22,452,910</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

54. OPERATING LEASE COMMITMENT

The Group leases premises under operating leases. The lease periods within 1 (2017 - range from 1 to 3) year with an option to renew after that date. Lease payments are increased after 1 (2017 - 1 to 3) year to reflect market rentals and none of the leases includes contingent rentals. The Group is restricted from sub-leasing the leased assets to third parties.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2018	2017
	RM	RM
Not more than 1 year	-	190,488
Later than 1 year and not later than 5 years	-	3,703
Total	-	194,191

55. CONTINGENT LIABILITY

No provision are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2018	2017
	RM	RM
Performance and tender bond granted to contract customers	70,389,202	70,515,001
Letter of credit extended to third party	9,154,557	-
	79,543,759	70,515,001

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

56.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Australian Dollar ("AUD"), Renminbi ("RMB"), Euro ("EUR") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

Foreign Currency Exposure

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	USD RM	AUD RM	EUR RM	RM RM	Total RM
The Group					
2018					
<u>Financial Asset</u>					
Investment securities	-	-	-	11,775,746	11,775,746
Trade receivables	-	-	-	98,900,026	98,900,026
Other receivables and deposits	-	9,245,851	933,310	19,009,934	29,189,095
Amount owing by associate	-	27,819,596	-	9,500,000	37,319,596
Short-term investments	-	-	-	5,619,048	5,619,048
Fixed deposits with licensed banks	-	-	-	12,564,874	12,564,874
Cash and bank balances	-	34,682	-	40,661,521	40,696,203
	-	37,100,129	933,310	198,031,149	236,064,588

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	USD RM	AUD RM	EUR RM	RM RM	Total RM
The Group					
2018					
<u>Financial Liabilities</u>					
Trade payables	-	-	-	53,345,926	53,345,926
Other payables and accruals	-	23,600	-	9,675,694	9,699,294
Provisions	-	-	-	12,383,587	12,383,587
Bankers' acceptance	-	-	-	7,386,000	7,386,000
Term loans	36,031,196	-	-	31,491,103	67,522,299
Hire purchase payables	-	-	-	3,159,842	3,159,842
Revolving credit	-	-	-	25,000,000	25,000,000
Bank overdraft	-	-	-	1,100,667	1,100,667
	36,031,196	23,600	-	143,542,819	179,597,615

	USD RM	AUD RM	EUR RM	RM RM	Total RM
The Group					
2018					
Net financial assets/(liabilities)	(36,031,196)	37,076,529	933,310	54,488,330	56,466,973
Less: Net financial assets denominated in the respective entities' functional currencies	-	(327,265)	-	(54,488,330)	(54,815,595)
Currency Exposure	(36,031,196)	36,749,264	933,310	-	1,651,378

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	USD RM	AUD RM	RMB RM	RM RM	Total RM
The Group					
2017					
<u>Financial Asset</u>					
Investment securities	-	-	-	5,519,031	5,519,031
Trade receivables	-	-	-	85,423,907	85,423,907
Other receivables and deposits	-	5,666,018	-	7,623,453	13,289,471
Amount owing by associate	-	3,913,479	-	11,000,000	14,913,479
Short-term investments	-	-	-	5,431,690	5,431,690
Fixed deposits with licensed banks	-	-	-	11,070,391	11,070,391
Cash and bank balances	-	40,410,702	-	24,977,917	65,388,619
Derivative assets	-	-	-	111,178	111,178
	-	49,990,199	-	151,157,567	201,147,766

	USD RM	AUD RM	RMB RM	RM RM	Total RM
The Group					
2017					
<u>Financial Liabilities</u>					
Trade payables	-	2,364	1,925,070	56,424,336	58,351,770
Other payables and accruals	-	1,066,971	-	19,106,269	20,173,240
Provisions	-	-	-	12,327,425	12,327,425
Bankers' acceptance	-	-	-	3,298,000	3,298,000
Term loans	17,954,817	-	-	25,805,722	43,760,539
Hire purchase payables	-	-	-	3,133,853	3,133,853
Invoice financing facility	-	-	-	1,824,658	1,824,658
Bank overdraft	-	-	-	2,939,747	2,939,747
	17,954,817	1,069,335	1,925,070	124,860,010	145,809,232

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	USD RM	AUD RM	RMB RM	RM RM	Total RM
The Group					
2017					
Net financial assets/(liabilities)	(17,954,817)	48,920,864	(1,925,070)	26,297,557	55,338,534
Less: Net financial assets denominated in the respective entities' functional currencies	-	(45,007,385)	-	(26,297,557)	(71,304,942)
Currency Exposure	(17,954,817)	3,913,479	(1,925,070)	-	(15,966,408)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit after taxation and other comprehensive income of the Group and the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group's exposure to the interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 56.1(c) to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis for other financial assets (including quoted investment, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Company provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the trade receivables at the end of the reporting period is as follows:-

	2018	2017
Major concentration of credit risk	59%	35%
Number of customers	3	2

(ii) Exposure to Credit Risk

At the end of the reporting period, as the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The Group does not have exposure to international credit risk as the entire trade receivables are concentrated in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk Cont'd)

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables (after discounting expected future cash flows) as at end of the reporting period is as follows:

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
The Group			
2018			
Not past due	57,260,782	-	57,260,782
Past due:			
- less than 3 months	8,631,599	-	8,631,599
- 3 to 6 months	14,198,255	-	14,198,255
- over 6 months	2,670,870	-	2,670,870
- more than 1 year	16,718,140	(579,620)	16,138,520
	<u>99,479,646</u>	<u>(579,620)</u>	<u>98,900,026</u>
The Group			
2017			
Not past due	50,635,333	-	50,635,333
Past due:			
- less than 3 months	4,824,188	-	4,824,188
- 3 to 6 months	5,000	-	5,000
- over 6 months	11,562,488	(3,642)	11,558,846
- more than 1 year	22,305,017	(3,904,477)	18,400,540
	<u>89,332,026</u>	<u>(3,908,119)</u>	<u>85,423,907</u>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

The Group believes that no additional impairment allowance is necessary in respect of these trade receivables which arising from rendering construction services. These receivables include retention sums which are to be settled in accordance with terms in the respective contracts. For those receivables that are not provided for impairment, the Group is satisfied that recovery of the amounts is possible.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	2 - 5 Years RM
The Group					
2018					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables	-	53,345,926	53,345,926	53,345,926	-
Other payables and accruals	-	9,699,294	9,699,294	9,699,294	-
Provision	-	12,383,587	12,383,587	12,383,587	-
Bankers' acceptances	4.97 - 5.26	7,386,000	7,386,000	7,386,000	-
Term loans	4.88 - 7.40	67,522,299	72,958,972	42,922,104	30,036,868
Hire purchase payables	4.85 - 6.15	3,159,842	3,552,829	1,069,800	2,483,029
Revolving credit	5.15	25,000,000	25,000,000	25,000,000	-
Bank overdrafts	7.40	1,100,667	1,100,667	1,100,667	-
		179,597,615	185,427,275	152,907,378	32,519,897

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	2 - 5 Years RM
The Group					
2017					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables	-	58,351,770	58,351,770	58,351,770	-
Other payables and accruals	-	20,173,240	20,173,240	20,173,240	-
Provision	-	12,327,425	12,327,425	12,327,425	-
Bankers' acceptances	4.69 - 5.00	3,298,000	3,298,000	3,298,000	-
Term loans	4.83 - 7.15	43,760,539	48,498,120	14,426,725	34,071,395
Hire purchase payables	4.68 - 6.18	3,133,853	3,569,806	879,360	2,690,446
Invoice financing facility	4.74	1,824,658	1,824,658	1,824,658	-
Bank overdrafts	7.21 - 7.65	2,939,747	2,939,747	2,939,747	-
		145,809,232	150,982,766	114,220,925	36,761,841

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	2 - 5 Years
The Company				
2018				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	148,167	148,167	148,167	-
Amount owing to a subsidiary	1,335,387	1,335,387	1,335,387	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	163,565,344	163,565,344	-
	1,483,554	165,048,898	165,048,898	-
2017				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	96,523	96,523	96,523	-
Amount owing to a subsidiary	1,875	1,875	1,875	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	101,404,421	65,526,442	35,877,979
	98,398	101,502,819	65,624,840	35,877,979

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2018	2017
	RM	RM
Bankers' acceptances	7,386,000	3,298,000
Bank overdrafts	1,100,667	2,939,747
Invoice financing facility	-	1,824,658
Hire purchase payables	3,159,842	3,133,853
Term loans	67,522,299	43,760,539
Revolving Credit	25,000,000	-
	104,168,808	54,956,797
Less: Cash and cash equivalent (Note 49(c))	(39,595,536)	(62,448,872)
Net debt/(Excess of cash over debt)	64,573,272	(7,492,075)
Total equity attributable to the owners of the Company	287,045,973	266,590,220
Debt-to-equity ratio	0.22	Not applicable

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with this requirement. There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial assets				
<u>Available-for-sale Financial Asset</u>				
Investment securities	11,775,746	5,519,031	11,775,746	5,519,031
<u>Fair Value through Profit or Loss</u>				
Short-term investments	5,619,048	5,431,690	-	-
Derivative assets	-	111,178	-	-
	5,619,048	5,542,868	-	-
<u>Loans and Receivables Financial Assets</u>				
Trade receivables	98,900,026	85,423,907	-	-
Other receivables and deposits	29,189,085	13,289,471	39,687	2,000
Amount owing by subsidiaries	-	-	1,430,171	90,526,219
Amount owing by associates	37,319,596	14,913,479	9,500,000	11,000,000
Fixed deposits with licensed banks	12,564,874	11,070,391	-	-
Cash and bank balances	40,696,203	65,388,619	475,562	1,165,178
	218,669,794	190,085,867	11,445,420	102,693,397

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial liabilities				
<u>Other Financial Liabilities</u>				
Trade payables	53,345,926	58,351,770	-	-
Other payables and accruals	9,699,294	20,173,240	148,167	96,523
Amount owing to a subsidiary	-	-	1,335,387	1,875
Provision	12,383,587	12,327,425	-	-
Bankers' acceptances	7,386,000	3,298,000	-	-
Term loans	67,522,299	43,760,539	-	-
Hire purchase payables	3,159,842	3,133,853	-	-
Revolving Credit	25,000,000	-	-	-
Invoice financing facility	-	1,824,658	-	-
Bank overdrafts	1,100,667	2,939,747	-	-
	<u>179,597,615</u>	<u>145,809,232</u>	<u>1,483,554</u>	<u>98,398</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial statements. These fair values are determined by discounting the relevant cash flows at rates equal to the current market interest rate plus appropriate credit rating, where necessary. These fair values are included in level 2 of the fair value hierarchy.

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
2018								
Financial Assets								
Investment securities	11,775,746	-	-	-	-	-	11,775,746	11,775,746
Short-term investments	5,619,048	-	-	-	-	-	5,619,048	5,619,048
Financial Liabilities								
Term loans	-	-	-	-	67,522,299	-	67,522,299	67,522,299
Hire purchase payables	-	-	-	-	3,146,817	-	3,146,817	3,159,842

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
2017								
Financial Assets								
Investment securities	5,519,031	-	-	-	-	-	5,519,031	5,519,031
Short-term investments	5,431,690	-	-	-	-	-	5,431,690	5,431,690
Derivatives assets: - forward currency contracts	111,178	-	-	-	-	-	111,178	111,178
Financial Liabilities								
Term loans	-	-	-	-	43,760,539	-	43,760,539	43,760,539
Hire purchase payables	-	-	-	-	3,433,282	-	3,433,282	3,133,853

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

56. FINANCIAL INSTRUMENTS (CONT'D)

56.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
2018								
<u>Financial Asset</u>								
Investment securities	11,775,746	-	-	-	-	-	11,775,746	11,775,746
2017								
<u>Financial Asset</u>								
Investment securities	5,519,031	-	-	-	-	-	5,519,031	5,519,031

The fair values which are for disclosure purpose, have been determined using the following basis:-

- (i) The fair values of the Group's terms loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting period.
- (ii) The fair values of redeemable convertible preference shares, hire purchase payables and term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2018 %	2017 %
Hire purchase payables	4.55 - 6.57	4.68 - 6.18

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

57. CHANGES OF ACCOUNTING POLICIES

The Group had early adopted MFRS 15 'Revenue from Contracts with Customers' ("MFRS 15") during the current financial year as disclosed in Note 3.1 to the financial statements. As a result, the Group has changed its accounting policy on revenue recognition as details below.

The Group has applied this new standard retrospectively in accordance with the transitional provision in paragraph C3(a) of MFRS 15 and also using the practical expedient in paragraph C5(c), under which the Group does not disclose the amount of transaction price allocated to the remaining performance obligations or an explanation of when the Group expects to recognise that amount as revenue for all reporting periods presented before 1 July 2018 and prior year comparative are not restated.

The impacts on the early adoption of MFRS 15 as summarised below:-

Property Development

Revenue Recognition

Under MFRS 15, properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress. The Group has determined that the impact on its financial statements upon the adoption of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for the property development has no materially different from its past practice.

Commission Fees

The Group previously recognised all commission fees paid as selling and marketing expenses. Under MFRS 15, the Group capitalises those commission fees as costs of obtaining a contract when they are incremental and expected to be recovered. Incremental costs of obtaining a contract are those costs that the Group would not have incurred if the contract had not been obtained (i.e. costs that would have been incurred regardless of whether a contract was obtained are not incremental costs and shall be recognised as an expense in profit or loss when incurred). Therefore, certain commission fees are now capitalised and included in contract assets in the statement of financial position. The Group amortises them consistently with the pattern of revenue for the related contract. If the expected amortised period is one year or less, then the commission fee is expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

57. CHANGES OF ACCOUNTING POLICIES (CONT'D)

The financial effects on the early adoption of MFRS 15 are summarised below:-

	Results without the Early Adoption of MFRS 15 30.6.2018 RM	Effects of Early Adoption of MFRS 15 30.6.2018 RM	Results as Reported 30.6.2018 RM
The Group			
Consolidated Statement of Financial Position (extract)			
Inventories - Property Development Costs	117,103,892	6,715,677	123,819,569
Contract assets - Property Development	-	14,691,877	14,691,877
Trade receivable	17,825,564	(17,825,564)	-
Taxation	(3,327,504)	(563,736)	(3,891,240)
Retained profits	80,242,919	3,018,254	83,261,173
Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract)			
Revenue	398,763,345	(3,133,687)	395,629,658
Cost of sales	(87,164,321)	941,837	(86,222,484)
Other Expenses	(35,735,190)	5,773,840	(29,961,350)
Income Tax Expense	(17,119,634)	(563,736)	(17,683,370)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018 (cont'd)

58. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 30 August 2017, the Company obtained approval from the shareholders to provide financial assistance to its associate, 320-Q to obtain the following financing facilities and to raise the necessary funding in connection with the acquisition and development of a piece of land bearing address 316-326 Queen Street, Melbourne, Victoria, Australia:-

(i) a corporate guarantee, undertaking, indemnity for the amount up to RM100,000,000; and

(ii) a loan amounting to RM34,114,000.

- (b) On 18 December 2017, the Company had been allotted a total of 78,309,100 Rights Shares in P.A. Resources Berhad ("PARB"), which consist of 63,074,640 Rights Shares at an issue price of RM0.05 each on the basis of 4 Rights Shares for every 5 ordinary shares held in PARB and 15,234,460 Excess Rights Shares at an issue price of RM0.05 each, made up to total shares investment value in PARB of RM3,915,455. The subscribed shares are with 78,309,100 free warrants.

As at 21 December 2017, the Company's total shareholding in PARB is 157,152,400 ordinary shares (inclusive of 78,843,300 ordinary shares in PARB held prior to the Rights Issue) representing 9.22% of the total issued and paid up capital in PARB.

- (c) On 10 April 2018, Fajarbaru Land (M) Sdn. Bhd. (formerly known as Fajarbaru Properties Sdn. Bhd.) ("FLM") acquired 98 ordinary shares and additional 2,988,902 new ordinary shares at AUD\$1.00 each in Beulah Northcote Land Pty Ltd ("BNL") representing 49% of the total issued and paid up share capital in BNL. The principal activity of BNL property development.

LIST OF PROPERTIES

30 June 2018

Owned by:	Location	Tenure Existing Use	Age of Building (Years)	Description	Land Area (Square Meters)	Net Book Value RM'000
Fajarbaru Builder Sdn Bhd	Lot 7496, Mukim Labu, Seremban, Negeri Sembilan.	Freehold	N/A	Vacant Land -(acquired in May 1995)	2,227	360
	Lot 7695, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land -(acquired in Feb 2010)	984	297
	Lot 7716, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land -(acquired in Feb 2010)	446	134
	Lot 7406, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land -(acquired in Feb 2010)	353	84
	Lot 7426, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land -(acquired in Feb 2010)	372	88
	Lot 7357, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land -(acquired in Feb 2010)	280	66
	Lot 7715, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land -(acquired in Dec 2010)	446	134
	61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Freehold	20	4 Storey Shop Lot -(acquired in Oct 2005)	374	2,163
	59, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Freehold	20	4 Storey Shop Lot -(acquired in Oct 2013)	187	1,344

LIST OF PROPERTIES

30 June 2018 (cont'd)

Owned by:	Location	Tenure Existing Use	Age of Building (Years)	Description	Land Area (Square Meters)	Net Book Value RM'000
Potential Region Sdn Bhd	*PD Orchard Homestead Resort, Off Jalan Si-Rusa-Sunggala, Port Dickson, Negeri Sembilan Darul Khusus	Freehold	N/A	75 orchard homestead lots -(acquired in June 1994)	344,670	11,237
		Freehold	N/A	109 Bungalow lots -(acquired in June 1994)	127,367	18,506
		Freehold	N/A	1 lot 4.33 acres commercial land PT3223 -(acquired in June 1994)	17,500	3,391
		99 years leasehold expiring 30.05.2096	N/A	1 lot 10 acres agriculture Land PT3386 -(acquired in June 1994)	40,469	871
		Freehold	N/A	1 orchard homestead lot PT 3261 -(acquired in Feb 2003)	4241	251
		Freehold	N/A	1 orchard homestead lot PT3256 -(acquired in Apr 2003)	6,857	406
		Freehold	N/A	1 orchard homestead lot PT3204 -(acquired in Jul 2003)	4,101	243

LIST OF PROPERTIES

30 June 2018 (cont'd)

Owned by:	Location	Tenure Existing Use	Age of Building (Years)	Description	Land Area (Square Meters)	Net Book Value RM'000
Renowaja Sdn Bhd	HM 57019 (Lot 10697), Pulau Melaka Town Area XLIII, District of Melaka Tengah, State of Melaka.	99 years leasehold expiring 31.08. 2109	N/A	Vacant Land for development -(acquired in Sept 2010)	4,321	4,485
	HM 57014, 57020 (Lot 10698-10699), Pulau Melaka Town Area XLIII, District of Melaka Tengah, State of Melaka.	99 years leasehold expiring 31.08. 2109	N/A	Vacant Land for development -(acquired in Sept 2010)	8,721	9,053
Wajatex Sdn Bhd	Geran 5441, Lot 76, Seksyen 76, Bandar Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan	Freehold	N/A	Under development -(acquired in Nov 2011)	9,331	24,266
Fajarbaru Land Sdn Bhd	GM1408, Lot 796, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	Freehold	N/A	Vacant Land for development -(acquired in Oct 2012)	27,490	41,857

* ORCHARD HOMESTEAD LOTS

HSD 34235-34239 (PT 6117-6121), Geran 103178 – 103188 (Lot 7929 -7939), Geran 103190 – 103195 (Lot 7941 – 7946), Geran 103197 – 103199 (Lot 7948 – 7950), Geran 103201 (Lot 7952), Geran 103204 – 103213 (Lot 7955 – 7964), Geran 103215 (Lot 7967), Geran 103220 (Lot 7972), Geran 103229 – 103230 (Lot 7981 – 7982), Geran 103238 – 103241 (Lot 7990 – 7993), Geran 103243 (Lot 7995), Geran 103245 (Lot 7997), Geran 103252 (Lot 8004), Geran 103257 (Lot 8009), Geran 103260 (Lot 8012), Geran 103265 – 103266 (Lot 8017 – 8018), Geran 103273 (Lot 8025), Geran 103277-103278 (Lot 8029 - 8030), Geran 103280 – 103285 (8032-8037), Geran 103287 (Lot 8039), Geran 103290 – 103291 (Lot 8042 - 8043), Geran 103293 – 103296 (Lot 8045 – 8048), Geran 103305 – 103308 (Lot 8057 – 8060), Geran 103310 (Lot 8062), Geran 103311 – 103312 (Lot 8063 – 8064), Geran 169498 (Lot 9175).

BUNGALOW LOTS

HM247654 – 254015 (Lot 20134 – 20125)

ANALYSIS OF SHAREHOLDINGS

as at 28 September 2018

LIST OF DIRECTORS' SHAREHOLDINGS (as per Record of Register of Directors' Shareholdings)

Directors	No. of Shares		No. of Shares	
	(Direct)	%	(Indirect)	%
Dato' Ir. Low Keng Kok	7,297	0.00	-	-
Dato' Sri Kuan Khian Leng	-	-	32,626,300	(a) 8.75
Dato' Ismail Bin Haji Omar	17,269	0.01	-	-
Dato' Lim Siew Mei	3,661,380	0.98	1,479,400	(b) 0.40
Foong Kuan Ming	202,857	0.05	-	-
Ooi Leng Chooi	16,900	0.01	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS (as per Record of Register of Substantial Shareholders)

Directors	No. of Shares		No. of Shares	
	(Direct)	%	(Indirect)	%
Tan Sri Ir. Kuan Peng Ching @ Kuan Peng Soon	25,044,700	6.72	7,581,600	(c) 2.03

Notes:-

- (a) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through Unique Bay Sdn. Bhd. and through the parent, Tan Sri Ir. Kuan Peng Ching @ Kuan Peng Soon.
- (b) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through her siblings, Dato' Lim Siew Chee and Dato' Lim Siew Mun.
- (c) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through Unique Bay Sdn. Bhd.

ANALYSIS OF SIZE OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share held
Less than 100	975	16.09	43,864	0.01
100 – 1,000	557	9.19	195,556	0.05
1,001 – 10,000	2,392	39.48	12,903,258	3.46
10,001 – 100,000	1,783	29.43	55,677,905	14.94
100,001 to less than 5% of issued shares	350	5.78	278,907,581	74.82
5% and above of issued shares	1	0.02	25,044,700	6.72
TOTAL	6,058	100.00	372,772,864	100.00

LIST OF THIRTY (30) LARGEST ACCOUNTHOLDERS

as at 28 September 2018

No.	Names	Shareholdings	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KUAN PENG CHING @ KUAN PENG SOON (MM1076)	25,044,700	6.72
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MODERN DISCOVERY SDN BHD (PB)	16,971,678	4.55
3.	CHANG MEI YUN	15,673,700	4.20
4.	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR IMPROVE PERFORMANCE INVESTMENTS LIMITED (418541)	11,899,613	3.19
5.	LAI HONG MUN	11,345,450	3.04
6.	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	10,592,527	2.84
7.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	10,320,304	2.77
8.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	9,264,100	2.49
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOI HSIEN YIN (010)	8,600,000	2.31
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UNIQUE BAY SDN. BHD. (PB)	7,581,600	2.03
11.	LEMBAGA TABUNG HAJI	5,908,600	1.59
12.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (MARGIN)	5,400,000	1.45
13.	TOP FUTURE HOLDINGS SDN BHD	4,656,600	1.25
14.	CHAI MUN HA	4,606,300	1.24
15.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST	4,523,000	1.21
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG WAI YEE (E-TCS)	4,436,743	1.19
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	4,335,000	1.16
18.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	4,233,150	1.14

LIST OF THIRTY (30) LARGEST ACCOUNTHOLDERS

as at 28 September 2018 (cont'd)

No.	Names	Shareholdings	%
19.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KUANG (D)	3,901,352	1.05
20.	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR LONG RETURN INVESTMENTS LIMITED (418847)	3,341,607	0.90
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM SIEW MEI (PB)	3,261,380	0.87
22.	LAU FOY HANG @ LAU FAY HANG	3,189,200	0.86
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BIG VICTORY HOLDINGS SDN BHD	2,785,714	0.75
24.	LAU KUAN KAM	2,605,453	0.70
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AMUNDI SC EQ)	2,500,000	0.67
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH CHEE LEONG (E-BCG)	2,381,200	0.64
27.	TA KIN YAN	2,290,000	0.61
28.	KOH LOK KIANG WILLIAM	2,091,190	0.56
29.	POH TAK KIAU @ POO TAK KIAU	1,916,700	0.51
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	1,900,000	0.51

STATISTICS ON WARRANT HOLDINGS

as at 28 September 2018

Types of securities : Warrant 2015/2019

Date of Expiry : 24 September 2019

Voting Rights : One (1) vote per warrant in respect of a meeting of warrant holders

LIST OF DIRECTORS' WARRANT HOLDINGS (as per Record of Register of Directors' Warrant holdings)

Directors	No. of Shares		No. of Shares	
	(Direct)	%	(Indirect)	%
Dato' Ir. Low Keng Kok	2,432	0.00	-	-
Dato' Sri Kuan Khian Leng	-	-	11,828,294 (a)	10.79
Dato' Ismail Bin Haji Omar	-	-	-	-
Dato' Lim Siew Mei	680,694	0.62	-	-
Foong Kuan Ming	-	-	-	-
Ooi Leng Chooi	-	-	-	-

Notes:-

(a) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through Unique Bay Sdn. Bhd. and through the parent, Tan Sri Ir. Kuan Peng Ching @ Kuan Peng Soon.

DISTRIBUTION OF WARRANT HOLDINGS AS AT 28 SEPTEMBER 2018

Size of Warrant Holdings	No. of		No. of Warrant	%
	Warrant Holders	%		
Less than 100	189	10.48	7,939	0.01
100 – 1,000	107	5.93	47,827	0.04
1,001 – 10,000	693	38.44	3,643,323	3.32
10,001 – 100,000	651	36.11	25,379,180	23.15
100,001 to less than 5% of issued shares	161	8.93	62,531,625	57.04
5% and above of issued shares	2	0.11	18,018,394	16.44
TOTAL	1,803	100.00	109,628,288	100.00

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

as at 28 September 2018

No.	Names	Shareholdings	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KUAN PENG CHING @ KUAN PENG SOON (MM1076)	9,301,094	8.48
2.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (MARGIN)	8,717,300	7.95
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (8055840)	3,292,000	3.00
4.	TAN KIAN AIK	3,000,000	2.74
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UNIQUE BAY SDN. BHD. (PB)	2,527,200	2.31
6.	LAM SANG	2,243,300	2.05
7.	LIM WEE BENG	1,876,700	1.71
8.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YANG LING (ONG0232C)	1,809,700	1.65
9.	ANDY LIM CHIN KEAT	1,500,000	1.37
10.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG WAI YEE (E-TCS)	1,307,000	1.19
11.	HOU KOK CHUNG	1,170,000	1.07
12.	TAN SZE HUNG	1,140,000	1.04
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIAU MAN MOH @ LIAU MAN FOONG	1,045,200	0.95
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH CHEE LEONG (E-BCG)	1,001,300	0.91
15.	CHOR CHEE HEUNG	1,000,000	0.91
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN	1,000,000	0.91
17.	YONG KWEE LIAN	1,000,000	0.91
18.	LUM CHEE TENG	949,000	0.87
19.	LAU FOY HANG @ LAU FAY HANG	882,000	0.80
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG CHEE WAI	875,200	0.80
21.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SENG (TAN7827M)	834,000	0.76
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM ANWIN	780,000	0.71

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

as at 28 September 2018 (cont'd)

No.	Names	Shareholdings	%
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG SENG SEE	780,000	0.71
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM WEE BENG (E-KLC)	780,000	0.71
25.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM SIEW MEI (PB)	680,694	0.62
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KUN WAH (E-SS2)	655,000	0.60
27.	LAI HONG LEONG	600,000	0.55
28.	LEE SOON KWEE	600,000	0.55
29.	LOW AH LIN	600,000	0.55
30.	YEO SOO SIA & YEO SOO SENG	508,000	0.46



Form Of Proxy

No. of Shares held	
CDS No.	

I/We _____
(Full name in block letters)

of _____

being a member of **FAJARBARU BUILDER GROUP BHD**, hereby appoint _____
(Full name in block letters)

of _____
(Address)

or failing him _____
(Full name in block letters)

of _____
(Address)

as my / our proxy to vote for me / us and on my / our behalf at the **TWENTY-FOURTH ANNUAL GENERAL MEETING** of the Company to be held at Langkawi Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Friday, 7 December 2018 at 10.00 a.m. and at any adjournment thereof.

My/ our proxy is to vote as indicated hereunder.

Resolution		For	Against
Resolution 1	To re-elect Mr. Foong Kuan Ming		
Resolution 2	To re-elect Mr. Ooi Leng Chooi		
Resolution 3	To re-elect Dato' Lim Siew Mei		
Resolution 4	To approve Directors' Fees for the financial year ended 30 June 2018		
Resolution 5	To approve Directors' Fees from 1 July 2018 until the next annual general meeting		
Resolution 6	To re-appoint Messrs Crowe Malaysia as Auditors		
Resolution 7	To approve the Continuation in office as Independent Director – Mr. Foong Kuan Ming		
Resolution 8	To approve the Authority to Issue Share		
Resolution 9	To approve the Proposed Renewal of Share Buy-back Authority		

Dated this _____ day of _____, 2018.

Signature

Notes :

1. A Member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him at a general meeting who shall represent all the shares held by such member, and where a member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy to attend and vote instead of him at the same meeting. Where a member appoints more than (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. Where a Member is an Exempt Authorised 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 Authorised Nominee may appoint in respect of each omnibus account it holds.
3. A proxy may but need not be a member of the Company.
4. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
5. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified true copy thereof shall be deposited at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the Meeting.
6. Depositor whose name appears on the Record of Depositors as at 28 November 2018 shall be regarded as member of the Company and entitled to attend and vote at the meeting or to appoint proxy(ies) to attend and vote at meeting.

Affix
Stamp
here

The Company Registrar
FAJARBARU BUILDER GROUP BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur



Colours of A New Dawn

The term 'Fajarbaru' means 'a new dawn'. In conjunction with that, the theme of this year's annual report cover encapsulates our sound principle and collective efforts in pursuing our shared aspirations for the future.

The collage style graphics portrays our various achievements and highlights within our auspicious millstone building the future with you our beloved customers in our hearts and minds.

As we step further into the new era of modern urbanisation we remain focused and ambitious in perpetuating our corporate slogan 'building a better tomorrow' to enrich the lives of our nation and proudly be a household name that remains relevant for decades to come.

www.fajarbaru.com.my



FAJARBARU BUILDER GROUP BHD (281645-U)

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Selangor Darul Ehsan, Malaysia.
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