FAJARBARU BUILDER GROUP BHD

Company No. 281645-U

ANNUAL REPORT 2019

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be held at Dewan Perdana, 1st Floor Sport Complex, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 5 December 2019 at 10.00 a.m.

AGENDA

1)	To receive the Audited Financial Statements for the year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.	**(Refer to Explanatory Notes i)**
2)	To re-elect Dato' Ismail Bin Haji Omar who retires in accordance with Article 87 of the Company's Articles of Association.	**Resolution 1**
3)	To re-elect Dato' Ir. Low Keng Kok who retires in accordance with Article 87 of the Company's Articles of Association.	**Resolution 2**
4)	To approve the payment of Directors' fees and other benefits of RM360,000 for the period from 1 July 2019 until the next annual general meeting.	**Resolution 3**
5)	To re-appoint Messrs Crowe Malaysia PLT, the Auditors of the Company, to hold office for the ensuing year and to authorise the Directors to fix their remuneration.	**Resolution 4**

Special Business

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

6) **Ordinary Resolution 1 - Continuation in office as Independent Director** — **(Refer to Explanatory Notes ii)**

"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 5**

7) **Ordinary Resolution 2 - Continuation in office as Independent Director** — **(Refer to Explanatory Notes ii)**

"THAT approval be and is hereby given to Dato' Ismail Bin Haji Omar, who has served as an Independent Director of the Company for a cumulative term of nine years in August 2020, to continue to act as an Independent Director." — **Resolution 6**

8) **Ordinary Resolution 3 - Authority to Issue Share** — **(Refer to Explanatory Notes iii)**

"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 7**

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

9) **Ordinary Resolution 4 - Proposed Renewal of Share Buy-back Authority** **(Refer to Explanatory Notes iv)**

"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 8**

10) **Special Resolution - Proposed Adoption of New Constitution of the Company ("Proposed Adoption")** **(Refer to Explanatory Notes v)**

"THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and in place thereof, the new Constitution of the Company as set out in Appendix I to this Notice be and is hereby adopted as the Constitution of the Company with immediate effect; AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption" **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)
NIP CHEE SIEN (MAICSA 7066996)
Company Secretaries

Kuala Lumpur,
31 October 2019

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 2019 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 5 and 6 in item 6 and 7 is to seek shareholders' approval to retain Mr. Foong Kuan Ming and Dato' Ismail Bin Haji Omar as Independent Directors. Mr. Foong and Dato' Ismail have served in that capacity since November 1998 and August 2011 respectively. Dato' Ismail will serve as Independent Director for a cumulative term of 9 years in August 2020.

The Board has assessed the independence of Mr. Foong Kuan Ming and Dato' Ismail Bin Haji Omar and recommended that they continue to act as Independent Directors of the Company based on the following justification:

- Mr. Foong and Dato' Ismail fulfilled the criteria under the definition of "Independent Director" as stated in the Listing Requirements.
- Mr. Foong and Dato' Ismail have 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 and Dato' Ismail do not have any conflict of interest as throughout their tenure of office as an Independent Director of the Company, they have not entered into and are not expected to enter into any contracts which will give rise to any related party transactions with the Company and its subsidiaries.
- Mr. Foong and Dato' Ismail remain objective and independent in expressing their views and participated in active deliberations and decision making process of the Board and Board Committees in which they are a member. Their length of service on the Board and Board Committees do not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company.

iii. Authority to Directors to Issue Shares

The proposed Resolution 7 in item 8 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 8 in item 9 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 31 October 2019, which is dispatched together with the Company's Annual Report 2019.

v. Proposed Adoption of New Constitution of the Company

The proposed Special Resolution, if passed, will align the Company's Constitution with the Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing statutory and regulatory requirements. The Proposed Adoption is set out in Appendix I of the Circular to Shareholders dated 31 October 2019.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

DETAILS OF MEETING

Twenty-Fifth Annual General Meeting of the Company will be held at Dewan Perdana, 1st Floor Sport Complex, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 5 December 2019 at 10.00 a.m.

RE-ELECTION OF DIRECTORS

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

i) Dato' Ismail Bin Haji Omar

ii) Dato' Ir. Low Keng Kok

Further details of the Directors standing for re-election are set out in the Directors' Profile appearing on page 26 to 27 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.

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.

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)
United Overseas Bank (Malaysia) Bhd (271809K)
Bangkok Bank Berhad (299740-W)
RHB Bank Berhad (6171-M)
CIMB Bank Berhad (13491-P)

SOLICITOR
Messrs. B B Teh.

COMPANY SECRETARIES
Tan Kok Aun (MACS 01564)
Nip Chee Sien (MAICSA 7066996)

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

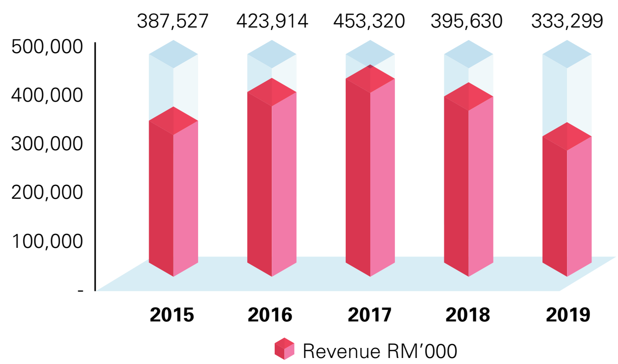
AUDITORS
Crowe Malaysia PLT,
Chartered Accountants
Kuala Lumpur Office,
Level 16 Tower C, Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel : +603 – 2788 9999
Fax : +603 – 2166 1000

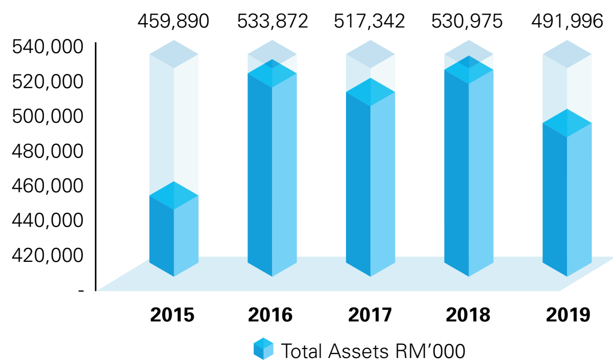
REGISTRAR
Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.
Tel : +603 – 2783 9299
Fax : +603 – 2783 9222

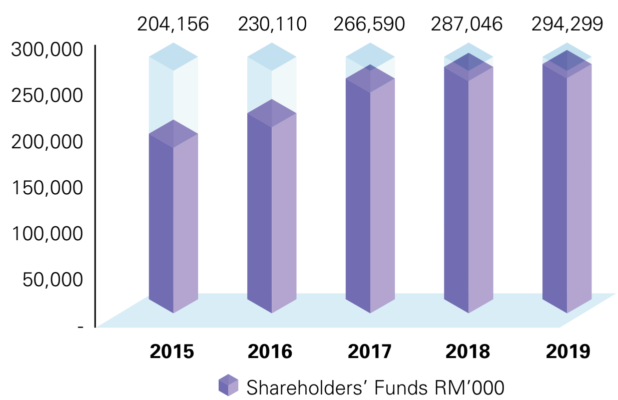
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Bhd
Stock Name: FAJAR
Stock Code: 7047

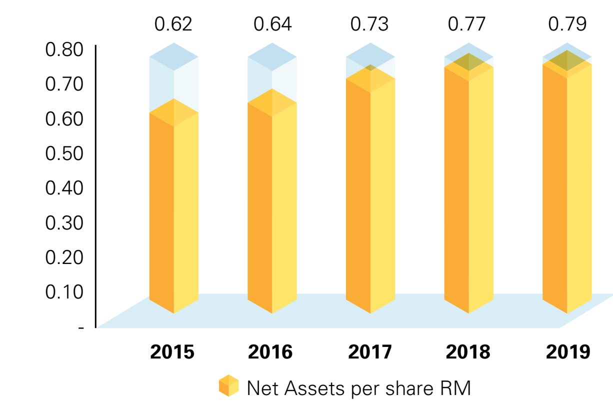
PERFORMANCE ANALYSIS

		2015	2016	2017	2018	2019
Revenue	**RM'000**	387,527	423,914	453,320	395,630	333,299
Profit / (Loss) before tax	**RM'000**	5,157	49,010	107,234	58,636	42,105
Profit / (Loss) after tax	**RM'000**	(95)	31,561	79,640	40,953	26,929
Issued Share Capital	**RM'000**	164,967	181,367	189,677	194,275	194,275
Shareholders' Funds	**RM'000**	204,156	230,110	266,590	287,046	294,299
Total Assets	**RM'000**	459,890	533,872	517,342	530,975	491,996
Earnings per share	**Sen**	(0.84)	3.21	10.71	4.72	3.87
Net Assets per share	**RM**	0.62	0.64	0.73	0.77	0.79









VISION, MISSION AND 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.

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.

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

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

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

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 2019.

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

INDUSTRY TRENDS

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges with risks to growth hampered due to the heightening uncertainties in the global environment, including trade conflicts, volatility in the global financial markets and oil prices as well as geopolitical tensions as reported by Bank Negara.

In the second quarter of 2019, the Malaysia economy grew by 4.9% as compared to 4.5% in the first quarter; this was supported by higher household spending and private investment.

The construction sector recorded a moderate growth of 4.2% in 2018 as compared to 6.7% in 2017 due to weakness in the property segment as a result of the higher levels of unsold residential properties and oversupply of commercial properties. Construction sector grew a marginal 0.4% during half year of 2019 and is expected to achieve annual growth of 1.7% in 2019. This is mainly supported by the civil engineering segment.

CHAIRMAN'S STATEMENT cont'd

The Malaysian property market has gradually improved over 2018 and is expected to stabilise this year, on the back of increases in volume and value of total transactions at the end of 2018, according to the National Property Information Centre (NAPIC) of the Department of Valuation and Property Services. The property sector in 2018 recorded 313,710 transactions valued at RM140.33 billion, a marginal increase in volume and value by 0.6% and 0.3% respectively from 2017. Major states like Kuala Lumpur and Johor recorded an increase of 6.8% and 7.8% respectively in market activity. Property market activity in 2019 is expected to stabilise but property overhang issue needs to be thoroughly handled and a holistic measure needs to be positioned to overcome the issue.

Malaysia's timber export and timber products recorded RM22.3 billion for 2018, a four per cent decline compared to RM23.2 billion in 2017. Malaysia's export of major timber products include Japan, US, India, Korea and China. The decline is attributed to slower demand from key markets, global economic turmoil and strengthening of the Malaysian ringgit as reported by the Malaysian Timber Industry Board (MTIB).

FINANCIAL PERFORMANCE

During the financial year 2019, the Group recorded a revenue of RM333.3 million, a decrease of 15.7% as compared to a revenue of RM395.6 million in the financial year 2018. The Group recorded a decrement of 28.2% in profit before tax of RM42.1 million during the financial year 2019 as compared to RM58.6 million during the financial year 2018.

The lower revenue and profit before tax during the reporting financial year were mainly due to decrease in revenue recognition in the logging and timber trading segment. The decrease were predominantly due to the lesser working blocks in production as well as other blocks still pending for authority approval. On the other hand, the profit before tax reduced were due to the impairment losses on financial assets and contract assets amounted to RM31.2 million.

OUTLOOK AND PROSPECTS

The economic outlook for Malaysia is expected to remain stable in 2019, underpinned by private sector consumption and investment. The economy is expected to remain on a steady growth path, expanding between 4.3% – 4.8% in 2019 as reported by Bank Negara. The growth will continue to be anchored by private sector activity, supported by stable income and employment growth, as well as sustained capacity expansion by businesses.

The construction segment will remain as Fajarbaru's core business and the Group expects it to continue for 2019 and onwards. Malaysia's construction sector is expected to be improved as multibillion ringgit infrastructure projects are expected to be announced with the revival of the East Coast Rail Link. With the Group's track record in consistently delivering quality products and services and having completed various rail-related projects such as the Electrified Double Track (Seremban-Gemas), Light Rail Transit (LRT) Stations and Depot, we are fairly optimistic in securing a number of projects in the near future.

CHAIRMAN'S STATEMENT cont'd

In the property development segment, market activity in the first quarter of 2019 has shown an improvement compared with the same period last year based on the volume and value of property transactions recorded. The HOC (Home Ownership Campaign) launched early 2019, was initiated to increase home ownership among Malaysians and to address the property overhang, has been extended until Dec 31, 2019 and is expected to provide further traction for the housing market. The Group is optimistic on the sales for the remaining units of Rica Residence @ Sentul with the increase in marketing efforts. Paragon, our Australian property development located in Melbourne Central Business District (CBD) was launched in 2017 with a GDV of RM600 million, and has a current take-up rate of more than 90%. Situated in Melbourne CBD, Paragon features 227 luxury apartments and a first-of-its-kind elevated indoor urban forest, nestled high above the bustling city. Our Rica Residence @ Kinrara, a residential condominium project is scheduled to be launched in 2020.

The country's timber and timber products exports are expected to reach RM23 billion in 2019. The government is optimistic that timber exports in 2019 could exceed RM22.3 billion recorded in 2018 due to the increasing demand for local timber and timber products leveraging on the existing Free Trade Agreements (FTAs), Asean and Oceania countries as well as strong demand from India. In addition, the Government has set an annual growth target of 6.4 per cent for timber exports by 2020.

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 of which are vital to the Group's performance and business sustainability. The Group assumes responsibility towards shareholders and stakeholders in conducting business with integrity, and creating positive economic, environmental and social impacts in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE DEVELOPMENTS

On 25 March 2019, the Group has estimated the impairment of trade receivables of RM20.37 million and impairment of contract assets of RM8.15 million for the financial year ending 30 June 2019 arising from the winding up order of TYL Land & Development Sdn. Bhd. for the Commercial Semenyih Project.

On 24 June 2019, the Group accepted a Letter of Award for Main Building Works (Phase 1) from Malton Development Sdn. Bhd., in respect of the Duta Park Residences Project with a contract value stands at RM297.5 million.

On 19 July 2019 and 28 August 2019, the Group accepted three Letter of Awards issued by Knusford Construction Sdn. Bhd. in respect of the Construction and Completion Balanced of Bridge Structure Works of Duke Phase 3 Project with a total contract value of RM69.6 million.

On 14 August 2019, the Group entered into a Joint Venture Agreement with China Gezhouba Group (Hong Kong) Overseas Investment Co., Limited for the purpose of jointly submitting a tender to Suruhanjaya Tenaga in connection with the Large Scale Solar Project (LSS3).

DIVIDENDS

In recognition of the continued support and loyalty of shareholders, the Board of Directors has declared a single tier interim dividend of 1.5 cents per share for the financial year ended 30 June 2019 wherein RM5,591,588.39 was paid to the shareholders on 28 December 2018.

APPRECIATION

On behalf of the Board of Directors, I would like to sincerely thank our Management team and staff for all their hard work, sacrifices, dedication and perseverance. Let us continue to work together as a united and focused Group, to ensure Fajarbaru continues to thrive.

I would also like to thank all our shareholders, business partners and clients for all your support and trust in Fajarbaru. With your unwavering support, we are well positioned to accelerate our growth and improve our performance.

My statement would be incomplete without extending my appreciation to my esteemed directors for their support and invaluable inputs throughout a challenging year.

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

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 STRUCTURE

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 2019. 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 necessarily continue in future.

INDUSTRY REVIEW AND OUTLOOK

Malaysia's GDP in 2018 reported a respectable growth of 4.7% and is expected to remain on a steady path in 2019 with a growth of between 4.3% to 4.8%. The steady growth in 2019 is supported by resilient private sector spending coupled with recovery in commodity sectors amid continued expansion in key economic sectors and continued demand from major trade partners.

The construction sector recorded a moderate growth of 4.2% (2017: 6.7%); due to weaknesses in the property segment as higher levels of unsold residential properties and oversupply in commercial property weighed on growth in the residential and non-residential sub-sectors respectively. The civil engineering sub-sector remained the key driver of growth for the construction sector, supported by continued progress of large petrochemical, transportation, and utility projects. Among the infrastructure projects include the Pan Borneo Highway in Sabah and Sarawak, Central Spine Road in East Coast, as well as Mass Transit Rapid (MRT) Sungai Buloh – Serdang – Putrajaya (SSP) Line and Light Rail Transit Line 3 (LRT3) in Klang Valley.

Property market has gradually improved, recording a marginal increase as reported by the Valuation and Property Services Department. Malaysia's property sector recorded 313,710 transactions worth RM140.33 billion in 2018, an increase by 0.6% in volume and 0.3% in value as compared to 2017. Residential property continued to support the overall property sector in 2018 with 197,385 transactions worth RM68.75 billion recorded. Condominiums and apartments formed the major bulk of new launches at 36.8% followed by two to three storey terrace houses which recorded 29.0%. In Australia, the property market showed only four capital cities saw price increases in 2018 with the rest recording declines; cities continuing to record growth are Hobart, Canberra, Adelaide and Brisbane. Malaysia's total export of timber and timber products for 2018 recorded a total of RM22.3 billion. For 2020, the government has set an annual growth target of 6.4 per cent for timber exports Malaysia's timber are highly regarded in the market and our export of major timber products include Japan, US, India, Korea and China.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

In 2018, 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 2019, the Group reported a lower consolidated revenue by 15.7% to RM333.3 million, as compared to RM395.6 million in the previous year. This was mainly due to decrease in revenue recognition in the construction segment, as well as the logging and timber trading segment.

Correspondingly, the Group's profit before tax ("PBT") in financial year under review was RM42.1 million, a decreased of 28.2% from RM58.6 million in the preceding year mainly due to the impairment losses on financial assets and contract assets amounted to RM31.2 million.

The Group 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's an interim single-tier dividend of 1.5 cents per share paid out on 28 December 2018.

The Group's balance sheet remains strong, with minimal borrowings and the cash reserves still at a healthy level despite of the impairment made. As at 30 June 2019, total assets of the Group was at RM492.0 million (FYE2018: RM531.0 million) while the gearing ratio stood at a manageable 0.21 times.

Given the current economic and market conditions, the Group will continue to seek opportunities, both in the public and private sectors, to replenish its order book, albeit on a cautious basis to minimize the risks of an uncertain economy in the short to medium term. Infrastructure developments in Malaysia continue to serve as a growth catalyst for both the construction and property development sectors.

Moving forward, the Group will continue to develop its three core businesses of construction, property development and logging and timber trading segments as part of its mid to long-term growth strategy.

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 railway, highway, infrastructure, airport and buildings.

For the financial year 2019, revenue has increased slightly to RM224.8 million as compared to RM222.5 million in the preceding year. Loss before tax was increased from RM1.1 million in the preceding year to RM12.5 million in the current year due to the impairment of trade receivables and impairment of contract assets from the winding up order of TYL Land & Development Sdn. Bhd. We will also continue to closely manage our projects to ensure their efficient and timely execution.

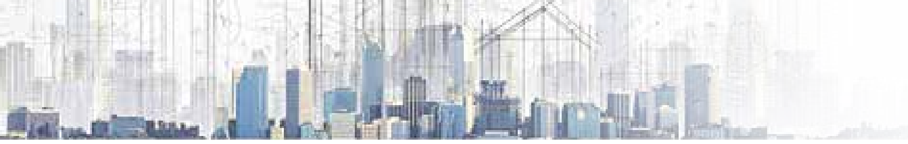
Property Development Segment

This segment recorded a higher revenue of RM78.3 million and profit before tax of RM19.2 million as compared to a revenue of RM68.5 million and profit before tax of RM3.5 million in the preceding year.

The higher revenue and profit before tax of the financial year under review were mainly due to higher work progress from Rica Residence @ Sentul development.

Logging and Timber Trading Segment

The logging and timber trading segment contributed a lower revenue of RM80.4 million in the current year as compared to the preceding year of RM123.8 million. The profit before tax decreased to RM34.6 million in the current financial year as compared to preceding year of RM60.7 million.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Trading and Logistics Segments

In the trading segment, the Group recorded a slight decrease in revenue for the current financial year of RM30.7 million as compared to preceding year of RM32.4 million.

The logistics segment's revenue increased marginally for the financial year under review at RM1.5 million as compared to the preceding year of RM0.8 million. This was mainly due to better performance in the logistics segment for the financial year 2019.

REVIEW OF OPERATIONS

CONSTRUCTION

Civil engineering and construction remain the primary operation focus for the Group. Some of the notable contracts won by the Group include an RM297.5 million contract for main building works of a high rise residential development (Duta Park Residences) in Jalan Kolam Air, Kuala Lumpur as well as a total of RM69.6 million in Construction and Completion of Bridge Structure Works for Setiawangsa – Pantai Expressway (SPE) – Duke Phase 3.

After a series of reviews and renegotiations, the Government has recently announced the revival of mega infrastructure projects such as the East Coast Rail Link ('ECRL') and the Bandar Malaysia development. These resurrections are seen to be the catalyst for growth to the construction sector which will benefit local rail-based construction and property development companies, create a spill-over effect for local port operators and potentially open up corridors for property development routes.

The revival of the East Coast Rail Link ('ECRL') project has spread positive sentiment in the market which will likely bolster the local construction sector.

New Contracts

During 2019, the segment successfully secured new contracts worth approximately RM367.1 million summarised as follows:

- "Proposed High-Rise Residential Development comprising of 3 Tower Blocks: Tower A (46-Storey), B (49-Storey) and C (30-Storey) encompassing 536, 572 and 268 units respectively on top of a 3-level of Basement Car Park and 10-level of Podium Car Park and Facilities on Lot 345 (PT 193) Section 48, Jalan Kolam Air, Off Jalan Kuching, Kuala Lumpur, Wilayah Persekutuan – Main Building Works (Phase 1) ("Duta Park Residences") with a Contract value of RM297.5 million.

- "The Construction and Completion Balanced of Bridge Structure Works Mainline Pier ML/PA to Pier ML/P26 and Pier ML/P41 to Pier ML/P45 of Setiawangsa – Pantai Expressway (SPE) – Duke Phase 3 Section 4 – Setiawangsa to Melati" with a Contract value of RM27.2 million.

- "The Construction and Completion of Bridge Structure Works for Salak Interchange (Southbound1 P12, Ramp 2A, Ramp 2D, Ramp 2F, BR1 and BR2) - Package 2 of Setiawangsa – Pantai Expressway (SPE) – Duke Phase 3 Section 1 – Kerinchi to Salak" with a Contract value of RM41.3 million

- "The Construction and Completion Bridge Structure Works Interchange No. 5 (Ramp 5F) at Section 4 (Setiawangsa to Melati) of Setiawangsa – Pantai Expressway (SPE) – Duke Phase 3 Section 4 – Setiawangsa to Melati" with a Contract value of RM1.1 million

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Completed Projects

During 2019, the Group has successfully completed the following projects:-

- "Proposed Apron Line Marking, Access Road Connection and Associated Works at KLIA Air Cargo Terminal 1 (KACT 1), KL International Airport, Sepang, Selangor"
- "Proposed Expansion, Renovation and Other Associated Works for Integrated Parcel Sortation Centre at Pos Malaysia International Hub at Kuala Lumpur International Airport (KLIA)"

PROPERTY DEVELOPMENT

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

On-Going Projects – Klang Valley

Rica Residence @ Sentul

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

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 more than 90%. 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.

Future Projects

In Malaysia, the Group is developing the Rica Residence series, of which 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. Amidst the current slowdown in the property market in Australia, the Group believes that the Australian property development market has a long term growth potential and will provide a healthy income for Fajarbaru. One of the future developments include Northcote townhouses, consists of at least 15 residential two-storey townhouses along Merri Creek in Northcote, Melbourne, Australia.

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 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 timber concession areas in Jerantut, Pahang with approximate area of 2,923 acres.

In addition, the Group also 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 with 14.1% balance of acres yet to be logged; and
- Hutan Simpan Som, Hutan Simpan Tekam and Hutan Simpan Tekai Tembeling (Tambahan), Jerantut, Pahang with 76.3% balance of acres yet to be logged.

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

LARGE SCALE SOLAR (LSS3)

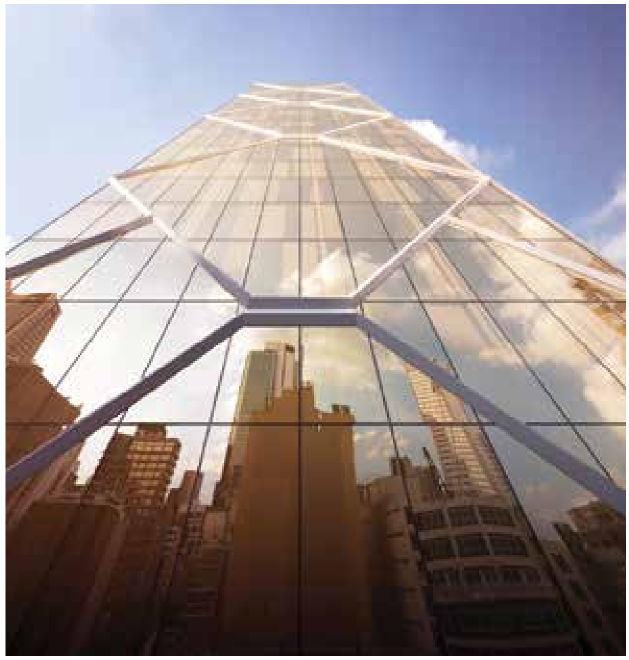
The Group has recently entered into a joint-venture agreement with China Gezhouba Group Overseas Investment Co Ltd (CGG) to bid for construction of a large-scale solar photovoltaic energy generating facility. The bid by the Energy Commission is for an estimated RM2 billion worth of projects under the third round of the Large-Scale Solar (LSS3) scheme to increase electricity generation from renewable energy.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

LOOKING AHEAD

On the back of the commencement of mega and infrastructure projects such as ECRL and Bandar Malaysia, the Group is positive that there will be more construction activities in the near future. We believe that with a good track record and having completed various railway-related projects such as Electrified Double Track (Seremban-Gemas), Light Rail Transit (LRT) Stations and Depot and consistently delivering quality products and services, we are able to compete on some of the infrastructure and railway construction jobs. Railway 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 remains cautious due to the mismatch in product offering and pricing affordability. The National Housing Policy 2.0, launched by Housing and Local Government Ministry (KPKT) early 2019, aims to address the various issues surrounding the housing market; coupled with the Home Ownership Campaign (HOC), lower lending rate, and peer-to-peer lending platforms, is expected to provide boost to the housing market. For Paragon Melbourne, the take-up rate has surpassed the 90% mark and remaining units are gradually being taken up since construction started. The Group's condominium development in Puchong, Rica Residence @ Kinrara is planned for launch in 2020. 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, the government is optimistic that timber exports will exceed RM22.3 billion and the government has set an annual growth target of 6.4% for 2020. In order to remain competitive, timber–based product manufacturers must offer better products and expand the market with better innovation and technological advancements.



The Group is considering smart partnerships with both local and overseas partners to enable the offering of required technology, machineries and equipment to increase recurring income. One of the smart partnerships that we have entered is the LSS3 bid via Fajarbaru-Gezhouba-Potential Region Consortium.

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.

Dato' Sri Kuan Khian Leng
Group Executive Director


FAJARBARU BUILDER GROUP BHD.

BOARD OF DIRECTORS

Standing from left to right :

1. **Dato' Ir. Low Keng Kok**
   (Independent Non-Executive Chairman)
2. **Dato' Sri Kuan Khian Leng**
   (Executive Director)
3. **Dato' Ismail Bin Haji Omar**
   (Independent Non-Executive Director)
4. **Dato' Lim Siew Mei**
   (Non-Independent Non-Executive Director)
5. **Ooi Leng Chooi**
   (Independent Non-Executive Director)
6. **Foong Kuan Ming**
   (Independent Non-Executive Director)

BOARD OF DIRECTORS (cont'd)

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

Dato' Ir. Low, aged 65, 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 and infrastructural projects. He is also a Chairman of Fitters Diversified Berhad, a Chairman of RGT Berhad (formerly known as Asia Knight Berhad), a Director of Universiti Teknologi Malaysia (UTM), a Chairman of Audit Committee of 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 43, 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 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 37, 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 80, 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 (2½) 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 Nomination Committee.

BOARD OF DIRECTORS (cont'd)

Foong Kuan Ming
(Independent Non-Executive Director)

Mr. Foong Kuan Ming, aged 64, 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, Messrs. 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 Nomination 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), CFP, aged 53, 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 Nomination Committee.

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 Seven (7) Board Meetings held during the financial year ended 30 June 2019. 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	7/7
Dato' Sri Kuan Khian Leng	Executive Director	7/7
Dato' Ismail Bin Haji Omar	Independent Non-Executive Director	7/7
Dato' Lim Siew Mei	Non-Independent Non-Executive Director	5/7
Foong Kuan Ming	Independent Non-Executive Director	7/7
Ooi Leng Chooi	Independent Non-Executive Director	7/7

DATE, TIME AND VENUE OF BOARD MEETINGS

All Board Meetings for the financial year ended 30 June 2019 were held in FBG Conference Room, 61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor, except for meeting on 14 June 2019 held at Lot 9B-3, Jalan Kemajuan 12/18, Seksyen 13, 46200 Petaling Jaya, Selangor.

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

DATE	TIME
28 August, 2018 (Tuesday)	1.22 p.m.
08 October, 2018 (Monday)	3.00 p.m.
29 November, 2018 (Thursday)	11.20 a.m.
21 February, 2019 (Thursday)	11.00 a.m.
21 March, 2019 (Thursday)	11.00 a.m.
23 May, 2019 (Thursday)	11.00 a.m.
14 June, 2019 (Friday)	11.30 a.m.

SENIOR MANAGEMENT TEAM

Toh Teong Hock
Age 58, Male, Malaysian
(Chief Operating Officer of Construction – Infrastructure & Civil)

Yau Tuck Wai
Age 52, Male, Malaysian
(Director of Property)

Ir. Kong Kam Loong
Age 42, Male, Malaysian
(Director of Construction – Building)

Wong Wee Keong
Age 53, Male, Malaysian
(Director of Contract & Trading)

Charles Tan Ting Lih
Age 43, Male, Malaysian
(Finance Director)

Chan Jiaheng
Age 32, Male, Malaysian
(Director - Property)

Toh Teong Hock
(Chief Operating Officer of Construction – Infrastructure & Civil)

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 33 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.

Wong Wee Keong
(Director of Contract & Trading)

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 33 years of experience in the construction industry. His responsibility involve overseeing, supervision and coordinate the operations of the contract and purchasing departments.

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 26 years of experience in property industry. He is primarily responsible for the day-to-day business operations of the property division.

SENIOR MANAGEMENT TEAM (cont'd)

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 15 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.

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 Technologi 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 16 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.

Chan Jiaheng
(Director - Property)

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 8 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.

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

For the financial year ended 30 June 2019, there were no proceeds raised by the Company from any corporate proposal.

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
1. Audit Fee	243	243	75	92
2. Non-Audit Fee	5	5	5	5
Total fee payable to external auditors	248	248	80	97

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 2019, the total number of options granted, exercised and outstanding under the ESOS are as set out in the table below:

	Number of Options			
Description	Grand Total		Directors and Chief Executive	
	2019	2018	2019	2018
(a) Granted	-	16,297,000	-	6,900,000
(b) Exercised	-	6,697,000	-	2,450,000
(c) Outstanding	9,600,000	9,600,000	4,450,000	4,450,000

* Including forfeited options

ii. Percentage of options applicable to Directors and Senior Management under the ESOS:

Directors and Senior Management	During the financial year ended 30 June 2019	Since commencement up to 30 June 2019
(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))	-	4.62%

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

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 the ESOS in respect of the financial year ended 30 June 2019 as follows:

Name of Director	Amount of Options Granted/Offered	Amount of Options Exercised
Dato' Ir. Low Keng Kok	-	-
Dato' Ismail Bin Haji Omar	-	-
Dato' Lim Siew Mei	-	-
Foong Kuan Ming	-	-
Ooi Leng Chooi	-	-
Total	-	-

The Company has not issued warrants or convertible securities during the financial year ended 30 June 2019.

4. <u>Profit Guarantee</u>

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. <u>Recurrent related party transactions</u>

There were no recurrent related party transactions during the financial year ended 30 June 2019.

6. <u>Material Contracts involving directors and substantial shareholders</u>

There were no material contracts involving directors and substantial shareholders during the financial year ended 30 June 2019.

7. <u>Revaluation Policy</u>

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

SUSTAINABILITY STATEMENT

Our financial year 2019 Sustainability Statement ("Sustainability Statement" or the "Statement") provides an overview of Fajarbaru Builder Group Bhd's ("Fajarbaru" or "Group") 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 and develop the Group's sustainability management and initiatives for the first year. We are committed to enhance our sustainability practices through the existing framework and to continuously improve our sustainability practices for our long-term business success.

SCOPE

This is Fajarbaru Builder Group Bhd's second year of formally disclosing the Group's sustainability management and initiatives. The statement has been prepared in accordance with Practice Note 9 of Bursa Malaysia's Main Market Listing Requirements, guided by Bursa Malaysia's Sustainability Reporting Guide. This Sustainability Statement covers the reporting period between 1 July 2018 to 30 June 2019.

The information presented in the Statement primarily covers the Group's construction, property development and timber logging business activities in Malaysia, unless otherwise stated. More information on Fajarbaru's divisions and subsidiaries can be viewed in the Corporate Structure section of this annual report. The terms "Fajarbaru", "Fajarbaru Group", "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@fajarbaru.com.my

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.

Group Sustainability Organisation Structure

In 2019, Fajarbaru established its Group Sustainability Committee ("SC" or "Committee"). This Committee will steer the sustainability agenda for the Group and will be responsible to develop comprehensive strategies, implement management programmes as well as monitor our progress towards improving sustainability performance. The Management ("TM") comprises representatives from different functional units and business divisions and we are committed to enhance our sustainability practices and to develop long-term solutions to manage our intangible value drivers.

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 - Feedback sessions - Safety briefings - Salary benchmarking against market - Learning and development programmes - Performance appraisals	- Ad hoc - Quarterly - Ongoing - Ongoing - Ongoing - Ongoing - Annually
Customers	To achieve the 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

SUSTAINABILITY STATEMENT (cont'd)

STAKEHOLDERS	INDIVIDUAL GOALS	ENGAGEMENT ACTIVITIES	FREQUENCY OF ENGAGEMENT
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

THE 17 SUSTAINABLE DEVELOPMENT GOALS

The United Nations 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals ("SDGs") were introduced during the 2015 United Nations Conference on Sustainable Development. The agenda provides a harmonised view for governments, corporations and the 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.

Throughout the development process of the SDGs, we are encouraged to adopt sustainable best practices and this ongoing practice aims 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.

ECONOMIC

The construction, property development and timber logging industries are important sectors that contributed to our business growth despite the current economic and market conditions. Trading and logistics segments are also important in maintain profitability and growth opportunities. 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.

8 DECENT WORK AND ECONOMIC GROWTH

SUPPLY CHAIN MANAGEMENT

Responsible business entities support local suppliers that will contribute towards the economic growth of the local community. During financial year 2019, 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 8 May 2019, Fajarbaru conducted the Quality Assessment System in Construction ("QLASSIC") awareness workshop for our employees as well as 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 financial year 2020, we aim to 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. 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. MBAM provides opportunities to its members and affiliates to highlight issues affecting the construction industry through dialogues with government. Fajarbaru has been actively involved in MBAM as committee members.

Fajarbaru's current representatives in MBAM

Dato' Sri Kuan Khian Leng	Environment & Green Technology – Chairman, MBAM Material Resources Committee - Deputy Chairman, MBAM Council Member, MBAM
Mr Eugene Ng	Material Resources Committee Member, MBAM

Fajarbaru is also a member of Real Estate and Housing Developers' Association Malaysia ("REHDA") which is recognised as the leading representative body for private property developers, being involved primarily in advocacy and governance.

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.

SOCIAL

It is important to ensure the safety for all our employees as part of our responsibility. 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 prioritised 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. In every quarter, the committee is responsible to develop and review the health and safety management programmes conducted at the headquarters. Fire drill practices and safety briefings at the headquarters are conducted twice annually. In addition, our team were sent for trainings and they are well versed and equip with the knowledge of Cardiopulmonary Resuscitation ("CPR") and Emergency Cardiovascular Care ("ECC").

Moving forward, we aim to obtain ISO 45001, Occupational Health and Safety ("OHS") Management System certification standard. This is to manage and minimise OHS risks hence to prevent work-related injuries to workers and to provide safe, and healthy workplace to all employees.

Safety and Health Assessment System in Construction ("SHASSIC")

SHASSIC is an independent method to assess and evaluate the safety and health performance of a contractor in construction works or projects. SHASSIC was designed and developed to benchmark the level of safety and health performance of construction industry in Malaysia. SHASSIC assessments are carried out to evaluate, improve and take necessary action of safety and health performance at site. On 29 and 30 November 2018, Fajarbaru has achieved five-star rating in compliance to the standard system of SHASSIC on safety and health assessment. It is our responsibility to continuously ensure the safety and health of the construction site conforms to legislations requirement, approved standards, code of practice, guidelines, specifications and contractual requirements.

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.

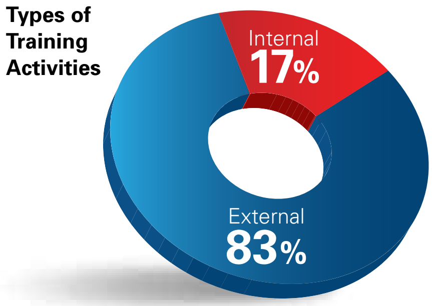
Our Human Resources department works together with the department heads to perform an annual training needs analysis for all employees. The analyses provide a structured approach to help Human Resources identify relevant training programmes and solutions for our workforce. Further, we also aim to align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

According to our internal tracking, we provided 6,119 hours of training for our employees for the financial year 2019. The distribution of training hours segregated by gender and business divisions are seen in the table below.

AVERAGE TRAINING HOURS PROVIDED	CONSTRUCTION	PROPERTY	LOGGING AND TIMBER	TRADING	LOGISTICS	AVERAGE
Per Employee	44.3	11.7	0.5	13.0	7.8	18.4
By Gender						
Male	52.5	11.0	0.3	18.7	7.8	21.8
Female	15.5	13.0	1.0	7.3	0.0	12.4

Employee training provided comprise the following categories: leadership skills, workplace safety, technical skills, accounting and administration, ISO as well as quality control and assurance. The training cost per employee is approximately RM1,000. We also monitor the types of training activities based on internal and external training which allows us to determine the training needs for Fajarbaru's employees.

Types of Training Activities



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. Four 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.

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, Additional Maternity 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, Parking Allowance, Travel Allowance	Uniforms T-shirt

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 hiking, bowling, badminton and other activities.

On the last Friday of every month, the Fajarbaru Sports Club will organise a "TGIF" session. We believe in getting everyone together to foster better communication among our employees. Healthy snacks were provided 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.

SUSTAINABILITY STATEMENT (cont'd)

Embodying a sense of team spirit is important which helps employees to bond with their colleagues. On 22 September 2018, we organised a bowling tournament and everyone enjoyed being part of the company activities. It helped to build the team spirit among staff.

On 13 and 14 October 2018, we organised a hiking trip for our staff. Approximately 100 employees participated in the two-day programme held in Sungai Lembing, Pahang. The programme objective was to improve effective communication and staff motivation to work together. Activities during the two-day programme were specifically designed to create and improve rapport within inter-departments.

On 8 December 2018, we organised a company annual dinner with the theme "Back to Sekolah". Employees from all divisions and sites got-together at the annual dinner. It created cohesiveness and a sense of camaraderie among staff, the company also recognised and reward staffs' yearly achievement during the event.

In January 2019, Fajarbaru developed a Sexual Harassment Policy which aims to protect men and women in our company from unwanted sexual advances and to provide them with guidelines to report such incidents. On 18 March 2019, Women's Aid Organisation (WAO) provided a talk and workshop on "Sexual Harassment at The Workplace" and create awareness of the Sexual Harassment Act. Fajarbaru encouraged all employees to participate in the talk and understand what constitutes sexual harassment and channels available to report sexual harassment. The Group has contributed RM2,000 to the Women's Aid Organisation.

In conjunction with International Women's Day, a special Make-Up Workshop was held on 8 March 2019 at Fajarbaru's headquarters to celebrate our female staff and to reward them for their contribution to the company. All the participants enjoyed the beauty workshop conducted by Mary Kay, an international beauty brand.

An English Business Communication program was started in March 2019 for selected staff to enhance their English communication skills and build up their confidence level in public speaking and written communication. It is a 12-session program with 2 hours per session conducted once a week.

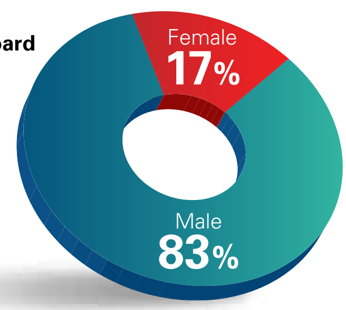
Fajarbaru also conducts a CEO townhall session every quarter. These sessions provide an avenue for the top management to engage with the working level employees on pertinent issues that are important to the organisation. In addition, Fajarbaru also observes and celebrate major festivals in Malaysia during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

WORKFORCE DIVERSITY

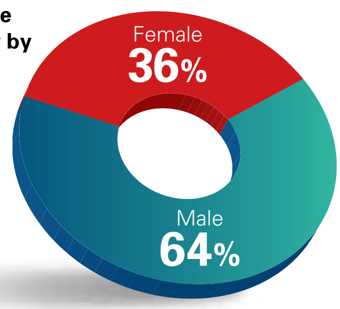
Diversity is an emerging trend that is shaping the business environment in Malaysia. Workforce diversity provides the necessary range of skills, experience and perspectives for the organisation to be successful in this ever-changing business environment. We recognise that we operate in industries traditionally 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 2019, 332 people are employed in Fajarbaru Group of Companies.

Promotion of Women in Board of Directors

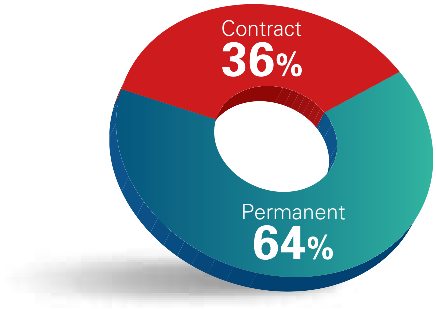


Employee Diversity by Gender

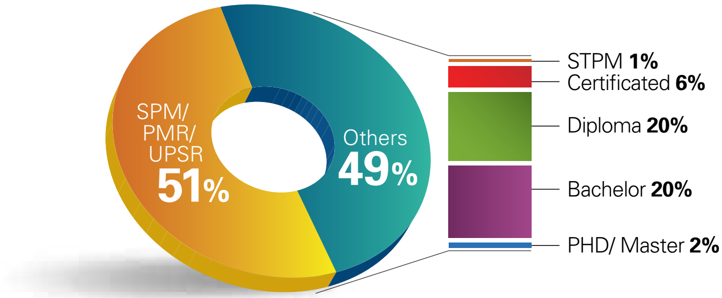


SUSTAINABILITY STATEMENT (cont'd)

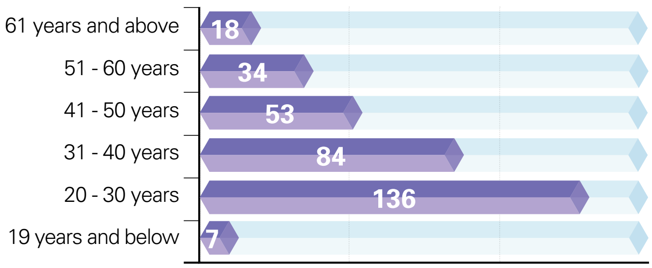
Employee Diversity by Employment Contract



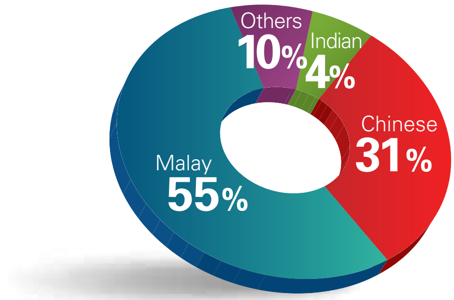
Employee Diversity by Education Background



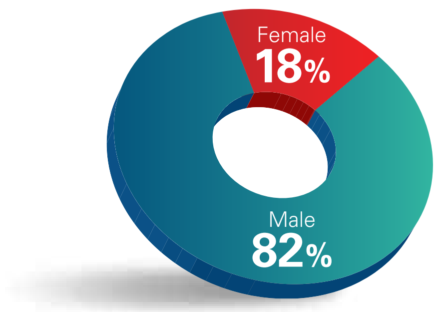
Employee Diversity by Age



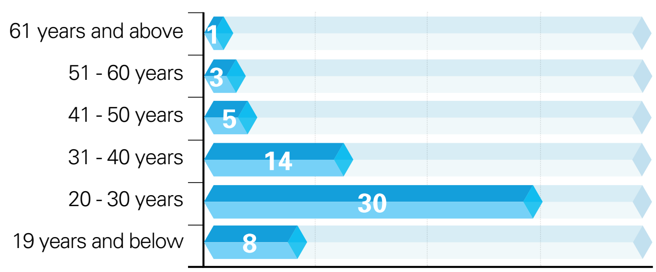
Employee Diversity by Ethnicity



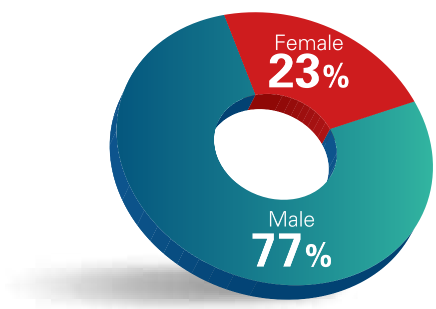
New Employee Hires by Gender



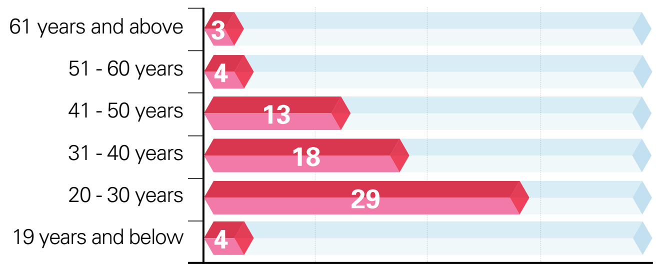
New Employee Hires by Age



Employee Turnover by Gender



Employee Turnover by Age



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	Control of Customer & External Provider Property
Control of Record	Control of Outsourced Process
Drawing Control	Product Preservation
Internal Audit	Design & Development Control
Continual Improvement	Risk & Opportunity Analysis
Monitoring & Measurement of Product and Non-Conformity Control	Operation Risk Assessment
Tendering Control	Communication, Consultancy & Participation
Purchasing Control	Compliance Obligation
Project Planning	Emergency Response Plan
Project Management Process Control	Management of Changes
Human Resources Management	Incident Handling
Management Review & Analysis	Waste Management
Monitoring & Measurement Equipment Control	Permit To Work

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 clients 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.

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.

As part of our ongoing effort towards community development, we aim to provide assistance to social welfare programs. Fajarbaru has contributed to House of Love Fundraising Charity Dinner organised by Yayasan Kebajikan Berkat Kasih Malaysia, Hokkien Association Klang (Youth Organization) with its co-organiser HOL 448 Volunteers (Association Klang Selangor). The main objective of the charity dinner was to raise fund to build an orphanage home – House of Love. We also organised a Christmas event with 37 children from House of Love (Pertubuhan Rumah Anak Yatim Berkat Kasih) in December 2018.

On 24 February 2019, we were delighted to be part of sponsored partner for Run, Walk & Plog 2019 organised by Rotary District 3300, Malaysia. The awareness of protecting the environment such as recycling, planting of trees and many more were encouraged through this program. A tree was planted for each participant of the event at the International Peace Park at ORS Ponds (off river storage), Kampung Hang Tuah, Bestari Jaya, Kuala Selangor in collaboration with LUAS (Lembaga Urusan Air Selangor). On top of that, all excess funds raised from this program were forwarded to the Children' Home of Hope managed by the National Cancer society of Malaysia.

ENVIRONMENT

We recognise that our business activities have direct or indirect consequences on the wider environment. This is our second 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.

GO GREEN INITIATIVES

In 2019, Fajarbaru's Go Green Campaign initiatives has been launched which include Recycled Stationery, No Paper Cup Day ON every Friday and Awareness of Using Recycling Bin. It is an ongoing practice for all employees to inculcate the habit of recycling and this campaign will help us reduce waste and do our best to minimise our impact on the local community.

Moving forward, we aim to obtain ISO 14001, Environmental Management System certification standard. Thus, Fajarbaru will be able to manage the environmental impacts of its business activities.

ENERGY MANAGEMENT

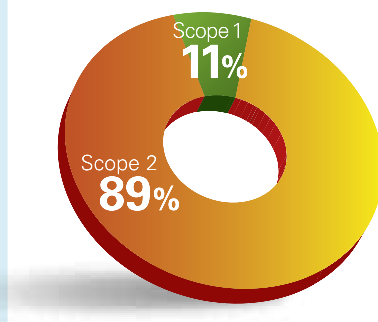
Saving energy is part of being greener and kinder to the earth. Our electricity consumption at our headquarters in Kelana Jaya in financial year 2019 amounts to 232.56 MWh. All existing lighting has been replaced with energy-efficient LED lightbulbs as a method to reduce our energy consumption. We rolled out awareness programmes for our employees by encouraging the practice of switching off all lights and unused appliances during lunch hour and at the end of the day. In financial year 2019, office refurbishment has been part of the process of enhance its overall look and feel.

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 financial year 2019, our carbon emissions amount to 180.54 metric tonnes of carbon emissions equivalent ($tCO2e$). For financial year 2019, we have calculated our emissions under the following categories:

Direct (Scope 1) emissions	**Energy Indirect (Scope 2) emissions**
Description: Emissions from sources that are owned or controlled by us.	Description: Emissions from the generation of purchased or acquired electricity consumed by us.
Emission Source:	**Emission Source:**
Company-owned vehicles designated as pooled cars.	Electricity consumed within the headquarters in Kelana Jaya deemed to be within Fajarbaru's operational control.
Emissions from the consumption of fuel for cars were derived using the emission factor published by the IPCC Guidelines for National GHG Inventories.	Emissions from the consumption of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular grid.

Carbon Emissions Financial Year 2019



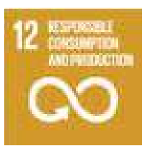
Moving forward, we endeavour to undertake measures to enhance our scope of reporting and establish a boundary for calculating Scope 3. Further, we also aim to set benchmarks to monitor performance in the future.

SUSTAINABILITY STATEMENT (cont'd)

WATER MANAGEMENT

Our water consumption at our headquarters in Kelana Jaya is sourced locally from our municipal water utilities supplier. In financial year 2019, we consumed approximately 1,300 litres of water at our headquarters.

The office refurbishment exercise in financial year 2019 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 minimised where possible. We have a stringent procurement and monitoring process to ensure that raw materials are used efficiently.

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 the its use in our construction projects. We have conducted awareness programmes and briefings sessions for our subcontractors on the potential applications of BIM.

Rica Residence, Sentul is the pilot project for BIM implementation. BIM is used as visualisation tool at early stage of a project to give an overall look in a short period of production time.

Interior space analysis can be done to reduce discrepancies of design and repetitive issues through 3D visualisation.

Three Major Disciplines

Architecture, Structure and Mechanical & Electrical which are combined to determine discrepancy that will be highlighted before construction process through Clash Detection Report. The discrepancy later on will be coordinated to produce 3D Coordinated Model.

In addition, Coordinated Services Drawings from 3D coordinated model is to guide project site team for early construction issue prediction especially on critical areas.

4 Wall Drawing is a standardisation for typical units' construction and a base guideline is mainly for site team to fulfil QLASSIC assessment.

The purpose of 4D Simulation is track planning of a project through time. Comparison is made in between Initial Planning Simulation Model and Actual Planning Simulation Model.

Furthermore, Quantity Take-off from model is to fulfil 5D process which involves quantity and cost input.

Paper and other office materials make up a significant proportion of materials used at our headquarters. 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 adopted a Document Management System for our 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 includes 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2019:-

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. 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, 2016, 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 seven (7) times during the financial year ended 30 June 2019 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 29 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 Nomination 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The activities of the Nomination 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 58 to 63 of this Annual Report.

Two (2) Nomination Committee meetings was held during the financial year and was 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 28 years of experience as a corporate secretary.

Mr. Nip Chee Sien is an Associate of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). He has more than 11 years of experience in corporate secretarial practice.

Appointments of the Board

The Nomination 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 Nomination 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The Nomination 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 2019, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (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	• Engineering Industry Innovation Day • Financing the SDGS: Malaysia Private Sector Role in Bridging the Gap from Goals to Action • The Convergence of Digitalisation and Sustainability • Trainer for "Time Management Talk" • Enhancing Leadership in Organisations Using Emotional Intelligence • Majlis Sambutan Hari Air Sedunia 2019 Peringkat Negeri Perak • Companies Act 2016 ("CA 2016") – Changes and The Way Forward • Majlis Amanat Menteri Pendidikan Malaysia 2019 • Blockchain and its Application to The Commercial World • Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements • Governance Programme: Public University Board of Directors 2018 • Trainer for "Talk on Managing Construction Projects" at The Institution of Engineers Malaysia and Penang Development Corporation • Malaysian Water Academy (MyWA) Annual Post Budget Forum
Dato' Sri Kuan Khian Leng	• Corporate Grooming and Etiquette • Strata Property Management Seminar 2019 "Good Governance & Good Practices in a Developed Economy" • Enhancing Leadership in Organisations Using Emotional Intelligence • Companies Act 2016 ("CA 2016") – Changes and The Way Forward • Sustainability Reporting Workshop for Practitioners • Blockchain and its Application to The Commercial World • Smart Investment In Property Seminar 2018
Dato' Ismail Bin Haji Omar	• Enhancing Leadership in Organisations Using Emotional Intelligence • Companies Act 2016 ("CA 2016") – Changes and The Way Forward • Blockchain and its Application to The Commercial World
Dato' Lim Siew Mei	• Corporate Grooming and Etiquette • Enhancing Leadership in Organisations Using Emotional Intelligence • Companies Act 2016 ("CA 2016") – Changes and The Way Forward • Blockchain and its Application to The Commercial World
Foong Kuan Ming	• Enhancing Leadership in Organisations Using Emotional Intelligence • Companies Act 2016 ("CA 2016") – Changes and The Way Forward • Blockchain and its Application to The Commercial World • Corporate Governance Guide
Ooi Leng Chooi	• Malaysia Anti-Corruption Forum 2019 – Understanding and Addressing the World's Biggest Problem • Enhancing Leadership in Organisations Using Emotional Intelligence • Companies Act 2016 ("CA 2016") – Changes and The Way Forward • Blockchain and its Application to The Commercial World

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 whore port 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Disclosure

The aggregate remuneration of Directors for the financial year ended 30 June 2019 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	78	-	-	-	-	-	78
Dato' Sri Kuan Khian Leng	-	554	112	60	87	1	814
Dato' Ismail Bin Haji Omar	36	-	-	-	-	-	36
Dato' Lim Siew Mei	151	-	-	-	-	-	151
Foong Kuan Ming	48	-	-	-	-	-	48
Ooi Leng Chooi	42	-	-	-	-	-	42

	Executive Directors	Non-Executive Directors
Below RM 50,000	-	3
RM 50,001 to RM 100,000	-	1
RM 200,001 to RM 250,000	-	1
RM 800,001 to RM 850,000	1	-

The aggregate remuneration of Key Senior Management personnel for the financial year ended 30 June 2019 is as follows:-

	Key Senior Management
Below RM 400,000	1
RM 450,001 to RM 500,000	1
RM 550,001 to RM 600,000	1
RM 600,001 to RM 650,000	1
RM 750,001 to RM 800,000	1

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 Boards 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 58 to 62.

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 64 to 66 of the 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 2019 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 recognises 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.

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.

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

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.

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.

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

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 the 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.

The Committee met three (3) times during the financial year ended 30 June 2019 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".

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

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 organisation are working towards the Group's goals and objectives. 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.

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.

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

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 and Finance Director that the Group's risk management and internal control systems have operated adequately and effectively for the financial year under review, in all material aspects. The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal audit function, management letters provided by External Auditors, reviews performed by Management and various Board Committees as well as reliance on written confirmations by Management. Taking into consideration the assurance from the Management and input from the relevant assurance providers, the Board is of the view that the risk management framework and internal control systems are satisfactory and adequate to safeguard shareholders' investments, customers' interests and the Group's assets and have not resulted in any material loss, contingency or uncertainty. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

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 Malaysia Securities Berhad Main Market 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 23 October 2019 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 2019 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 2019.

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the directors listed below. During the year ended 30 June 2019, 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	5 / 5
Dato' Ismail Bin Haji Omar (Member)	Independent Non-Executive Director	5 / 5
Ooi Leng Chooi (Member)	Independent Non-Executive Director	5 / 5

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

1. Reviewed the audited financial statements for the year ended 30 June 2019 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 if 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.

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 sets 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 Company did not grant any options to eligible employees of the Group under the ESOS during the financial year ended 30 June 2019.

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 RM224,541 (Year 2018: RM222,284). 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

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 2019.

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'000	The Company RM'000
Profit after taxation for the financial year	26,929	19,285
Attributable to:-		
Owners of the Company	14,415	19,285
Non-controlling interests	12,514	-
	26,929	19,285

DIVIDENDS

The Company paid an interim single-tier dividend of 1.5 sen per ordinary share amounting to approximately RM5,592,000 for the financial year ended 30 June 2019 on 28 December 2018.

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) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

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

As at 30 June 2019, 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 RM1,141,000.

The details on the treasury shares are disclosed in Note 23 to the financial statements.

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.

At the end of the financial year, 109,628,288 warrants remained unexercised.

The details of the warrants are disclosed in Note 24 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 26 to the financial statements.

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 all known bad debts had been written off 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 further 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.

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' REPORT (cont'd)

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
Foong Kuan Ming
Ooi Leng Chooi

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

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:-

	Number of Ordinary Shares			
	At 1.7.2018	Bought	Sold	At 30.6.2019
The Company				
Direct Interests				
Dato' Ir. Low Keng Kok	7,297	-	-	7,297
Dato' Ismail bin Haji Omar	17,269	-	-	17,269
Dato' Lim Siew Mei	3,661,380	-	-	3,661,380
Foong Kuan Ming	202,857	-	-	202,857
Ooi Leng Chooi	16,900	-	-	16,900
Indirect Interest				
Dato' Sri Kuan Khian Leng*	32,626,300	-	-	32,626,300

DIRECTORS' INTERESTS (CONT'D)

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 (Cont'd):-

	Number of Options under ESOS			
	At 1.7.2018	Granted	Exercised	At 30.6.2019
The Company				
Direct Interests				
Dato' Ir. Low Keng Kok	300,000	-	-	300,000
Dato' Ismail bin Haji Omar	200,000	-	-	200,000
Dato' Lim Siew Mei	400,000	-	-	400,000
Ooi Leng Chooi	100,000	-	-	100,000

	Number of Warrants Over Ordinary Shares			
	At 1.7.2018	Granted	Sold	At 30.6.2019
The Company				
Direct Interests				
Dato' Ir. Low Keng Kok	2,432	-	-	2,432
Dato' Lim Siew Mei	680,694	-	(680,694)	-
Indirect Interest				
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 49(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 other than the share options granted to certain directors pursuant to the ESOS of the Company.

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 40 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there was 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.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 42 to the financial statements.

Signed in accordance with a resolution of the directors dated 23 October 2019.

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 177 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 2019 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 23 October 2019.

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 177 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 23 October 2019.

Tan Ting Lih

Before me

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 2019 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 177.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and 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 Notes 4.17(a), 4.26(c), 14 and 36 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 stage of completion of the properties under development. The stage of completion is determined by the proportion of actual property development costs incurred for work performed to date to the estimated total property development costs. The recognition of revenue and cost is therefore dependent of the Group's budgeted property development costs, which require significant estimates and judgements by Directors on costs to be incurred for property development projects. This is a key audit matter as evaluating the accuracy of the budgeted costs and the determination of the percentage of completion of property development projects require significant judgement and estimates.	Our procedures included, amongst others:- • Reviewed the budgets prepared by management for property development projects; • Assessed the estimated total costs to complete through enquiries with management; • Inspected documentation which supports cost estimates made including contract variations and contingency costs; • Assessed the reliability of contract budgets by comparing to actual costs incurred; • Verified sales of properties to signed sales and purchase agreements and billings raised to property buyers; and • Performed recomputation of the revenue recognised and checked calculation of the percentage of completion.

Revenue recognition and contract assets and liabilities
Refer to Notes 4.14, 4.26(d), 16 and 36 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 percentage of completion for construction contracts is based on the proportion of actual construction costs incurred for work performed to date to the estimated total construction costs. The recognition of revenue is therefore dependent on the Group's budgeted construction costs which includes estimates and judgements made by the management. This is a key audit matter as evaluating the accuracy of the budgeted construction costs and the determination of the percentage of completion of construction work require significant judgement and estimates.	Our procedures included, amongst others:- • Verified contracts secured and reviewed budgeted costs; • Assessed estimated total contract costs to complete through enquiries with management; • Inspected documentation which support cost estimates made including contract variations and cost contingencies; • Assessed reliability of contract budgets by comparing to actual incurred; • Performed verification on the actual progress billings issued and actual costs incurred for the financial year; and • Recomputed revenue 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 Notes 4.15(a), 13, 53.1(b)(iii) to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
As at 30 June 2019, trade receivables that were past due and not impaired amounted to RM46,229 million. The details of the trade receivables and its credit risk are disclosed in Note 13 and Note 53.1(b)(iii) to the financial statements. The management recognised the allowance of impairment losses on trade receivables based on the following:- 1. Customers' payment and credit history; and 2. Specific known facts or circumstances on customers' ability to pay. We determined this to be a key audit matter due to the significant judgements and level of uncertainty involved in assessing the recoverability of trade receivables.	Our procedures included, amongst others:- • Reviewed the ageing analysis of receivables and tested its accuracy; • Reviewed subsequent collections for major receivables and overdue amounts; • Examined, where applicable, other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; • Evaluated, where applicable, the reasonableness and tested 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 16(d) 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:- • Enquired the Group's management on the progress of contracts to assess whether there are contracts which may not meet the contracted datelines; • Reviewed and assessed the merits of applications for extension of time submitted to contract customers; • Reviewed and inspected relevant correspondences, including on-going negotiations with contract customers for the delivery of contract works; • Verified evidences of acceptance by contract customers of work performed by the Group to-date; and • Evaluated the basis and assessed the adequacy of the Group's provision for LAD.

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.

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Lee Kok Wai
02760/06/2020 J
Chartered Accountant

Kuala Lumpur
23 October 2019

STATEMENTS OF FINANCIAL POSITION
At 30 June 2019

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	249,758	248,758
Investment in associates	6	4,164	1,352	20	20
Property, plant and equipment	7	52,553	43,541	3	7
Investment properties	8	44,081	44,081	-	-
Investment securities	9	10,207	11,776	10,207	11,776
Intangible assets	10	218	214	-	-
Goodwill		7	7	-	-
Prepayments	11	14,181	17,888	-	-
Deferred tax assets	12	1,301	2,630	-	-
		126,712	121,489	259,988	260,561
CURRENT ASSETS					
Trade receivables	13	76,450	96,170	-	-
Other receivables, deposits and prepayments	11	24,816	47,765	20	40
Inventories	14	120,860	117,478	-	-
Contract costs	15	16,139	17,650	-	-
Contract assets	16	39,028	33,935	-	-
Amount owing by subsidiaries	17	-	-	10,983	1,430
Amount owing by associates	18	31,293	37,320	4,202	9,500
Short-term investments	19	13,144	5,827	7,440	208
Fixed deposits with licensed banks	20	12,290	12,565	-	-
Cash and bank balances	21	26,547	40,489	124	268
Current tax assets		4,717	287	16	5
		365,284	409,486	22,785	11,451
TOTAL ASSETS		491,996	530,975	282,773	272,012

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

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

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	194,275	194,275	194,275	194,275
Treasury shares	23	(1,141)	(1,141)	(1,141)	(1,141)
Warrant reserve	24	7,674	7,674	7,674	7,674
Other reserve	25	1,110	1,110	-	-
Employee share option reserve	26	2,628	2,628	2,628	2,628
Fair value reserve	27	(1,616)	(47)	(1,616)	(47)
Foreign exchange translation reserve	28	(716)	(715)	-	-
Retained profits		92,085	83,262	80,822	67,129
Equity attributable to the owners of the Company		294,299	287,046	282,642	270,518
Non-controlling interests	5	20,181	26,778	-	-
TOTAL EQUITY		314,480	313,824	282,642	270,518
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	7,769	7,393	-	-
Long-term borrowings	29	8,002	31,464	-	-
		15,771	38,857	-	-
CURRENT LIABILITIES					
Trade payables	32	53,427	53,346	-	-
Other payables and accruals	33	25,031	18,036	114	149
Contract liabilities	16	20,773	30,316	-	-
Amount owing to a subsidiary	17	-	-	-	1,336
Short-term borrowings	34	54,808	71,604	-	-
Bank overdrafts	35	-	1,101	-	-
Current tax liabilities		7,706	3,891	17	9
		161,745	178,294	131	1,494
TOTAL LIABILITIES		177,516	217,151	131	1,494
TOTAL EQUITY AND LIABILITIES		491,996	530,975	282,773	272,012

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 2019

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
REVENUE	36	333,299	395,630	20,290	47,169
COST OF FINISHED GOODS	37	(99,094)	(86,222)	-	-
OTHER INCOME	38	1,951	7,349	132	36
PROJECT EXPENSES		(135,099)	(210,665)	-	-
STAFF COSTS	39	(17,188)	(17,859)	(271)	(346)
DEPRECIATION	41	(1,293)	(1,196)	(4)	(1)
OTHER EXPENSES	42	(9,154)	(29,961)	(854)	(840)
PROFIT FROM OPERATIONS		73,422	57,076	19,293	46,018
FINANCE COSTS	43	(2,972)	(3,121)	-	-
NET IMPAIRMENT (LOSS)/GAIN ON FINANCIAL ASSETS AND CONTRACT ASSETS	44	(31,157)	3,329	-	-
		39,293	57,284	19,293	46,018
SHARE OF RESULT IN ASSOCIATES	6	2,812	1,352	-	-
PROFIT BEFORE TAXATION		42,105	58,636	19,293	46,018
INCOME TAX EXPENSE	45	(15,176)	(17,683)	(8)	(9)
PROFIT AFTER TAXATION		26,929	40,953	19,285	46,009
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Fair value changes of available-for-sale financial assets		-	2,341	-	2,341
Fair value changes of equity instruments		(1,569)	-	(1,569)	-
Foreign currency translation		(2)	745	-	-
		(1,571)	3,086	(1,569)	2,341
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		25,358	44,039	17,716	48,350

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 2019 (cont'd)

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		14,415	17,464	19,285	46,009
Non-controlling interests		12,514	23,489	-	-
		26,929	40,953	19,285	46,009
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		12,845	20,185	17,716	48,350
Non-controlling interests		12,513	23,854	-	-
		25,358	44,039	17,716	48,350
EARNINGS PER SHARE (SEN)					
- Basic	46	3.87	4.72		
- Diluted	46	3.87	4.55		

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 30 June 2019

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	Other Reserve RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable To The Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.7.2017		189,677	(1,141)	7,674	1,110	1,413	(2,388)	(1,095)	71,340	266,590	52,132	318,722
Profit after taxation for the financial year		-	-	-	-	-	-	-	17,464	17,464	23,489	40,953
Other comprehensive expenses for the financial year:												
- fair value changes for available-for-sale financial assets		-	-	-	-	-	2,341	-	-	2,341	-	2,341
- foreign currency translation		-	-	-	-	-	-	380	-	380	365	745
Total comprehensive income for the financial year		-	-	-	-	-	2,341	380	17,464	20,185	23,854	44,039
Contributions by and distribution to owners of the Company:												
- Options granted		-	-	-	-	1,795	-	-	-	1,795	-	1,795
- New shares issued under employees' share options exercised		4,598	-	-	-	(580)	-	-	-	4,018	-	4,018
- Dividends	47	-	-	-	-	-	-	-	(5,542)	(5,542)	-	(5,542)
- Dividends paid to non-controlling interests by a subsidiary		-	-	-	-	-	-	-	-	-	(49,208)	(49,208)
Total transactions with owners		4,598	-	-	-	1,215	-	-	(5,542)	271	(49,208)	(48,937)
Balance at 30.6.2018		194,275	(1,141)	7,674	1,110	2,628	(47)	(715)	83,262	287,046	26,778	313,824

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 30 June 2019 (cont'd)

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	Other Reserve RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable To The Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.7.2018		194,275	(1,141)	7,674	1,110	2,628	(47)	(715)	83,262	287,046	26,778	313,824
Profit after taxation for the financial year		-	-	-	-	-	-	-	14,415	14,415	12,514	26,929
Other comprehensive income for the financial year:												
- fair value changes of equity instruments		-	-	-	-	-	(1,569)	-	-	(1,569)	-	(1,569)
- foreign currency translation		-	-	-	-	-	-	(1)	-	(1)	(1)	(2)
Total comprehensive income for the financial year		-	-	-	-	-	(1,569)	(1)	14,415	12,845	12,513	25,358
Contributions by and distribution to owners of the Company:												
- Dividends	47	-	-	-	-	-	-	-	(5,592)	(5,592)	-	(5,592)
- Dividends paid to non-controlling interests by a subsidiary		-	-	-	-	-	-	-	-	-	(19,110)	(19,110)
Total transactions with owners		-	-	-	-	-	-	-	(5,592)	(5,592)	(19,110)	(24,702)
Balance at 30.6.2019		194,275	(1,141)	7,674	1,110	2,628	(1,616)	(716)	92,085	294,299	20,181	314,480

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 30 June 2019 (cont'd)

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.7.2017		189,677	(1,141)	7,674	1,413	(2,388)	26,662	221,897
Profit after taxation for the financial year		-	-	-	-	-	46,009	46,009
Other comprehensive expense for the financial year:								
- fair value changes for available-for-sale financial assets		-	-	-	-	2,341	-	2,341
Total comprehensive income for the financial year		-	-	-	-	2,341	46,009	48,350
Contributions by and distribution to owners of the Company:								
- ESOS reserve		-	-	-	1,795	-	-	1,795
- Share options exercised		4,598	-	-	(580)	-	-	4,018
- Dividends	47	-	-	-	-	-	(5,542)	(5,542)
Total transactions with owners		4,598	-	-	1,215	-	(5,542)	271
Balance at 30.6.2018		194,275	(1,141)	7,674	2,628	(47)	67,129	270,518

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 30 June 2019 (cont'd)

	Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
The Company								
Balance at 1.7.2018		194,275	(1,141)	7,674	2,628	(47)	67,129	270,518
Profit after taxation for the financial year		-	-	-	-	-	19,285	19,285
Other comprehensive income for the financial year:								
- fair value changes of equity instruments		-	-	-	-	(1,569)	-	(1,569)
Total comprehensive income for the financial year		-	-	-	-	(1,569)	19,285	17,716
Contributions by and distribution to owners of the Company:								
- Dividends	47	-	-	-	-	-	(5,592)	(5,592)
Total transactions with owners		-	-	-	-	-	(5,592)	(5,592)
Balance at 30.6.2019		194,275	(1,141)	7,674	2,628	(1,616)	80,822	282,642

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

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 30 June 2019

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	42,105	58,636	19,293	46,018
Adjustments for:-				
Bad debt written off	15	-	-	-
Depreciation on property, plant and equipment	12,240	9,556	4	1
Dividend income	(95)	-	(19,984)	(46,680)
Equipment written off	*	-	-	-
Gain on derivative financial instruments	-	(73)	-	-
Interest expenses	2,972	3,121	-	-
Gain on disposal of property, plant and equipment, net	(26)	(28)	-	-
Interest income	(944)	(3,109)	(132)	-
Inventories written down	123	1,696	-	-
Impairment loss on trade receivables	21,413	-	-	-
Impairment loss on contract assets	9,744	-	-	-
Reversal of impairment loss on trade receivables	-	(3,329)	-	-
Share of result in associates	(2,812)	(1,352)	-	-
Share-based payments	-	1,795	-	95
Unrealised loss on foreign exchange	729	6,264	-	-
Operating profit/(loss) before working capital changes	85,464	73,177	(819)	(566)
(Increase)/Decrease in inventories	(2,549)	40,651	-	-
Decrease/(Increase) in trade and other receivables	20,868	(19,580)	20	(38)
(Increase)/Decrease in contract assets and liabilities	(20,300)	2,485	-	-
Decrease/(Increase) in contract cost	1,511	(17,650)	-	-
Increase in amounts owing by subsidiaries company	-	-	(1,297)	(28,891)
Increase/(Decrease) in trade and other payables	7,076	(26,631)	(35)	51
CASH FROM/(FOR) OPERATIONS	92,070	52,452	(2,131)	(29,444)
Income tax (paid)/refund	(14,086)	(28,407)	(11)	1
Interest paid	(3,928)	(4,077)	-	-
Interest received	47	-	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCES CARRIED FORWARD	74,103	19,968	(2,142)	(29,443)

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

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 30 June 2019 (cont'd)

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
BALANCES BROUGHT FORWARD		74,103	19,968	(2,142)	(29,443)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(9,460)	-
Dividend received		95	-	19,984	34,680
Interest received		897	3,109	-	*
Investment in subsidiaries		-	-	(1,000)	(1,979)
Investment in securities		-	(3,915)	-	(3,915)
Withdrawal/(Placement) of deposits with licensed banks		275	(1,494)	-	-
Proceeds from disposal of property, plant and equipment		92	35	-	-
Purchase of short-term investments		(85)	(187)	-	-
Repayment from/(Advances to) associates		5,298	(28,670)	5,298	1,500
Purchase of trademark		(4)	(6)	-	-
Purchase of property, plant and equipment	48(a)	(15,776)	(11,928)	-	(8)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(9,208)	(43,056)	14,822	30,278
CASH FLOWS FOR FINANCING ACTIVITIES					
(Repayment)/Drawdown of bankers' acceptances, net	48(b)	(7,386)	4,088	-	-
(Repayment)/Drawdown of revolving credit, net	48(b)	(12,922)	25,000	-	-
Drawdown/(Repayment) of invoice financing facility	48(b)	6,907	(1,825)	-	-
Proceeds from exercise of Employee Share Option Scheme		-	4,018	-	4,018
Repayment of hire purchase obligations, net	48(b)	(3,563)	(802)	-	-
Drawdown of term loans	48(b)	-	53,022	-	-
Repayment of term loans	48(b)	(28,836)	(29,261)	-	-
Dividends paid	47	(5,592)	(5,542)	(5,592)	(5,542)
Dividends paid to non-controlling interests by a subsidiary		(19,110)	(49,208)	-	-
NET CASH FOR FINANCING ACTIVITIES		(70,502)	(510)	(5,592)	(1,524)
BALANCES CARRIED FORWARD		(5,607)	(23,598)	7,088	(689)

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

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 30 June 2019 (cont'd)

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD		(5,607)	(23,598)	7,088	(689)
EFFECT OF EXCHANGE DIFFERENCES		(2)	745	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		39,596	62,449	476	1,165
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	48(c)	33,987	39,596	7,564	476

* Amount less than RM500.

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019

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 23 October 2019.

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)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 140 – Transfers of Investment Property

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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements other than the new classification of financial assets under MFRS 9 which is disclosed in Note 53.3 to the financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.2 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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (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 current tax assets and current tax liabilities of the Group and of the Company as at the reporting date are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax assets	4,717	287	16	5
Current tax liabilities	7,706	3,891	17	9

(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.

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 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 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 Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 13 and 16 to the financial statements.

(g) Impairment of Non-trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables, amounts owing by subsidiaries and amount owing by associates as at the reporting date are disclosed in Notes 11, 17 and 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (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) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are 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) Revenue and Cost 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.

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) 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 estimating 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 2019 (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.

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 9 (2018 - 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 2019 (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 and has been rounded to the nearest thousand, unless otherwise stated.

(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 exchange 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.

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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are 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 (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 liability or a shorter period (where appropriate).

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 warrant reserve will be transferred to the share capital account upon the exercise of warrants and the warrant 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.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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 amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

<u>Accounting Policies Applied Until 30 June 2018</u>

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

Accounting Policies Applied Until 30 June 2018 (Cont'd)

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below (Cont'd):-

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss 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 was reclassified from equity into profit or loss. Interest income calculated for a debt instrument using the effective interest method was recognised in profit or loss.

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.

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.

Investments in associates 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 investment includes transaction costs.

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 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES (CONT'D)

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 9 (2018 - 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.

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.

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 2019 (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 cost less accumulated depreciation and impairment losses, if any.

Freehold land and Investment property under construction are not depreciated.

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.

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. All transfers do not change the carrying amount of the property reclassified.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 CONTRACT COSTS

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.14 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 – Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 30 June 2018

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 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.

4.16 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 2019 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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 property 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, cost 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 completed property.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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.

4.18 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.

Arising from the Tentative Agenda Decision issued by the IFRS Interpretation Committee relating to the capitalisation of borrowing costs for over time transfer of constructed good, the Group is required to change its existing accounting policy to cease the capitalisation of borrowing costs on development properties when the assets are ready for their intended sale for reporting period ending 30 June 2021. The Group is currently assessing the potential impact from this change in accounting policy and may opt for early compliance.

4.19 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 2019 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise from goodwill or 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.

4.20 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.

4.21 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 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, unless the probability of outflow of economic benefit is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.24 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, 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.

4.25 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from providing services is recognised at a point in time when the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) 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. The Group recognise revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

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.

(d) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed todate over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

4.27 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income
Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income
Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental Income
Rental income is accounted for on a straight-line method over the lease term.

(d) Management Fees
Management fees are recognised when services are rendered.

4.28 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.

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost		
At 1 July 2018/2017	250,586	115,586
Addition during the financial year	1,000	133,300
ESOS issued to subsidiaries' employees during the financial year	-	1,700
At 30 June 2019/2018	251,586	250,586
Accumulated impairment losses	(1,828)	(1,828)
	249,758	248,758

Included in the investments in subsidiaries is an amount of RM3,400,000 (2018 - RM3,400,000) 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 2019 %	2018 %	Principal Activities
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")	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 2019 (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 2019 %	2018 %	Principal Activities
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:
@ - Not required to be audited under the laws of the country of incorporation.

(a) On 22 February 2019, the Company subscribed for an additional 1,000,000 ordinary shares in Fajarbaru Trading Sdn. Bhd., for cash.

(b) In the last financial year, the Company acquired 118,000,000 ordinary shares in FLMSB by way of capitalisation of the amount owing by FLMSB of RM116,373,000 and a cash consideration of RM1,627,000.

(c) In the last financial year, the Company acquired 15,300,000 ordinary shares in PRSB by way of capitalisation of the amount owing by PRSB of RM14,948,000 and a cash consideration of RM352,000.

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	
	2019	2018	2019	2018
	%	%	RM'000	RM'000
BVSB Group	49	49	19,902	26,602
FBM	49	49	279	176
			20,181	26,778

(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	
	2019	2018
	RM'000	RM'000
At 30 June		
Non-current assets	14,605	18,626
Current assets	30,519	39,147
Non-current liabilities	(56)	(206)
Current liabilities	(4,274)	(3,099)
Net assets	40,794	54,468
Financial Year Ended 30 June		
Profit for the financial year attributable to non-controlling interests	12,410	22,093
Net cash from operating activities	38,197	61,686
Net cash from/(for) investing activities	146	(71)
Net cash for financing activities	(39,242)	(68,229)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

6. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares, at cost	20	20	20	20
Share of post-acquisition profit	4,144	1,332	-	-
	4,164	1,352	20	20

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %	Principal Activities
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.

6. INVESTMENT IN ASSOCIATES (CONT'D)

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

	BFB Group	
	2019 RM'000	2018 RM'000
At 30 June		
Non-current assets	52,559	7,465
Current assets	252,804	131,385
Non-current liabilities	(155,098)	(143,024)
Current liabilities	(152,172)	(1,585)
Net liabilities	(1,907)	(5,759)
Financial Year Ended 30 June		
Revenue	-	23
Loss for the financial year/Total comprehensive expenses	(371)	(12,570)
Group share of loss for the financial year/Other comprehensive expenses	-	-
Carrying amount of the Group's interests in this associate	-	-

	KJSB	
	2019 RM'000	2018 RM'000
At 30 June		
Non-current assets	22,560	32,466
Current assets	21,635	24,850
Non-current liabilities	(156)	(75)
Current liabilities	(23,219)	(50,479)
Net assets	20,820	6,762
Financial Year Ended 30 June		
Revenue	47,942	35,935
Profit for the financial year/Total comprehensive income	14,058	8,016
Group share of profit for the financial year/Other comprehensive income	2,812	1,332
Carrying amount of the Group's interests in this associate	4,164	1,352

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2019 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2018 RM'000	Additions RM'000	Transfer RM'000	Disposals/ Written off RM'000	Depreciation Charges RM'000	At 30.6.2019 RM'000
2019						
Carrying Amount						
Freehold land	4,921	-	-	-	-	4,921
Buildings	1,218	-	-	-	(31)	1,187
Plant and machinery	35,070	20,033	-	*	(11,045)	44,058
Motor vehicles	1,437	987	-	(21)	(741)	1,662
Furniture, fittings and office equipment	209	290	-	(3)	(189)	307
Renovations	678	-	-	(42)	(224)	412
Land development expenditure, fish pond and equipment	8	8	-	-	(10)	6
Telecommunication equipment	*	-	-	-	-	*
	43,541	21,318	-	(66)	(12,240)	52,553

The Group	At 1.7.2017 RM'000	Additions RM'000	Transfer RM'000	Disposals RM'000	Depreciation Charges RM'000	At 30.6.2018 RM'000
2018						
Carrying Amount						
Freehold land	4,921	-	-	-	-	4,921
Buildings	1,249	-	-	-	(31)	1,218
Plant and machinery	15,023	12,454	16,042	-	(8,449)	35,070
Motor vehicles	1,878	205	-	*	(646)	1,437
Furniture, fittings and office equipment	298	97	-	(5)	(181)	209
Renovations	921	-	-	(2)	(241)	678
Land development expenditure, fish pond and equipment	16	-	-	-	(8)	8
Telecommunication equipment	*	-	-	-	-	*
Capital work-in-progress	16,042	-	(16,042)	-	-	-
	40,348	12,756	-	(7)	(9,556)	43,541

Note:
* Amount less than RM500.

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

The Company	**At 1.7.2018 RM'000**	**Depreciation Charge RM'000**	**At 30.6.2019 RM'000**
2019			
Carrying Amount			
Office equipment	7	(4)	3

2018	**At 1.7.2017 RM'000**	**Addition RM'000**	**Depreciation Charge RM'000**	**At 30.6.2018 RM'000**
Carrying Amount				
Office equipment	-	8	(1)	7

The Group	**At Cost RM'000**	**Accumulated Depreciation RM'000**	**Accumulated Impairment RM'000**	**Carrying Amount RM'000**
2019				
Freehold land	6,230	-	(1,309)	4,921
Buildings	1,526	(339)	-	1,187
Plant and machinery	64,624	(20,566)	-	44,058
Motor vehicles	8,762	(7,100)	-	1,662
Furniture, fittings and office equipment	1,879	(1,572)	-	307
Renovations	1,458	(1,046)	-	412
Land development expenditure, fish pond and equipment	6,123	(1,400)	(4,717)	6
Telecommunication equipment	20	(20)	-	-
	90,622	(32,043)	(6,026)	52,553

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

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

	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment RM'000	Carrying Amount RM'000
The Group				
2018				
Freehold land	6,230	-	(1,309)	4,921
Buildings	1,526	(308)	-	1,218
Plant and machinery	44,591	(9,521)	-	35,070
Motor vehicles	7,919	(6,482)	-	1,437
Furniture, fittings and office equipment	1,628	(1,419)	-	209
Renovations	1,568	(890)	-	678
Land development expenditure, fish pond and equipment	6,115	(1,390)	(4,717)	8
Telecommunication equipment	20	(20)	-	-
	69,597	(20,030)	(6,026)	43,541
The Company				
2019				
Office equipment	8	(5)	-	3
2018				
Office equipment	8	(1)	-	7

(a) Included in the freehold land and buildings of the Group were certain land and buildings with a total carrying amount of RM2,144,000 (2018 - RM2,163,000) which have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 35.

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

	The Group 2019 RM'000	The Group 2018 RM'000
Motor vehicles	1,287	1,207
Plant and machinery	4,255	2,367
	5,542	3,574

These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 31 to the financial statements.

8. INVESTMENT PROPERTIES

	The Group	
	2019 RM'000	2018 RM'000
At cost:-		
At 1 July 2018/2017	44,693	44,693
Less: Accumulated impairment losses	(612)	(612)
At 30 June 2019/2018	44,081	44,081
Fair value	59,454	54,967

The investment properties comprise mainly freehold land which is not depreciated. Depreciation relating to leasehold land is insignificant.

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.

9. INVESTMENT SECURITIES

	The Group/The Company	
	2019 RM'000	2018 RM'000
Quoted shares, at fair value	10,207	11,776

<u>Equity Investments at Fair Value Through Other Comprehensive Income</u>

At 1 July 2018, the Group designated its investment in quoted shares to be measured at fair value through other comprehensive income because the Group intends to hold these investments for long-term strategic purposes. In the last financial year, these investments were classified as available-for-sale financial assets and measured at fair value.

10. INTANGIBLE ASSETS

	The Group	
	2019 RM'000	2018 RM'000
Transferable club membership, at cost	208	208
Trademarks	10	6
	218	214

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current portion:-					
Prepayments	(a)	14,181	17,888	-	-
Current portion:-					
Other receivables					
- Third parties		1,281	12,529	14	26
- Joint operation	(b)	8,930	8,930	-	-
- Goods and services tax recoverable		571	2,471	3	12
		10,782	23,930	17	38
Advances to suppliers		-	1,016	-	-
Advances to subcontractors		2,996	6,432	-	-
Deposits		5,796	7,731	1	1
Prepayments		5,242	8,656	2	1
		24,816	47,765	20	40
		38,997	65,653	20	40

	The Group	
	2019 RM'000	2018 RM'000
Other receivables	15,125	28,273
Allowance for impairment losses	(4,343)	(4,343)
	10,782	23,930

(a) Included in prepayments are advance payments of RM18,565,000 (2018 - RM25,652,000) 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) The amount owing is in relation to advances to the joint operation of the Group. Details of a joint operation of the Group are as follows:-

	Proportion of share held by the Group	
Name of a Joint Operation	2019 %	2018 %
Beulah Northcote Land Pty Ltd	49	49

The advances are unsecured, interest free and repayable on demand.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2019 RM'000	2018 RM'000
Deferred tax assets		
At 1 July 2018/2017	2,630	2,760
Recognised in profit or loss (Note 45)	(1,329)	(130)
As at 30 June 2019/2018	1,301	2,630
Deferred tax liabilities		
At 1 July 2018/2017	(7,393)	(7,393)
Recognised in profit or loss (Note 45)	(376)	-
As at 30 June 2019/2018	(7,769)	(7,393)

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

	The Group	
	2019 RM'000	2018 RM'000
Deferred tax assets:-		
Unutilised tax losses	1,377	1,649
Others	(76)	981
	1,301	2,630
Deferred tax liabilities:-		
Investment properties	(5,002)	(4,626)
Accelerated capital allowances	(2,767)	(2,767)
	(7,769)	(7,393)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

13. TRADE RECEIVABLES

	The Group	
	2019 RM'000	2018 RM'000
Trade receivables	98,442	96,749
Allowance for impairment losses	(21,992)	(579)
	76,450	96,170
Allowance for impairment losses:-		
At 1 July 2018/2017		
Amount reported under MFRS 9 (2018 - MFRS 139)	(579)	(3,908)
Addition during the financial year (Note 44)	(21,413)	-
Reversal during the financial year (Note 44)	-	3,329
At 30 June 2019/2018	(21,992)	(579)

The Group's normal trade credit terms range from 30 to 90 days (2018 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

14. INVENTORIES

	The Group	
	2019 RM'000	2018 RM'000
Trading of timber:		
- work-in-progress	2,435	7,936
- finished goods	2,319	287
Property development costs	113,313	106,170
Completed development units	851	1,764
Others	1,942	1,321
	120,860	117,478
Property development costs are analysed as follows:-		
Freehold land at cost	62,064	65,501
Development costs	51,249	40,669
	113,313	106,170
Recognised in profit or loss:-		
Inventories recognised as cost of sales	88,800	72,963
Inventories written down	123	1,696

Included in development costs during the financial year was interest expense amounting to RM1,752,000 (2018 - RM1,527,000).

The freehold land at cost with an aggregate carrying value of RM62,064,000 (2018 - RM65,501,000) had been pledged to financial institutions for credit facilities granted to the Group as disclosed in Note 30.

15. CONTRACT COSTS

	The Group	
	2019 RM'000	2018 RM'000
Incremental costs of obtaining a contract	2,546	4,581
Costs to fulfill a contract	13,593	13,069
	16,139	17,650

(a) The incremental costs of obtaining a contract primarily comprise sales commission and other incremental costs paid to secure sales contracts for the Group's property development activities. The contract costs are recoverable and amortised over the period in which the related revenue is expected to be recognised.

(b) The costs to fulfil a contract represent contract fulfilment costs which comprise land and related costs that are attributable to units sold. These costs are expected to be recoverable and are amortised to profit or loss when the related revenues are recognised.

16. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2019 RM'000	2018 RM'000
Contract Assets		
Contract assets in relation to:		
- property development	18,557	14,692
- construction	30,215	19,243
	48,772	33,935
Alllowance for impairment losses	(9,744)	-
	39,028	33,935
Allowance for impairment losses:-		
At 1 July 2018/2017:		
- Amounts reported under MFRS 9 (2018 - MFRS 139)	-	-
Addition during the financial year (Note 44)	(9,744)	-
At 30 June 2019/2018	(9,744)	-
Contract Liabilities		
Contract liabilities in relation to:		
- construction	(20,773)	(30,316)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) The contract assets primarily relate to the Group's right to consideration for work performed but not yet billed as at the reporting date for its property development and construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

(b) The contract liabilities primarily relate to advance considerations received from customers, which revenue is recognised over time.

(c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
At 1 July 2018/2017	3,619	6,048
Revenue recognised in profit or loss during the financial year	242,775	220,245
Billings to customers during the financial year	(220,885)	(225,404)
Impairment loss on contract assets	(9,744)	-
Retention sum	(1,604)	2,730
Utilised of provision for liquidated ascertained damages	3,778	-
Utilised of provision for foreseeable loss	316	-
At 30 June 2019/2018	18,255	3,619
Represented by:-		
Contract assets	39,028	33,935
Contract liabilities	(20,773)	(30,316)
	18,255	3,619

(d) The amount disclosed include provision for liquidation ascertained damages ("LAD") amounting to RM8,290,000 (2018 - RM12,068,000). LAD is recognised based on the terms of the applicable construction agreements for expected LAD to be claimed by contract customers in respect of construction projects undertaken by the Group.

(e) The amount disclosed include provision for foreseeable loss amounting to Nil (2018 - RM316,000). Provision for foreseeable loss is recognised for possible future losses arising from the current on-going project.

(f) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long term contracts is RM647,746,000 (2018 - RM531,983,000). These remaining performance obligations are expected to be recognised as below:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Within 1 year	204,610	242,775
Between 2 and 5 years	443,136	289,208
	647,746	531,983

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2019 RM'000	2018 RM'000
Amount owing by:-		
Trade balances	1,259	1,430
Non-trade balances		
- Interest-bearing at 3.35% (2018 - Nil) per annum	9,592	-
- Interest-free	132	-
	10,983	1,430
Amount owing to:-		
Non-trade balance	-	(1,336)

(a) The trade balances are subject to the normal credit term of 60 (2018 - 60) days.

(b) The non-trade balances are unsecured 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.

19. SHORT-TERM INVESTMENTS

	2019		2018	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
The Group				
Unit trusts in Malaysia, at fair value	13,144	13,144	5,827	5,827
The Company				
Unit trusts in Malaysia, at fair value	7,440	7,440	208	208

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

20. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.55% to 3.35% (2018 - 2.55% to 3.35%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2018 - 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 RM12,290,000 (2018 - RM12,565,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 30, 34 and 35.

21. CASH AND BANK BALANCES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	22,296	40,079	124	268
Cash held under housing development accounts	4,251	410	-	-
	26,547	40,489	124	268

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.

22. SHARE CAPITAL

	The Group/The Company			
	2019 Number of Shares	2018 Number of Shares	2019 RM'000	2018 RM'000
Issued and Fully Paid-Up				
Ordinary shares				
At 1 July 2018/2017	373,843,028	367,146,028	194,275	189,677
New shares issued under:				
- employee share options scheme for cash	-	6,697,000	-	4,598
At 30 June 2019/2018	373,843,028	373,843,028	194,275	194,275

22. SHARE CAPITAL (CONT'D)

(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. The ordinary shares have no par value.

(ii) In the previous financial year, the Company increased its issued capital from RM189,677,000 to RM194,275,000 by the issuance of 6,697,000 new ordinary shares at 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.

23. TREASURY SHARES

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.

The shares repurchased are being held as treasury shares in accordance with Section 127(16) of the Companies Act 2016.

As at 30 June 2019, 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 RM1,141,000.

There is no movement in the treasury shares during the financial year.

24. 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.

At the end of the financial year, 109,628,288 warrants remained unexercised.

There is no movement in the warrant reserve during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

25. 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.

26. EMPLOYEE SHARE OPTION RESERVE ("ESOS")

In 1 December 2016, the Company 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.

In the previous financial year, the number of options exercisable was 6,697,000 and have an exercise price of RM0.60 each pursuant to the exercise of share options under Employees' Share Option Scheme ("ESOS"). The remaining options are exercisable within 1 year (2018 - 2 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Expenses arising from equity-settled share-based payment transaction	-	1,795	-	95

26. EMPLOYEE SHARE OPTION RESERVE ("ESOS") (CONT'D)

The option prices and the details in the movement of the option granted are as follows:-

			Number of Options over Ordinary Shares			
Date of Offer	**Exercise Price RM**	**Remaining Contractual Life of Options**	**At 1 July 2018**	**Granted**	**Exercised**	**At 30 June 2019**
1 December 2016	0.60	1 year	9,600,000	-	-	9,600,000

27. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income (2018 - available-for-sale financial assets).

28. 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.

29. LONG-TERM BORROWINGS

	The Group	
	2019 RM'000	**2018 RM'000**
Term loans (Note 30)	4,500	29,209
Hire purchase payables (Note 31)	3,502	2,255
	8,002	31,464

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

30. TERM LOANS

	The Group	
	2019 RM'000	2018 RM'000
Current liabilities (Note 34)	34,186	38,313
Non-current liabilities (Note 29)	4,500	29,209
	38,686	67,522

(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 RM2,168,000 (2018 - RM2,109,000) as disclosed in Note 20.

(b) The term loans of the Group at the end of the reporting period bore interest rates ranging from 3.68% to 5.61% (2018 - 4.26% to 7.40%) per annum.

(c) The term loans have been partially hedged by interest rate swap as disclosed in Note 53.1(c) to the financial statements.

31. HIRE PURCHASE PAYABLES

	The Group	
	2019 RM'000	2018 RM'000
Minimum hire purchase payments:-		
- not later than one year	1,913	1,070
- later than one year and not later than five years	3,773	2,483
	5,686	3,553
Less: Future finance charges	(547)	(393)
Present value of hire purchase payables	5,139	3,160
Analysed by:-		
Current liabilities (Note 34)	1,637	905
Non-current liabilities (Note 29)	3,502	2,255
	5,139	3,160

31. HIRE PURCHASE PAYABLES (CONT'D)

The hire purchase payables of the Group are secured by:

(i) the Group's motor vehicles and plant and machinery under finance lease as disclosed in Note 7(b);

(ii) a corporate guarantee of the Company; and

(iii) 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 6.57% (2018 - 4.85% to 6.15%). The interest rates are fixed at the inception of the hire purchase agreements.

32. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2018 - 30 to 90) days.

Included in the trade payables of the Group at the end of the reporting period is an amount of RM17,663,000 (2018 - RM4,069,000) being project retention sums to be settled in accordance with the terms of the respective contracts.

33. OTHER PAYABLES AND ACCRUALS

		The Group		The Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables:-					
- Third parties		2,962	4,032	9	46
- Goods and services tax payables		-	60	-	-
		2,962	4,092	9	46
Accruals		20,486	5,667	105	103
Deposits received from subcontractors	(a)	158	158	-	-
Advances received from customers	(b)	1,425	8,119	-	-
		25,031	18,036	114	149

(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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

34. SHORT-TERM BORROWINGS

	The Group	
	2019 RM'000	2018 RM'000
Bankers' acceptances	-	7,386
Term loans (Note 30)	34,186	38,313
Hire purchase payables (Note 31)	1,637	905
Invoice financing facility	6,907	-
Revolving credit	12,078	25,000
	54,808	71,604

(a) The bankers' acceptances, invoice financing facility and revolving credit are secured by:-

(i) fixed deposits with licensed banks amounting to RM2,608,000 (2018 - RM2,537,000) 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	
	2019 %	2018 %
Bankers' acceptances	-	4.97 - 5.26
Term loans	3.68 - 5.61	4.26 - 7.40
Hire purchase payables	4.85 - 6.57	4.85 - 6.15
Revolving credit	5.18	5.15
Invoice financing facility	4.68 - 5.00	-

35. 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(a);

(ii) fixed deposits with licensed banks amounting to RM7,514,000 (2018 - RM7,919,000) as disclosed in Note 20; and

(iii) a corporate guarantee of the Company.

(b) In the previous financial year, the bank overdrafts of the Group bore an effective interest rate of 7.40% per annum.

36. REVENUE

	The Group		The Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Contracts with customers:				
- Constructions	168,370	196,763	-	-
- Development properties	74,405	26,529	-	-
- Completed properties	1,405	39,647	-	-
Trading	87,467	131,866	-	-
Management fee	20	-	258	431
Services	1,489	767	-	-
Investment fund income	48	58	48	58
Dividend income	95	-	19,984	46,680
	333,299	395,630	20,290	47,169

37. 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 2019 (cont'd)

38. OTHER INCOME

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Forfeited deposit	216	-	-	-
Gain on foreign exchange:				
- realised	*	2,005	-	-
Interest income:				
- licensed banks	561	432	-	-
- short-term highly liquid investment bank	128	97	-	-
- short-term investments	208	187	-	-
- subsidiaries	-	-	132	-
- overdue interest	47	2,026	-	-
- others	-	367	-	-
Gain on derivative financial instruments	-	73	-	-
Gain on disposal of property, plant and equipment	38	28	-	-
Fair value gain in financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	9	-	-	-
Management fees	120	-	-	-
Rental income	-	86	-	-
Others	624	2,048	*	36
	1,951	7,349	132	36

* Amount less than RM500.

39. STAFF COSTS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries, wages, bonus and allowances	25,339	23,561	240	240
Defined contribution plan	2,845	2,689	-	-
Other staff related expenses	1,458	1,590	31	11
Share-based payment	-	1,795	-	95
	29,642	29,635	271	346
Less: Amount classified as:				
- cost of sales	(2,478)	(2,424)	-	-
- project expenses	(9,976)	(9,352)	-	-
	17,188	17,859	271	346

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM1,169,000 (2018 - RM1,254,000) and RM240,000 (2018 - RM335,000) respectively as disclosed in Note 40.

40. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive:-				
Non-fee emoluments:				
- salaries, wages, bonus and allowances	726	770	-	-
- defined contribution plan	87	93	-	-
- other emoluments	1	1	-	-
	814	864	-	-
Non-executive:-				
Fees	355	295	240	240
Share-based payment	-	95	-	95
	355	390	240	335
	1,169	1,254	240	335

41. DEPRECIATION

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Depreciation	12,240	9,556	4	1
Less: Amount classified as project expenses	(10,947)	(8,360)	-	-
	1,293	1,196	4	1

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

42. OTHER EXPENSES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Included in other expenses are:				
Auditors' remuneration:				
- audit fee:				
- Crowe Malaysia				
- statutory audit for the financial year	243	243	75	92
- under provision in the previous financial year	9	6	4	6
- non-audit fee:				
- Crowe Malaysia	5	5	5	5
Bad debt written off	15	-	-	-
Inventories written down	123	1,696	-	-
Loss on disposal of equipment	12	-	-	-
Fair value loss in financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	7	-	-	-
Rental of premises	103	236	-	-
Unrealised loss on foreign exchange	729	6,264	-	-

43. FINANCE COSTS

	The Group	
	2019 RM'000	2018 RM'000
Interest expenses on:		
- bank overdrafts	231	115
- bankers' acceptances	8	247
- invoice financing	68	245
- term loans	1,588	1,884
- revolving credit	577	297
- hire purchase	334	167
- others	166	166
	2,972	3,121

44. NET IMPAIRMENT (LOSS)/GAIN ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group 2019 RM'000	The Group 2018 RM'000
Impairment losses during the financial year:		
- Additions under MFRS 9:		
- trade receivables (Note 13)	(21,413)	-
- contract assets (Note 16)	(9,744)	-
Reversal of impairment losses (Note 13)	-	3,329
	(31,157)	3,329

45. INCOME TAX EXPENSE

	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Current tax expense:				
- for the financial year	13,257	17,506	17	9
- under/(over)provision in the previous financial year	214	47	(9)	-
	13,471	17,553	8	9
Deferred tax expense (Note 12):				
- relating to originating and recognition of temporary differences	1,705	130	-	-
	15,176	17,683	8	9

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

45. INCOME TAX EXPENSE (CONT'D)

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before taxation	42,105	58,636	19,293	46,018
Tax at the statutory tax rate of:				
- Malaysia 24%	10,036	13,063	4,630	11,044
- Australia 30%	86	1,261	-	-
Tax effects of:-				
Share of result in associates	(679)	(325)	-	-
Non-deductible expenses	3,070	3,817	203	182
Non-taxable gains	(163)	(389)	(4,773)	(11,202)
Reversal of deferred tax assets recognised	1,313	-	-	-
Deferred tax assets not recognised during the financial year	1,392	676	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(93)	(355)	(43)	(15)
Under/(Over)provision of current tax in the previous financial year	214	47	(9)	-
Tax exempt income	-	(112)	-	-
Income tax expense for the financial year	15,176	17,683	8	9

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 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.

45. INCOME TAX EXPENSE (CONT'D)

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets:				
- unutilised tax losses	12,790	7,243	-	178
- unabsorbed capital allowances	20,323	12,118	-	-
- provision for LAD	8,290	12,068	-	-
- depreciation in excess of capital allowance	228	4,020	-	-
- others	1,372	1,447	-	-
	43,003	36,896	-	178
Deferred tax liability:				
- accelerated capital allowances	(2,325)	(5)	-	-
	40,678	36,891	-	178

46. EARNINGS PER SHARE

	The Group	
	2019	2018
Basic earnings per share		
Profit attributable to owners of the Company (RM'000)	14,415	17,464
Number of shares in issue as of 1 July 2018/2017	373,843,028	367,146,028
Effects through:		
- share options exercised	-	4,053,182
- treasury shares	(1,070,164)	(1,070,164)
	372,772,864	370,129,046
Shares deemed to be issued for no consideration:		
- employee share options in issue	*	2,221,710
- warrants	*	11,328,203
Weighted average number of ordinary shares in issue for diluted earnings per share*	372,772,864	383,678,959
Basic earnings per ordinary share attributable to owners of the Company (sen)	3.87	4.72
Diluted earnings per ordinary share attributable to owners of the Company (sen)	3.87	4.55

* The potential conversion of warrants and Employee Share Option Reserve 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 and Employee Share Option Reserve have been ignored in the calculation of dilutive earnings per share.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

47. DIVIDENDS

	The Group/The Company	
	2019 RM'000	2018 RM'000
Paid:-		
- interim single-tier dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2018	-	5,542
- interim single-tier dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2019	5,592	-
	5,592	5,542

48. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost of property, plant and equipment purchased	21,318	12,756	-	8
Amount financed through hire purchase (Note (b) below)	(5,542)	(828)	-	-
Cash disbursed for purchase of property, plant and equipment	15,776	11,928	-	8

48. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bankers' Acceptances RM'000	Revolving Credit RM'000	Invoice Financing RM'000	Term Loans RM'000	Hire Purchase RM'000	Total RM'000
2019						
At 1 July 2018	7,386	25,000	-	67,522	3,160	103,068
Changes in Financing Cash Flows						
Repayment of banker's acceptances	(7,386)	-	-	-	-	(7,386)
Repayment of revolving credit	-	(12,922)	-	-	-	(12,922)
Drawdown of invoice financing facility	-	-	6,907	-	-	6,907
Repayment of term loans	-	-	-	(28,836)	-	(28,836)
Net repayment of hire purchase obligation	-	-	-	-	(3,563)	(3,563)
	(7,386)	(12,922)	6,907	(28,836)	(3,563)	(45,800)
Non-cash Changes						
New hire purchase (Note (a) above)	-	-	-	-	5,542	5,542
At 30 June 2019	-	12,078	6,907	38,686	5,139	62,810

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

48. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Bankers' Acceptances RM'000	Revolving Credit RM'000	Invoice Financing RM'000	Term Loans RM'000	Hire Purchase RM'000	Total RM'000
2018						
At 1 July 2017	3,298	-	1,825	43,761	3,134	52,018
Changes in Financing Cash Flows						
Drawdown of banker's acceptances	4,088	-	-	-	-	4,088
Drawdown of revolving credit	-	25,000	-	-	-	25,000
Repayment of invoice financing facility	-	-	(1,825)	-	-	(1,825)
Drawdown of term loans	-	-	-	53,022	-	53,022
Repayment of term loans	-	-	-	(29,261)	-	(29,261)
Net repayment of hire purchase obligation	-	-	-	-	(802)	(802)
	4,088	25,000	(1,825)	23,761	(802)	50,222
Non-cash Changes						
New hire purchase (Note (a) above)	-	-	-	-	828	828
At 30 June 2018	7,386	25,000	-	67,522	3,160	103,068

48. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposits with licensed banks (Note 20)	12,290	12,565	-	-
Cash and bank balances (Note 21)	26,547	40,489	124	268
Bank overdrafts (Note 35)	-	(1,101)	-	-
Short term investment (Note 19)	7,440	208	7,440	208
	46,277	52,161	7,564	476
Less: Fixed deposits pledged to licensed banks (Note 20)	(12,290)	(12,565)	-	-
	33,987	39,596	7,564	476

49. 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 2019 (cont'd)

49. 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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Subsidiaries:				
- advances given	-	-	9,600	14,620
- management fees received	-	-	238	431
- dividend received	-	-	19,890	-
- management fees paid	-	-	288	-
Associate:				
- advances to/(from)	5,300	28,670	(5,300)	(1,500)
- management fees received	20	-	20	-

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	
	2019 RM'000	**2018 RM'000**
Key management personnel		
Directors		
Salaries, wages, allowances and bonus	726	770
Defined contribution plan	87	93
Others	1	1
	814	864

	The Group	
	2019 RM'000	**2018 RM'000**
Other key management personnel		
Salaries, wages, allowances and bonus	2,287	2,370
Defined contribution plan	261	278
Others	4	4
	2,552	2,652

50. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

50. OPERATING SEGMENTS (CONT'D)

2019	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	The Group RM'000
Revenue							
External sales	78,277	168,370	7,020	162	80,448	1,490	335,767
Inter-segment sales	-	56,422	23,681	21,658	-	-	101,761
Total revenue	78,277	224,792	30,701	21,820	80,448	1,490	437,528
Consolidation adjustments							(104,229)
Consolidated revenue							333,299
Represented by:-							
Revenue recognised at a point of time							
- Trading	-	-	30,701	-	80,448	-	111,149
- Services	-	-	-	1,930	-	1,490	3,420
- Dividend income	-	-	-	19,890	-	-	19,890
Revenue recognised over time							
- Construction services	-	224,792	-	-	-	-	224,792
- Property development	78,277	-	-	-	-	-	78,277
	78,277	224,792	30,701	21,820	80,448	1,490	437,528
Consolidation adjustments							(104,229)
							333,299

50. OPERATING SEGMENTS (CONT'D)

2019	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000		The Group RM'000
Results								
Segment profit	19,444	21,080	229	1,349	34,818	355		77,275
Depreciation	(158)	(526)	(1)	(12)	(320)	(276)		(1,293)
Other non-cash income	-	10	-	-	28	-	(a)	38
Other non-cash expenses	-	(31,157)	-	(729)	-	-	(b)	(31,886)
Interest income	139	675	-	*	129	-		943
Interest expense	(252)	(2,597)	(32)	-	(31)	(60)		(2,972)
Consolidated profit before taxation								42,105
Income tax expense								(15,176)
Consolidated profit after taxation								26,929

2019	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	Adjustments and eliminations RM'000		The Group RM'000
Assets									
Additions to non-current assets	-	20,382	-	9	27	900	-	(c)	21,318
Segment assets	220,676	193,002	9,317	424,730	46,120	1,279	(403,128)	(d)	491,996
Liabilities									
Segment liabilities	55,690	152,291	5,398	7,035	765	1,027	(44,690)	(e)	177,516

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

50. OPERATING SEGMENTS (CONT'D)

2018	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	The Group RM'000
Revenue							
External sales	68,499	196,763	8,086	58	123,780	768	397,954
Inter-segment sales	-	25,703	24,304	65,835	-	-	115,842
Total revenue	68,499	222,466	32,390	65,893	123,780	768	513,796
Consolidation adjustments							(118,166)
Consolidated revenue							395,630
Represented by:-							
Revenue recognised at a point of time							
- Trading	-	-	32,390	-	123,780	-	156,170
- Services	-	-	-	2,676	-	768	3,444
- Dividend income	-	-	-	63,217	-	-	63,217
Revenue recognised over time							
- Construction services	-	222,466	-	-	-	-	222,466
- Property development	68,499	-	-	-	-	-	68,499
	68,499	222,466	32,390	65,893	123,780	768	513,796
Consolidation adjustments							(118,166)
							395,630

50. OPERATING SEGMENTS (CONT'D)

2018	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000		The Group RM'000
Results								
Segment profit/(loss)	2,726	(3,724)	44	1,925	60,845	63		61,879
Depreciation	(182)	(544)	(8)	(9)	(336)	(117)		(1,196)
Other non-cash income	799	3,430	-	-	-	-	(a)	4,229
Other non-cash expenses	-	-	-	(6,264)	-	-	(b)	(6,264)
Interest income	210	2,688	-	-	211	-		3,109
Interest expense	(92)	(2,948)	(28)	-	(30)	(23)		(3,121)
Consolidated profit before taxation								58,636
Income tax expense								(17,683)
Consolidated profit after taxation								40,953

2018	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	Adjustments and eliminations RM'000		The Group RM'000
Assets									
Additions to non-current assets	-	12,665	-	20	71	-	-	(c)	12,756
Segment assets	197,921	220,555	8,786	408,911	58,770	645	(364,613)	(d)	530,975
Liabilities									
Segment liabilities	47,101	167,413	6,002	1,732	1,390	371	(6,858)	(e)	217,151

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

50. OPERATING SEGMENTS (CONT'D)

(a) Non-cash income consist of the following:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Gain on disposal of equipment	38	28
Reversal of impairment loss on trade receivables	-	3,329
Gain on derivative financial instruments	-	73
Reversal of sales commission	-	799
	38	4,229

(b) Non-cash expenses consist of the following:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Equipment written off	*	-
Impairment loss on trade receivables	21,413	-
Impairment loss on contract assets	9,744	-
Unrealised loss on foreign exchange	729	6,264
	31,886	6,264

* Amount less than RM500.

(c) Additions to non-current assets consist of the following:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Plant and machinery	20,033	12,454
Motor vehicles	987	205
Furniture, fittings and office equipment	290	97
Equipment	8	-
	21,318	12,756

50. OPERATING SEGMENTS (CONT'D)

(d) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Inter-segment balances	(409,146)	(367,530)
Deferred tax assets	1,301	2,630
Current tax assets	4,717	287
	(403,128)	(364,613)

(e) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Inter-segment balances	(60,165)	(18,142)
Deferred tax liabilities	7,769	7,393
Current tax liabilities	7,706	3,891
	(44,690)	(6,858)

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

	Revenue	
	2019	**2018**
	RM'000	**RM'000**
Malaysia	331,894	355,983
Australia	1,405	39,647
	333,299	395,630

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

50. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group revenue:-

	Revenue		Segment
	2019 RM'000	2018 RM'000	
Customer A	68,960	68,680	Construction
Customer B	-	40,793	Construction
Customer C	33,782	-	Construction

51. CAPITAL COMMITMENT

	The Group	
	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	-	20,047

52. CONTINGENT LIABILITY

No provisions 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	
	2019 RM'000	2018 RM'000
Performance and tender bond granted to contract customers	50,655	70,389
Letters of credit extended to third party	-	9,155
	50,655	79,544

53. 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.

53.1 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") and Euro ("EUR"). 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:-

	AUD RM'000
The Group 2019	
Financial Assets	
Other receivables	9,116
Amount owing by associate	27,091
Cash and bank balances	7
	36,214
Financial Liability	
Other payables and accruals	393
Net financial assets	35,821
Less: Net financial assets denominated in the Company's functional currency	(154)
	35,667

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	AUD RM'000	EUR RM'000	Total RM'000
The Group			
2018			
Financial Assets			
Other receivables	9,246	933	10,179
Amount owing by associate	27,820	-	27,820
Cash and bank balances	35	-	35
	37,101	933	38,034
Financial Liability			
Other payables and accruals	24	-	24
Net financial assets	37,077	933	38,010
Less: Net financial assets denominated in the Company's functional currency	(327)	-	(327)
	36,750	933	37,683

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 and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks and hire purchase payables are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

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 34(b) to the financial statements.

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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.

It is the Group's policy to enter into interest rate swap to achieve an appropriate mix of fixed and floating interest rate exposure. Information of the interest rate swap entered by the Group is disclosed in Note 53.1(c) to the financial statements.

(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 and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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:-

	2019	2018
Major concentration of credit risk	43%	59%
Number of customers	2	3

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets and debt instruments at fair value through other comprehensive income are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 180 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Individual Impairment RM'000	Carrying Amount RM'000
The Group				
2019				
Not past due	30,221	-	-	30,221
Past due:				
- less than 3 months	14,335	-	(458)	13,877
- 3 to 6 months	1,219	-	(459)	760
- over 6 months	23,879	(16)	(20,257)	3,606
- more than 1 year	28,788	(222)	(580)	27,986
	68,221	(238)	(21,754)	46,229
Trade receivables	98,442	(238)	(21,754)	76,450
Contract assets	48,772	(135)	(9,609)	39,028
	147,214	(373)	(31,363)	115,478

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
The Group			
2018			
Not past due	54,530	-	54,530
Past due:			
- less than 3 months	8,632	-	8,632
- 3 to 6 months	14,198	-	14,198
- over 6 months	2,671	-	2,671
- more than 1 year	16,718	(579)	16,139
	42,219	(579)	41,640
	96,749	(579)	96,170

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 13 and 16 to the financial statements respectively.

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because they are subsidiaries with positive financial position.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Related Parties

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to related parties have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the related parties' loans and advances when they are payable, the Company considers the loans and advances to be in default when the related parties' are not able to pay when demanded. The Company considers a related party's loan or advance to be credit impaired when the related party is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the related party is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

No expected credit loss is recognised on amount owing by related parties as it is negligible.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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):-

	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	2 - 5 Years RM'000
The Group				
2019				
Non-derivative Financial Liabilities				
Trade payables	53,427	53,427	53,427	-
Other payables and accruals	23,448	23,448	23,448	-
Term loans	38,686	39,485	34,959	4,526
Hire purchase payables	5,139	5,686	1,913	3,773
Invoice financing facility	6,907	6,907	6,907	-
Revolving credit	12,078	12,078	12,078	-
	139,685	141,031	132,732	8,299
2018				
Non-derivative Financial Liabilities				
Trade payables	53,346	53,346	53,346	-
Other payables and accruals	9,699	9,699	9,699	-
Bankers' acceptances	7,386	7,386	7,386	-
Term loans	67,522	77,906	45,153	32,753
Hire purchase payables	3,160	3,553	1,070	2,483
Revolving credit	25,000	25,000	25,000	-
Bank overdrafts	1,101	1,101	1,101	-
	167,214	177,991	142,755	35,236

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The Group has entered into an interest rate swap to hedge the cash flow risk in relation to the floating interest rate of a term loan as disclosed in Note 30 to the financial statements. The interest rate swap has the same nominal value of USD15,000,000 (2018 - USD15,000,000) and is settled by month, consistent with the interest repayment schedule of the term loan.

The following table indicates the periods in which the cash flows associated with the interest rate swap are expected to occur and affect profit or loss:-

The Group	**Carrying Amount RM'000**	**Contractual Undiscounted Cash Flows RM'000**	**Within 1 Year RM'000**	**2 - 5 Years RM'000**
2019				
Interest rate swap *	27,186	27,537	27,537	-
2018				
Interest rate swap *	36,301	42,659	42,659	-

* - The derivative asset/liability relating to interest rate swap is not recognised in the financial statements as it is insignificant.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.1 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'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
The Company			
2019			
Non-derivative Financial Liabilities			
Other payables and accruals	114	114	114
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	106,706	106,706
	114	106,820	106,820
2018			
Non-derivative Financial Liabilities			
Other payables and accruals	149	149	149
Amount owing to a subsidiary	1,336	1,336	1,336
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	163,564	163,564
	1,485	165,049	165,049

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

53. FINANCIAL INSTRUMENTS (CONT'D)

53.2 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	
	2019	**2018**
	RM'000	**RM'000**
Bankers' acceptances	-	7,386
Bank overdrafts	-	1,101
Invoice financing facility	6,907	-
Hire purchase payables	5,139	3,160
Term loans	38,686	67,522
Revolving Credit	12,078	25,000
	62,810	104,169
Less: Cash and cash equivalent (Note 48(c))	(33,987)	(39,596)
Net debt	28,823	64,573
Total equity attributable to the owners of the Company	294,299	287,046
Debt-to-equity ratio	0.10	0.22

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 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019 The Group RM'000	2019 The Company RM'000
Financial Assets		
Mandatorily at Fair Value Through Other Comprehensive Income		
Investment securities	10,207	10,207
Short-term investments	13,144	7,440
Amortised Cost		
Trade receivables	76,450	-
Other receivables	10,211	14
Amount owing by subsidiaries	-	10,983
Amount owing by associates	31,293	4,202
Fixed deposits with licensed banks	12,290	-
Cash and bank balances	26,547	124
	156,791	15,323
Financial Liability		
Amortised Cost		
Trade payables	53,427	-
Other payables and accruals	23,448	114
Term loans	38,686	-
Hire purchase payables	5,139	-
Revolving credit	12,078	-
Invoice financing facility	6,907	-
	139,685	114

53. FINANCIAL INSTRUMENTS (CONT'D)

53.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2018	
	The Group RM'000	**The Company RM'000**
Financial Assets		
Available-for-sale Financial Asset		
Investment securities	11,776	11,776
Fair Value through Profit or Loss		
Short-term investments	5,827	208
Loans and Receivables Financial Assets		
Trade receivables	96,170	-
Other receivables	21,459	26
Amount owing by subsidiaries	-	1,430
Amount owing by associates	37,320	9,500
Fixed deposits with licensed banks	12,565	-
Cash and bank balances	40,489	268
	208,003	11,224
Financial Liability		
Other Financial Liabilities		
Trade payables	53,346	149
Other payables and accruals	9,699	-
Amount owing to a subsidiary	-	1,336
Bankers' acceptances	7,386	-
Term loans	67,522	-
Hire purchase payables	3,160	-
Revolving credit	25,000	-
Bank overdrafts	1,101	-
	167,214	1,485

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.4 GAIN OR (LOSSES) ARISING FROM FINANCIAL INSTRUMENTS

	2019	
	The Group RM'000	The Company RM'000
Financial Assets		
Mandatorily at Fair Value Through Profit or Loss		
Dividend income	95	95
Interest income	208	-
Investment fund income	48	48
Fair value gain/(loss) in financial assets measured at fair value through profit or loss	2	(4)
Amortised Cost		
Bad debt written off	(15)	-
Impairment losses on trade receivables	(21,413)	-
Interest income	736	132
Loss on foreign exchange - unrealised	(729)	-
Financial Liability		
Amortised Cost		
Interest expenses	(2,972)	-

	2018	
	The Group RM'000	The Company RM'000
Financial Assets		
Fair Value through Profit or Loss		
Gain on derivative financial instruments	73	-
Interest income	187	-
Investment fund income	58	58
Loans and Receivables Financial Assets		
Reversal of impairment losses on trade receivables	3,329	-
Interest income	2,922	-
Loss on foreign exchange - unrealised	(6,264)	-
Gain on foreign exchange - realised	2,005	-
Financial Liability		
Financial Liabilities Measured at Amortised Cost		
Interest expenses	(3,121)	-

53. FINANCIAL INSTRUMENTS (CONT'D)

53.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2019								
Financial Assets								
Investment securities	10,207	-	-	-	-	-	10,207	10,207
Short-term investments	13,144	-	-	-	-	-	13,144	13,144
Financial Liabilities								
Term loans	-	-	-	-	38,686	-	38,686	38,686
Hire purchase payables	-	-	-	-	5,130	-	5,130	5,139
2018								
Financial Assets								
Investment securities	11,776	-	-	-	-	-	11,776	11,776
Short-term investments	5,827	-	-	-	-	-	5,827	5,827
Financial Liabilities								
Term loans	-	-	-	-	67,522	-	67,522	67,522
Hire purchase payables	-	-	-	-	3,147	-	3,147	3,160

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2019 (cont'd)

53. FINANCIAL INSTRUMENTS (CONT'D)

53.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value of Financial Instruments Not Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2019								
Financial Assets								
Investment securities	10,207	-	-	-	-	-	10,207	10,207
Short-term investments	7,440	-	-	-	-	-	7,440	7,440
2018								
Financial Assets								
Investment securities	11,776	-	-	-	-	-	11,776	11,776
Short-term investments	208	-	-	-	-	-	208	208

The fair values which are for disclosure purpose, have been determined using the following basis:-

(i) The fair values of the Group's term 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 hire purchase payables 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 2019 %	2018 %
Hire purchase payables	4.42 - 6.76	4.55 - 6.57

54. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM'000	As Restated RM'000
The Group		
Consolidated Statement of Financial Position (Extract):-		
Trade receivables	98,900	96,170
Short-term investments	5,619	5,827
Cash and bank balances	40,696	40,489
Inventories	135,128	117,478
Contract costs	-	17,650
Contract assets	34,443	33,935
Contract liabilities	(21,170)	(30,316)
Provision	(12,384)	-
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Other income	10,678	7,349
Net impairment gain on financial assets and contract assets	-	3,329
The Company		
Statement of Financial Position (Extract):-		
Short-term investments	-	208
Cash and bank balances	476	268
Statement of Cash Flows (Extract):-		
Net cash for operating activities	(1,619)	(29,443)
Net cash from investing activities	1,120	30,278
Net cash for financing activities	(190)	(1,524)

LIST OF PROPERTIES
30 June 2019

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	2,144
	59, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Freehold	20	4 Storey Shop Lot -(acquired in Oct 2013)	187	1,333

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 2019 (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 15.04.2113	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 15.04.2113	N/A	Vacant Land for development -(acquired in Sept 2010)	8,721	9,053
Wajatex Sdn Bhd	Geran 79468-79469, Lot 20000-20001, Seksyen 76, Bandar Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan	Freehold	N/A	Under development -(acquired in Nov 2011)	8,775	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), Geran103260 (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 1 October 2019

LIST OF DIRECTORS' SHAREHOLDINGS (as per Record of Register of Directors' Shareholdings)

Directors	No. of Shares (Direct)	%	No. of Shares (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	0.87	1,479,400	(b)	0.40
Foong Kuan Ming	202,857	0.05	-		-
Ooi Leng Chooi	16,900	0.01	-		-

LIST OF SUBSTANTIAL SHAREHOLDER (as per Record of Register of Substantial Shareholder)

Shareholder	No. of Shares (Direct)	%	No. of Shares (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 1 OCTOBER 2019

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share held
Less than 100	974	15.83	43,711	0.01
100 – 1,000	573	9.31	198,064	0.05
1,001 – 10,000	2,375	38.60	12,786,281	3.43
10,001 – 100,000	1,890	30.72	59,499,628	15.96
100,001 to less than 5% of issued shares	340	5.52	275,239,908	73.83
5% and above of issued shares	1	0.02	25,044,700	6.72
TOTAL	6,153	100.00	372,812,292	100.00

LIST OF THIRTY (30) LARGEST ACCOUNTHOLDERS
as at 1 October 2019

No.	Names	Shareholdings	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB 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.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (MARGIN)	11,664,100	3.13
6.	LAI HONG MUN	10,895,450	2.92
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	10,500,000	2.82
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN (7000778)	10,000,000	2.68
9.	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	8,656,227	2.32
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UNIQUE BAY SDN. BHD. (PB)	7,581,600	2.03
11.	URUSHARTA JAMAAH SDN. BHD.	5,908,600	1.58
12.	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR GRAND CONTINENTAL WORLDWIDE LIMITED (417921)	5,801,904	1.56
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOI HSIEN YIN (010)	5,000,000	1.34
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	4,900,000	1.31
15.	TOP FUTURE HOLDINGS SDN BHD	4,656,600	1.25
16.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KUANG (D)	4,349,052	1.17
17.	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 1 October 2019 (cont'd)

No.	Names	Shareholdings	%
18.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM SIEW MEI (PB)	3,261,380	0.87
19.	LAU FOY HANG @ LAU FAY HANG	3,189,200	0.86
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG WAI YEE (E-TCS)	3,007,243	0.81
21.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	2,903,200	0.78
22.	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR LONG RETURN INVESTMENTS LIMITED (418847)	2,841,607	0.76
23.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (MARGIN)	2,762,400	0.74
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)	2,481,200	0.67
27.	KOH LOK KIANG WILLIAM	2,091,190	0.56
28.	POH TAK KIAU @ POO TAK KIAU	1,800,000	0.48
29.	LEE BENG SENG	1,787,000	0.48
30.	LAI HONG LEONG	1,716,300	0.46

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FAJARBARU BUILDER GROUP BERHAD (281645-U)
(Incorporated in Malaysia)

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-FIFTH ANNUAL GENERAL MEETING** of the Company to be held at Dewan Perdana, 1st Floor Sport Complex, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 5 December 2019 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 Dato' Ismail Bin Haji Omar		
Resolution 2	To re-elect Dato' Ir. Low Keng Kok		
Resolution 3	To approve Directors' Fees from 1 July 2019 until the next annual general meeting		
Resolution 4	To re-appoint Messrs Crowe Malaysia PLT as Auditors		
Resolution 5	To approve the Continuation of office as Independent Director – Mr. Foong Kuan Ming		
Resolution 6	To approve the Continuation of office as Independent Director – Dato' Ismail Bin Haji Omar		
Resolution 7	To approve the Authority to Issue Share		
Resolution 8	To approve the Proposed Renewal of Share Buy-Back Authority		
Resolution 9	To approve the Proposed Adoption of New Constitution of the Company		

Dated this ________ day of __________________ , 2019.

____
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 2019 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

TRANSFORMING THE FUTURE

The key word that shapes the theme for this year's annual report is 'FUTURE', where the forthcoming is greatly empowered by the present circumstance on what Fajarbaru has envision to build, create and aspire to transform.

In its vision to be the most valued construction and property company in the market, Fajarbaru is determined to thrive in its endeavor to carry out and oversee each and every project to its completion.

The cover features a clean canvas with a collage series that portray the company's effort and involvement in shaping the future of the industry.

www.fajarbaru.com.my

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