TRANSFORMATION.

ACHIEVED.

FINANCIAL REPORT 2018

MALAYSIAN RESOURCES CORPORATION BERHAD
(7994-D)

TRANSFORMATION. ACHIEVED.

When we first embarked on our Corporate Transformation Journey in 2014, the road ahead seemed daunting. It was.

Change is never easy, and the journey was indeed a tough one. Once known as a “one project” company, MRCB developed a comprehensive strategy to ensure its sustainability by strengthening its balance sheet and securing high-profile projects with long-term visibility. The ever-changing business landscape also forced MRCB to become more agile as we had to continuously adapt these strategies to address emerging issues and risks.

Driven by our dedicated people, MRCB managed to end each year successfully, marking each milestone with a new landmark achievement – be it being awarded the prestigious World Prix d’Excellence for Platinum Sentral in 2014, or reducing our net gearing from 1.73 times at the end of 2013 to just 0.19 times in 2018. Year after year throughout our Corporate Transformation Journey, we fulfilled our promise and delivered results.

The theme “Transformation. Achieved.” is the culmination that marks the end of our journey that seemed so impossible at the start. Five years ago, we charted our strategies and forged ahead, with the hope to achieve all the targets we set in a bid to become a stronger MRCB. We did.

ANNUAL REPORT

CONTENTS
Provides a comprehensive assessment of the Group’s performance for 2018 and outlook for 2019.

REPORTING FRAMEWORK
- Bursa Malaysia Main Market Listing Requirements.
- Malaysian Code on Corporate Governance.

FINANCIAL REPORT

CONTENTS
Presents the full set of the Group’s audited financial statements.

REPORTING FRAMEWORK
- Malaysian Financial Reporting Standards.
- Companies Act 2016.

MRCB

The Annual Report is also on our App. Download the MRCB Investor App on Google Play.

Google play

PRINTED SECTION

The printed section of the Annual Report and Financial Report aims to provide concise, relevant and reliable information addressing the Group’s issues and activities.

CORPORATE GOVERNANCE REPORT

The Annual Report and Financial Report should be read in conjunction with our Corporate Governance Report, which is available on the Group’s website, www.mrcb.com

INSIDE **THIS REPORT**

THE FINANCIALS

Scan this QR code for a direct link to our Financial Report online.

Or log on to
https://www.mrcb.com.my/investor-relations/financial-reports/#annual-reports

2018 AT A GLANCE

REVENUE
RM1.9 billion

PROFIT BEFORE TAX
RM123 million

EARNINGS PER SHARE
2.30 sen

DIVIDEND PER SHARE
1.75 sen

MARKET CAPITALISATION
RM2,703 million

NET GEARING
0.19 times

NET ASSET PER SHARE
RM1.10

* *All figures as at 31 December 2018*

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Azlan Mohd Zainol (Chairman)*	(Redesignated on 2 July 2018)
Mohd Imran Mohamad Salim (Group Managing Director)**	(Redesignated on 2 July 2018)
Rohaya Mohammad Yusof	
Jamaludin Zakaria	
Hasman Yusri Yusoff	
To' Puan Looi Lai Heng	
Dato' Mohamad Nasir Ab Latif	(Appointed on 24 August 2018)
Tan Sri Mohamad Salim Fateh Din	(Retired on 2 July 2018)
Datuk Shahril Ridza Ridzuan	(Resigned on 20 August 2018)

* Redesignated from Non-independent Non-executive Chairman to Independent Chairman with effect from 2 July 2018.

** Redesignated to the Group Managing Director from Executive Director with effect from 2 July 2018.

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part thereof.

In accordance with Articles 101 and 102 of the Company's Articles of Association, Tan Sri Azlan Mohd Zainol and Hasman Yusri Yusoff retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 106 of the Company's Articles of Association, Dato' Mohamad Nasir Ab Latif who was appointed to the Board during the period subsequent to the last Annual General Meeting of the Company, retire from office at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in property development, property investment, engineering and construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, infrastructure and concession, facilities management and parking services. Details of subsidiaries are set out in Note 47 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year, other than the discontinued operations as disclosed in Note 51 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before tax	122,987	23,005
Taxation	(46,086)	(936)
Profit for the financial year from continuing operations	76,901	22,069
Profit for the financial year from discontinued operations	25,754	-
Profit for the financial year	102,655	22,069
Profit for the financial year attributable to:		
Equity holders of the Company:		
- from continuing operations	75,413	22,069
- from discontinued operations	25,754	-
	101,167	22,069
Non-controlling interests	1,488	-
Profit for the financial year	102,655	22,069

In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

During the financial year, 8,306,814 new ordinary shares were issued by the Company by virtue of the following:

(1) 8,301,800 shares to eligible executives and employees, pursuant to the terms of the Offer Letter of the Restricted Share Plan dated 20 December 2017, in accordance with the By-Laws governing the Long-term Incentive Plan of the Company; and

(2) 5,014 shares via conversion of warrant A at RM1.68 per warrant.

The new ordinary shares issued during the financial year ranked equally in all respects with the existing ordinary shares of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options over shares granted by the Company to Executive Directors of the Group pursuant to the Restricted Share Plan ("RSP") granted by the Company to Executive Directors of the Group pursuant to the Long Term Incentive Plan ("LTIP").

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

DIRECTORS' BENEFITS (CONTINUED)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, particulars of the interests of the Directors who held office at the end of the financial year in shares, options and warrants over shares in the Company or its related corporations during the financial year were as follows:

	No. of ordinary shares			
Company	**At 1.1.2018**	**Granted / Acquired**	**Sold**	**At 31.12.2018**
Direct				
Tan Sri Azlan Mohd Zainol	240,000	-	-	240,000
Mohd Imran Mohamad Salim*	-	266,400	-	266,400
Indirect				
Tan Sri Azlan Mohd Zainol**	60,000	-	-	60,000

	No. of warrants B over ordinary shares			
	At 1.1.2018	**Granted**	**Sold**	**At 31.12.2018**
Direct				
Tan Sri Azlan Mohd Zainol	24,000	-	-	24,000
Indirect				
Tan Sri Azlan Mohd Zainol**	6,000	-	-	6,000

* Granted by virtue of RSP

** Deemed interest by virtue of his shareholding in Edenview Projects Sdn. Bhd.

As at 31 December 2018, Mohd Imran Mohamad Salim also had interest over 721,800 unissued shares in the Company pursuant to the RSP of the Company of which, 192,900 new ordinary shares have been allotted as at the date of this report.

The other Directors in office at the end of the financial year did not hold any interest in shares and warrants over shares or debentures of the Company and its related corporations during the financial year.

DIVIDENDS

The Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2017 of 1.75% or 1.75 sen per ordinary share, amounting to RM76,838,535 on 17 August 2018.

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2018 of 1.75% or 1.75 sen per ordinary share, amounting to approximately RM76,997,000 at the date of this report which is subject to the approval of the members at the forthcoming Annual General Meeting.

DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year are disclosed in Note 11 to the financial statements.

LONG-TERM INCENTIVE PLAN

The Company established a Long-Term Incentive Plan ("LTIP or the Plan"), which was approved by the shareholders at the Extraordinary General Meeting held on 30 November 2016 and came into effect on 20 December 2017. An eligible executive or employee who accepts an offer under the Share Awards ("Grantee") shall pay a sum of RM1.00 as consideration for acceptance of that offer. Subject to the terms and conditions of the By-Laws governing the LTIP, the Grantees shall be entitled to receive new ordinary shares to be issued pursuant to the Share Awards, on the scheduled vesting dates without further payment, subject to meeting the vesting conditions as set out in their respective letters of offer for their Share Awards, which comprise the performance target stipulated by the Remuneration Committee of the Company.

The LTIP shall be in force for a period of 10 years commencing from the date on which the Share Scheme became effective and no share under a share award shall vest beyond the expiry of the duration of the Share Scheme. The LTIP consists of two types of share awards namely, Restricted Share Plan and Performance Share Plan.

The details of the LTIP are contained in the By-Laws and the salient features thereof are set out in Note 32 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report:

(a) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or

(b) there are no contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.

No contingent or other liability of any company in the Group 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 affect the ability of the Group or of the Company to meet their obligations when they fall due.

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 which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors:

(a) the results of the operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) 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 to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 9 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 25 March 2019.

MOHD IMRAN MOHAMAD SALIM
Group Managing Director

HASMAN YUSRI YUSOFF
Director

STATEMENTS BY DIRECTORS

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

We, Mohd Imran Mohamad Salim and Hasman Yusri Yusoff, two of the Directors of Malaysian Resources Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 12 to 176 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In accordance with a resolution of the Board of Directors dated 25 March 2019.

MOHD IMRAN MOHAMAD SALIM
Group Managing Director

HASMAN YUSRI YUSOFF
Director

STATUTORY DECLARATION

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

I, Ann Wan Tee, the Officer primarily responsible for the financial management of Malaysian Resources Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 176 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ANN WAN TEE
MIA membership no. 19497

Subscribed and solemnly declared by the above named Ann Wan Tee in the state of Wilayah Persekutuan, Kuala Lumpur, Malaysia on 25 March 2019.

Before me,

PESURUHJAYA SUMPAH
No W533
Nama: YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN
1 JAN 2019 - 31 DIS 2021
MALAYSIA

COMMISSIONER FOR OATHS

205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia) (Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Malaysian Resources Corporation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of 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 12 to 176.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia) (Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition - Property development and construction contracts - (Group: RM 1,732,179,436; Company: RM 543,118,849) *Refer to page 43 (Note 2.21 (i)(a) - Summary of Significant Accounting Policies – Sales of Development Properties), page 45 (Note 2.21 (ii)(a) - Summary of Significant Accounting Policies - Construction Contracts), page 57 (Note 3 - Critical accounting estimates and judgements) and page 68 (Note 6 - Revenue)* The Group and the Company recognise property development and construction contracts revenue in the statements of comprehensive income by using the input method. The input method is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project. Property development and construction contracts accounting is inherently complex and we focused on this area because there are significant estimates and judgement involved in the following areas: • Determination of stage of completion • Extent of construction costs incurred to date • Estimation of total budgeted costs • Estimation of provision due to liquidated ascertained damages as a reduction of revenue	We performed the following audit procedures: • We tested the operating effectiveness of key controls in respect of the budgeting process of total estimated property development and construction costs and the continuous review process of these budgets. In addition, controls over the accounting process of costs incurred for work done to date was also tested. • We tested reasonableness of the estimated total construction costs based on approved budgets to supporting documentation such as sub-contractors contracts, quotations and change order documentation with main or sub-contractors. We also sought appropriate evidence including the Group's and Company's expert opinions (including contract claim consultants and lawyers) to assess the reasonableness of estimates made by management on the project costs on a sample basis, particularly around disputes or unresolved negotiations with employers and subcontractors. • We tested a sample of costs incurred to date on significant projects to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers. • In respect of completed construction contracts, we also tested key judgments by management in estimating the total construction costs and accruals for costs to complete through the reading of executive committee meeting minutes, reading correspondences with employers and sub-contractors, and obtaining audit evidence on employers or sub-contractors disputes from in-house or external legal counsel. We obtained an understanding of the basis of accruals recognised by management on instances of material uncertified value of costs submitted and the level of accruals held against these amounts. • We tested actual sales of development properties to signed sales and purchase agreements. • We agreed total construction contract project revenue on a sample basis to supporting documentation comprising construction contracts, approved variation orders and correspondences with employers. In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as construction contracts, correspondences with employers or claim consultants, extension of time approvals and work progress reports indicating reasons for delays. • On a test basis we checked the mathematical calculation of the percentage of completion and we tested that the percentage of revenue and costs recognised in the statements of comprehensive income is mathematically accurate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately. Based on our procedures, we noted no material exception in the revenue recognition of property development and construction contracts.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia) (Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report and contents in 2018 Annual Reports, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia) (Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 47 to the financial statements.

OTHER MATTERS

1. As stated in Note 2 to the financial statements, Malaysian Resources Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and financial performance and cash flows for the financial year then ended.

2. 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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

JAYARAJAN A/L U. RATHINASAMY
02059/06/2020 J
Chartered Accountant

Kuala Lumpur
25 March 2019

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Continuing operations					
Revenue	6	**1,870,705**	2,640,649	**742,978**	623,626
Cost of sales	7	**(1,498,121)**	(2,196,630)	**(545,094)**	(445,839)
Gross profit		**372,584**	444,019	**197,884**	177,787
Other income	8	**29,068**	103,736	**278**	36,491
Selling and distribution costs		**(25,017)**	(52,963)	**(985)**	(1,491)
Administrative expenses		**(193,101)**	(192,920)	**(77,751)**	(78,735)
Other operating expenses		**(62,634)**	(52,035)	**(37,097)**	(31,348)
Finance income	8	**20,589**	22,734	**10,111**	13,358
Finance costs	12	**(43,975)**	(28,394)	**(69,435)**	(53,486)
Share of results of associates	20	**18,171**	9,252	**-**	-
Share of results of joint ventures	21	**7,302**	15,776	**-**	-
Profit before income tax	9	**122,987**	269,205	**23,005**	62,576
Income tax expense	13	**(46,086)**	(68,778)	**(936)**	(2,982)
Profit from continuing operations		**76,901**	200,427	**22,069**	59,594
Discontinued operations					
Profit/(loss) from discontinued operations (net of tax) (attributable to equity holders of the Company)	51	**25,754**	(24,338)	**-**	-
Profit for the financial year		**102,655**	176,089	**22,069**	59,594

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Profit for the financial year		**102,655**	176,089	**22,069**	59,594
Other comprehensive income/(loss) for the financial year, net of tax:					
Item that may be reclassified subsequently to profit or loss					
- currency translation differences		**(1,479)**	(112)	**-**	-
- share of associate's gain on re-measurement of financial derivatives	20	**66**	88	**-**	-
Item that will not be reclassified subsequently to profit or loss					
- re-measurement of post-employment benefit obligations	37	**-**	(3,178)	**-**	330
Total comprehensive income for the financial year, net of tax		**101,242**	172,887	**22,069**	59,924
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company					
- from continuing operations		**75,413**	186,251	**22,069**	59,594
- from discontinued operations		**25,754**	(24,338)	**-**	-
		101,167	161,913	**22,069**	59,594
Non-controlling interests	19	**1,488**	14,176	**-**	-
		102,655	176,089	**22,069**	59,594
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company					
- from continuing operations		**74,000**	182,976	**22,069**	59,924
- from discontinued operations		**25,754**	(24,338)	**-**	-
		99,754	158,638	**22,069**	59,924
Non-controlling interests	19	**1,488**	14,249	**-**	-
		101,242	172,887	**22,069**	59,924
Earnings/(loss) per share attributable to the ordinary equity holders of the Company during the financial year (sen)					
Basic	14				
- from continuing operations		**1.71**	7.28		
- from discontinued operations		**0.59**	(0.95)		
		2.30	6.33		
Diluted	14				
- from continuing operations		**1.71**	7.24		
- from discontinued operations		**0.59**	(0.94)		
		2.30	6.30		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group			Company		
	Note	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)
ASSETS							
Non-current assets							
Property, plant and equipment	15	**665,361**	614,240	437,823	**755**	1,040	1,926
Investment properties	16	**1,313,971**	1,211,298	520,077	**-**	-	-
Inventories	17(a)	**1,660,923**	1,557,440	1,767,639	**-**	-	-
Service concession asset	18	**-**	-	1,176,347	**-**	-	-
Subsidiaries	19	**-**	-	-	**3,354,653**	3,509,026	2,408,374
Associates	20	**547,712**	285,608	289,320	**436,529**	436,118	442,763
Joint ventures	21	**300,367**	293,065	12,545	**24,090**	24,090	-
Long term loan and receivables	22	**247,233**	3,920	34,497	**-**	-	29,011
Intangible assets	24	**226,700**	225,633	252,868	**-**	-	-
Deferred tax assets	25	**86,874**	117,663	96,248	**-**	-	-
Amount due from subsidiaries	26	**-**	-	-	**803,207**	-	-
Amount due from a joint ventures	26	**69,870**	30,268	-	**-**	-	-
		5,119,011	4,339,135	4,587,364	**4,619,234**	3,970,274	2,882,074
Current assets							
Inventories	17(b) & (c)	**1,043,726**	901,103	817,121	**4,622**	4,622	5,921
Service concession asset	18	**-**	1,135,279	-	**-**	-	-
Trade and other receivables	26	**776,015**	2,241,996	568,191	**169,136**	243,289	182,970
Amounts due from subsidiaries	26	**-**	-	-	**210,372**	1,646,915	534,760
Amounts due from associates and joint ventures	26	**130,765**	134,380	19,981	**129,437**	129,849	15,218
Contract assets	28	**702,396**	776,712	765,735	**209,777**	78,525	54,391
Tax recoverable		**17,817**	15,973	22,217	**227**	-	1,070
Financial assets at fair value through profit or loss	29	**950**	2,222	2,832	**950**	2,222	2,832
Other investment	31	**-**	54,110	-	**-**	54,110	-
Deposits, cash and bank balances	30	**551,634**	724,237	722,157	**83,814**	88,391	139,673
		3,223,303	5,986,012	2,918,234	**808,335**	2,247,923	936,835
Total assets		**8,342,314**	10,325,147	7,505,598	**5,427,569**	6,218,197	3,818,909

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group			Company		
	Note	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)
EQUITY							
Equity attributable to the equity holders of the Company							
Share capital	32	**4,318,225**	4,309,422	2,144,039	**4,318,225**	4,309,422	2,144,039
Share premium	33	**-**	-	372,391	**-**	-	372,391
Retained earnings		**515,134**	479,039	371,163	**387,519**	413,933	407,710
Other reserves		**(910)**	28,729	36,990	**3,245**	30,760	36,082
		4,832,449	4,817,190	2,924,583	**4,708,989**	4,754,115	2,960,222
Non-controlling interests	19	**68,004**	104,493	99,273	**-**	-	-
Total equity		**4,900,453**	4,921,683	3,023,856	**4,708,989**	4,754,115	2,960,222
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities	25	**70,025**	62,278	80,565	**-**	-	-
Contract liabilities	28	**140,258**	-	-	**-**	-	-
Senior and Junior Sukuk	36	**-**	-	1,058,477	**-**	-	-
Post-employment benefit obligations	37	**19,508**	18,626	14,935	**7,375**	7,440	6,953
Long term borrowings	38	**765,520**	891,248	1,072,304	**-**	182,258	333,366
Long term liabilities	39	**349,578**	332,259	2,915	**-**	-	-
Government grant	40	**131,805**	80,186	62,971	**-**	-	-
		1,476,694	1,384,597	2,292,167	**7,375**	189,698	340,319
Current liabilities							
Contract liabilities	28	**104,888**	68,686	51,106	**-**	8,659	910
Redeemable preference shares	34	**-**	178,699	-	**-**	-	-
Other liabilities and charges	35	**34,042**	24,098	26,117	**-**	-	-
Senior and Junior Sukuk	36	**-**	1,058,500	-	**-**	-	-
Trade and other payables	41	**1,084,991**	1,217,527	1,263,469	**291,071**	150,574	123,207
Amounts due to subsidiaries	41	**-**	-	-	**47,112**	119,239	44,251
Current tax liabilities		**15,392**	39,250	42,552	**-**	1,246	-
Short term borrowings	43	**725,854**	1,432,107	806,331	**373,022**	994,666	350,000
		1,965,167	4,018,867	2,189,575	**711,205**	1,274,384	518,368
Total liabilities		**3,441,861**	5,403,464	4,481,742	**718,580**	1,464,082	858,687
Total equity and liabilities		**8,342,314**	10,325,147	7,505,598	**5,427,569**	6,218,197	3,818,909

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the Company					
	Share capital (Note 32) RM'000	Other reserves (Note(a)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018 (as previously stated)	4,309,422	56,819	457,849	4,824,090	104,498	4,928,588
First time adoption of MFRS framework (Note 52)	-	(28,090)	21,190	(6,900)	(5)	(6,905)
At 1 January 2018 (restated)	4,309,422	28,729	479,039	4,817,190	104,493	4,921,683
Comprehensive profit						
- Profit for the financial year	-	-	101,167	101,167	1,488	102,655
Other comprehensive income/(loss)						
- Currency translation differences	-	(1,479)	-	(1,479)	-	(1,479)
- Share of associate's gain on re-measurement of financial derivatives	-	66	-	66	-	66
- Post-employment benefit obligations upon resignation of employee	-	(711)	711	-	-	-
Total comprehensive income/(loss)	-	(2,124)	101,878	99,754	1,488	101,242
Transactions with owners						
Issuance of ordinary shares						
- pursuant to Restricted Share Plan (Note 32)	8,794	(8,794)	-	-	-	-
- conversion of warrant A	9	-	-	9	-	9
Acquisition of additional equity interest in a subsidiary (Note 49(e))	-	-	(17,300)	(17,300)	-	(17,300)
Acquisition of a subsidiary	-	-	-	-	0	0
Dilution of equity of a subsidiary	-	-	-	-	1	1
Share-based payment transaction	-	9,634	-	9,634	-	9,634
Redemption of redeemable preference shares	-	-	-	-	(8,578)	(8,578)
Expiry of warrants A on 14 September 2018	-	(28,355)	28,355	-	-	-
Dividends paid for financial year ended						
- 31 December 2017 (Note 50)	-	-	(76,838)	(76,838)	-	(76,838)
- 31 December 2018	-	-	-	-	(29,400)	(29,400)
Total transactions with owners	8,803	(27,515)	(65,783)	(84,495)	(37,977)	(122,472)
At 31 December 2018	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453

"0" denotes as amount less than RM1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the Company						
	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(a)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017 (as previously stated)	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042
First time adoption of MFRS framework (Note 52)	-	-	(28,090)	26,852	(1,238)	52	(1,186)
At 1 January 2017 (restated)	2,144,039	372,391	36,990	371,163	2,924,583	99,273	3,023,856
Comprehensive profit							
- Profit for the financial year (restated)	-	-	-	161,913	161,913	14,176	176,089
Other comprehensive income/(loss)							
- Currency translation differences	-	-	(112)	-	(112)	-	(112)
- Share of associate's gain on re-measurement of financial derivatives	-	-	88	-	88	-	88
- Reclassification of post-employment benefit obligations upon disposal of subsidiary	-	-	666	(666)	-	-	-
- Actuarial (loss)/gain on post-employment benefit obligations	-	-	(3,251)	-	(3,251)	73	(3,178)
Total comprehensive income/(loss)	-	-	(2,609)	161,247	158,638	14,249	172,887
Transactions with owners							
Issuance of ordinary shares	1,724,339	-	-	-	1,724,339	-	1,724,339
Acquisition of equity interest in a subsidiary (Note 5(iii))	-	-	-	-	-	771	771
Employees' share option scheme (Note 32)							
- options granted	-	-	187	-	187	-	187
- options exercised	68,613	40	(3,222)	-	65,431	-	65,431
- options lapsed	-	-	(6,926)	6,926	-	-	-
Share-based payment transaction	-	-	4,309	-	4,309	-	4,309
Dividends paid for financial year ended							
- 31 December 2016	-	-	-	(60,297)	(60,297)	-	(60,297)
- 31 December 2017	-	-	-	-	-	(9,800)	(9,800)
Total transactions with owners	1,792,952	40	(5,652)	(53,371)	1,733,969	(9,029)	1,724,940
Transition to no-par value regime*	372,431	(372,431)	-	-	-	-	-
At 31 December 2017 (restated)	4,309,422	-	28,729	479,039	4,817,190	104,493	4,921,683

* The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,431,093.31 for the purposes as set out in Section 618(3) of the Act. There is no impact on ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Note (a)

Other reserves

	Other reserves RM'000	Revaluation reserve RM'000	Currency translation differences RM'000	Share scheme reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2018 (as previously stated)	1,239	28,090	530	4,310	28,355	(5,705)	56,819
First time adoption of MFRS framework (Note 52)	-	(28,090)	-	-	-	-	(28,090)
At 1 January 2018 (restated)	1,239	-	530	4,310	28,355	(5,705)	28,729
Other comprehensive income/(loss)							
- Currency translation differences	-	-	(1,479)	-	-	-	(1,479)
- Share of associate's gain on re-measurement of financial derivatives	66	-	-	-	-	-	66
- Post-employment benefits obligations	-	-	-	-	-	(711)	(711)
Total other comprehensive income/(loss)	66	-	(1,479)	-	-	(711)	(2,124)
Transactions with owners							
Issuance of ordinary shares pursuant to Restricted Share Plan (Note 32)	-	-	-	(8,794)	-	-	(8,794)
Share-based payment transaction	-	-	-	9,634	-	-	9,634
Expiry of warrants A on 14 September 2018	-	-	-	-	(28,355)	-	(28,355)
Total transactions with owners	-	-	-	840	(28,355)	-	(27,515)
At 31 December 2018	1,305	-	(949)	5,150	-	(6,416)	(910)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Note (a) (continued)

Other reserves (continued)

	Other reserves RM'000	Revaluation reserve RM'000	Currency translation differences RM'000	Share scheme reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2017 (as previously stated)	1,151	28,090	642	9,962	28,355	(3,120)	65,080
First time adoption of MFRS framework (Note 52)	-	(28,090)	-	-	-	-	(28,090)
At 1 January 2017 (restated)	1,151	-	642	9,962	28,355	(3,120)	36,990
Other comprehensive income/(loss)							
- Currency translation differences	-	-	(112)	-	-	-	(112)
- Share of associate's gain on re-measurement of financial derivatives	88	-	-	-	-	-	88
- Reclassification of post-employment benefits obligations upon disposal of subsidiary	-	-	-	-	-	666	666
- Actuarial loss on post-employment benefit obligations	-	-	-	-	-	(3,251)	(3,251)
Total other comprehensive income/(loss)	88	-	(112)	-	-	(2,585)	(2,609)
Transactions with owners							
Employees' share option scheme (Note 32)							
- options granted	-	-	-	187	-	-	187
- options exercised	-	-	-	(3,222)	-	-	(3,222)
- options lapsed	-	-	-	(6,926)	-	-	(6,926)
Share-based payment transaction	-	-	-	4,309	-	-	4,309
Total transactions with owners	-	-	-	(5,652)	-	-	(5,652)
At 31 December 2017 (restated)	1,239	-	530	4,310	28,355	(5,705)	28,729

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital (Note 32) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2018	4,309,422	30,760	413,933	4,754,115
Comprehensive income				
- Profit for the financial year	-	-	22,069	22,069
Total comprehensive income	-	-	22,069	22,069
Transactions with owners				
Issuance of ordinary shares				
- pursuant to Restricted Share Plan (Note 32)	8,794	(8,794)	-	-
- conversion of warrants A (Note 32)	9	-	-	9
Share-based payment transaction	-	9,634	-	9,634
Expiry of warrants A (Note 32)	-	(28,355)	28,355	-
Dividends paid for financial year ended 31 December 2017	-	-	(76,838)	(76,838)
Total transactions with owners	8,803	(27,515)	(48,483)	(67,195)
At 31 December 2018	4,318,225	3,245	387,519	4,708,989

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2017	2,144,039	372,391	36,082	407,710	2,960,222
Comprehensive income					
- Profit for the financial year	-	-	-	59,594	59,594
Other comprehensive income					
- Actuarial gain on post-employment benefit obligations	-	-	330	-	330
Total comprehensive income	-	-	330	59,594	59,924
Transactions with owners					
Issuance of ordinary shares	1,724,339	-	-	-	1,724,339
Employees' share option scheme (Note 32)					
- options granted	-	-	187	-	187
- options exercised	68,613	40	(3,222)	-	65,431
- options lapsed	-	-	(6,926)	6,926	-
Share-based payment transaction	-	-	4,309	-	4,309
Dividends paid for financial year ended 31 December 2016	-	-	-	(60,297)	(60,297)
Total transactions with owners	1,792,952	40	(5,652)	(53,371)	1,733,969
Transition to no-par value regime*	372,431	(372,431)	-	-	-
At 31 December 2017	4,309,422	-	30,760	413,933	4,754,115

* The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,431,093.31 for the purposes as set out in Section 618(3) of the Act. There is no impact on ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Note (b)

Other reserves

	Share scheme reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2018	**4,310**	**28,355**	**(1,905)**	**30,760**
Transactions with owners				
Issuance of ordinary shares				
- pursuant to Restricted Share Plan (Note 32)	**(8,794)**	**-**	**-**	**(8,794)**
Share-based payment transaction	**9,634**	**-**	**-**	**9,634**
Expiry of warrants A on 14 September 2018	**-**	**(28,355)**	**-**	**(28,355)**
Total transactions with owners	**840**	**(28,355)**	**-**	**(27,515)**
At 31 December 2018	**5,150**	**-**	**(1,905)**	**3,245**
At 1 January 2017	9,962	28,355	(2,235)	36,082
Other comprehensive income				
- Actuarial gain on post-employment benefit obligations	-	-	330	330
Total comprehensive income	-	-	330	330
Transactions with owners				
Employees' share option scheme (Note 32)				
- options granted	187	-	-	187
- options exercised	(3,222)	-	-	(3,222)
- options lapsed	(6,926)	-	-	(6,926)
Share-based payment transaction	4,309	-	-	4,309
Total transactions with owners	(5,652)	-	-	(5,652)
At 31 December 2017	4,310	28,355	(1,905)	30,760

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
OPERATING ACTIVITIES					
Profit attributable to equity holders of the Company from continuing operations		**75,413**	186,251	**22,069**	59,594
Adjustments for:					
Taxation		**46,086**	68,778	**936**	2,982
Non-controlling interests		**1,488**	14,176	**-**	-
Share of results of					
- associates	20	**(18,171)**	(9,252)	**-**	-
- joint ventures	21	**(7,302)**	(15,776)	**-**	-
Dividend income	6	**(28)**	(74)	**(124,830)**	(106,615)
Finance income	8	**(20,589)**	(22,734)	**(10,111)**	(13,358)
Gain on disposal					
- subsidiaries	8	**(4)**	(64,686)	**-**	(36,100)
- a joint venture	8	**-**	(1,649)	**-**	-
Share based payments	10	**9,501**	4,412	**5,143**	2,632
Finance costs	12	**43,975**	28,394	**69,435**	53,486
Impairment/(write back) on investments in					
- subsidiaries	19	**-**	-	**25,307**	(2,950)
- associate	20	**-**	-	**-**	6,645
Fair value loss on financial assets at fair value through profit or loss		**1,272**	610	**1,272**	610
(Write back of)/provision for receivables and amount due from subsidiaries		**(1,175)**	(539)	**(48,147)**	524
Allowance for inventories obsolescence		**-**	351	**-**	-
Property, plant and equipment					
- depreciation		**19,226**	20,658	**722**	1,261
- written off		**4**	35	**-**	-
- net gain on disposal		**(74)**	(189)	**-**	-
Depreciation of investment properties		**6,532**	4,675	**-**	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
OPERATING ACTIVITIES (CONTINUED)					
Amortisation of intangible assets					
- order book	24	**5,536**	5,682	**-**	-
- patents	24	**201**	-	**-**	-
Amortisation of contract cost assets	27	**6,051**	4,313	**-**	-
Amortisation of government grant	40	**(44)**	-	**-**	-
(Write back of)/provision for					
- liquidated ascertained damages	35	**10,462**	(2,019)	**-**	-
- post-employment benefits	37	**1,705**	1,101	**694**	972
Unrealised loss on currency translation differences		**5,389**	2,290	**3,621**	1,934
Realised gain on transactions with associates		**(622)**	(163)	**-**	-
Operating profit/(loss) from continuing operations before changes in working capital		**184,832**	224,645	**(53,889)**	(28,383)
Changes in working capital:					
Inventories		**181,924**	2,072	**-**	1,299
Receivables		**909,189**	(1,136,353)	**7,919**	(21,431)
Contract assets		**45,116**	(10,977)	**(131,252)**	(24,134)
Amounts due from subsidiaries (net)		**-**	-	**249,650**	(57,776)
Amounts due from associates and joint ventures (net)		**(35,884)**	(21,667)	**412**	8,369
Amounts due to related parties (net)		**-**	-	**-**	9
Payables		**(31,422)**	11,193	**130,998**	18,947
Contract liabilities		**74,316**	17,580	**(8,659)**	7,750
Net cash flow generated from/(used in) operations		**1,328,071**	(913,507)	**195,179**	(95,350)
Interest income received		**13,217**	15,733	**5,332**	8,227
Dividends received from					
- subsidiaries		**-**	-	**79,622**	93,324
- financial assets at fair value through profit or loss		**28**	107	**28**	107
Tax refunded		**2,799**	4,844	**1,997**	1,470
Tax paid		**(85,492)**	(84,408)	**(4,406)**	(2,136)
Finance cost paid		**(157,075)**	(157,378)	**(49,051)**	(62,353)
Other liabilities and charges paid	35	**(518)**	-	**-**	-
Retirement benefits paid	37	**(921)**	(2,054)	**(759)**	(155)
Net cash flow generated from/(used in) continuing operations		**1,100,109**	(1,136,663)	**227,942**	(56,866)
Net cash flow (used in)/generated from discontinued operations (note 51(b))		**(112,588)**	13,825	**-**	-
Net cash flow generated from/(used in) operations activities		**987,521**	(1,122,838)	**227,942**	(56,866)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 (restated)	Company 2018 RM'000	Company 2017 RM'000 (restated)
INVESTING ACTIVITIES					
Proceed from disposal of subsidiaries in prior year	5 (iv)	**71,012**	-	**71,012**	-
Proceed from disposal of a joint venture		**-**	3,652	**-**	-
Redemption of redeemable preference shares by subsidiaries		**-**	-	**153,527**	73,841
Net cash flow from disposal of subsidiaries	5(i)	**(98)**	(2,702)	**-**	5,731
Net cash outflow from acquisition of a subsidiary	5(iii)	**-**	(558,773)	**-**	-
Proceeds from disposal of property, plant and equipment		**238**	235	**-**	-
Purchase of property, plant and equipment		**(49,652)**	(175,988)	**(437)**	(375)
Purchase of investment properties		**(54,774)**	(24,490)	**-**	-
Purchase of land held for property development and related costs		**(388,086)**	(22,980)	**-**	-
Purchase of patents		**(6,038)**	-	**-**	-
Subscription of shares in					
- subsidiaries		**0**	-	**(601)**	(737,884)
- joint venture		**0**	(228,830)	**0**	-
Balance of payment for acquisition of a subsidiary		**-**	(22,302)	**-**	-
Dividends received from associates and a joint venture		**25,404**	26,776	**25,404**	21,776
Acquisition of remaining equity interest in a subsidiary	49(e)	**(17,300)**	-	**(17,300)**	-
Proceed from government grant		**51,663**	17,215	**-**	-
Financial assets					
- disposal/(purchase) of unit trusts		**54,110**	(54,110)	**54,110**	(54,110)
Repayment of advances by subsidiaries		**-**	-	**982,965**	57,334
Advances to subsidiaries		**-**	-	**(609,584)**	(1,592,286)
Net cash flow (used in)/generated from investing activities from continuing operations		**(313,521)**	(1,042,297)	**659,096**	(2,225,973)
Net cash flow generated from/(used in) investing activities from discontinued operations		**1,325,800**	(17)	**-**	-
Net cash flow generated from/(used in) investing activities		**1,012,279**	(1,042,314)	**659,096**	(2,225,973)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
FINANCING ACTIVITIES					
Proceeds from term loans		**1,479,067**	3,315,560	**45,594**	1,295,349
Repayment of term loans		**(2,313,964)**	(2,767,701)	**(860,378)**	(793,265)
Proceeds from right issue		**-**	1,732,148	**-**	1,732,148
Payment for transaction costs of right issue		**-**	(7,810)	**-**	(7,810)
Proceeds from conversion of warrants A		**9**	-	**9**	-
Proceeds from conversion of warrants B		**-**	1	**-**	1
Proceeds from share options exercised		**-**	65,431	**-**	65,431
Dividend paid to shareholders		**(76,838)**	(60,297)	**(76,838)**	(60,297)
Dividend paid to non-controlling interest		**(29,400)**	(9,800)	**-**	-
Redemption of redeemable preferences shares		**(187,277)**	-	**-**	-
Redemption of redeemable preferences shares by a discontinued operations		**82,000**	-	**-**	-
Repayment of inter-company advances from/(to) discontinued operations		**124,382**	(75,912)	**-**	-
Released/(pledged) of bank balances and fixed deposits as security for financing		**128,119**	(148,660)	**(347)**	9,285
Net cash flow (used in)/generated from financing activities from continuing operations		**(793,902)**	2,042,960	**(891,960)**	2,240,842
Net cash flow used in financing activities from discontinued operations		**(1,200,124)**	(6,532)	**-**	-
Net cash flow (used in)/generated from financing activities		**(1,994,026)**	2,036,428	**(891,960)**	2,240,842
CHANGES IN CASH AND CASH EQUIVALENTS		**5,774**	(128,724)	**(4,922)**	(41,997)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL YEAR		**464,041**	592,765	**67,585**	109,582
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	30	**469,815**	464,041	**62,663**	67,585

"0" denotes as amount less than RM1,000.

A. Non-cash transactions other than those disclosed elsewhere in the financial statements

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Subscription of shares in an associate:				
- ordinary shares	**2,000**	-	-	-
- redeemable preference shares A	**266,649**	-	-	-
	268,649	-	-	-

Please refer to Note 5(i) of the financial statements for further details on the above.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in property development, property investment, engineering and construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, infrastructure and concession, facilities management and parking services.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year, other than the discontinued operations as disclosed in Note 51 to the financial statements.

The principal activities of the subsidiaries, joint ventures and associates are described in Note 47 to the financial statements.

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

The address of the registered office and principal place of business of the Company is as follows:

Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 March 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

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

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRS. Subject to certain transition elections as disclosed in Note 52, the Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 January 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect. The impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows, are disclosed in Note 52.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards'
- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Clarification to MFRS 15 'Revenue from Contracts with Customers'
- Annual Improvements to MFRSs 2014-2016 Cycle: Amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards'
- Amendments to MFRS 140 'Transfers of Investment Property'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

Other than the adoption of MFRS 1, MFRS 9 and MFRS 15, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods. The detailed impact of the change is disclosed in Note 52.

(b) Standards early adopted by the Group and the Company

There are no standards early adopted by the Group and the Company.

(c) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2019. None of these is expected to have a significant effect on the consolidated financial statements of the Group and of the Company, except the following set out below:

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes FRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on statement of financial position) or operating leases (off statement of financial position). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(c) Standards and amendments that have been issued but not yet effective (continued)

- MFRS 16 'Leases' supersedes FRS 117 'Leases' and the related interpretations. (continued)

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in FRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. Based on the assessment undertaken to-date, the adoption of this standard would impact on the Group's financial position with the recognition of right-of-use assets and lease liabilities.

  The impact of the adoption of MFRS 16 is currently being assessed.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128. The amendments shall be applied retrospectively.

- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019) allow companies to measure some pre-payable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(c) Standards and amendments that have been issued but not yet effective (continued)

- Annual Improvements to MFRSs 2015 - 2017 Cycle:

  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

(d) IFRIC Agenda Decision

In March 2019, IFRIC published an agenda decision on borrowings costs confirming, receivables, contract assets and inventories for which revenue is recognized over time are non-qualification assets. On 20 March 2019, the Malaysian Accounting Standards Board decided an entity shall apply the change in accounting policy as a results of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is assessing the impact on the change in accounting policy pursuant to IFRIC agenda decision on borrowing costs incurred on property under construction where control is transferred over time.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. 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 to direct the relevant activity of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Acquisition related costs are recognised as expenses when incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to the fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2.7 on intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the non-controlling interests' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling interests' share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiaries are attributable to the parent and the non-controlling interest, even if the attributable losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit and loss attributable to non-controlling interests for prior financial year is not restated.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

The Group had adopted MFRS 10 "Consolidated Financial Statements" with effective for financial year beginning 1 January 2013 and resulted in changes to the following policies:

- Control exists when the Group is expected, or has rights, to variable from its involvement with the entity and has the ability to the effect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such right are substantive. In the previous financial years, potential voting rights are considered with assessing control when such rights are presently exercisable.

- The Group 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. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy had been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 had no significant impact to the financial statements of the Group.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when the control is lost, with the change in carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amount previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries disposed.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

(d) Joint arrangements

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

The Group had adopted MFRS 11 "Joint Arrangements" with effect from 1 January 2013. As a result, joint arrangement are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to assets and obligations for the liabilities relating to the arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(d) Joint arrangements (continued)

Investments in joint ventures are stated at cost in the separate financial statements. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.19 to the financial statements.

Results and interests in joint venture are equity accounted in the venturer's financial statements of the Group.

Equity accounting involves recognising the venturer's share of the post-acquisition results of joint ventures in the profit or loss and its share of post-acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment losses).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturer. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

2.3 FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses are presented in the statements of comprehensive income within other expenses.

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currency	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
100 Thai Baht	**12.58**	12.33	12.40
1 Australian Dollar	**2.90**	3.15	3.23
1 UK Pound	**5.26**	5.46	5.51
1 Singapore Dollar	**3.03**	3.03	3.10
1 US Dollar	**4.14**	4.06	4.48

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 FOREIGN CURRENCIES (CONTINUED)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 INVESTMENTS

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Freehold land is not depreciated as it has an infinite life. Construction in progress are also not depreciated as these assets are not available for use. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts to their residual values over their estimated useful lives summarised as follows:

Buildings	50 years
Plant and machinery	5 to 10 years
Furniture, fittings, office equipment and computers	3 to 20 years
Motor vehicles	3 to 5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.19 to the financial statements.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are credited or charged to other expenses in the profit or loss.

2.6 INVESTMENT PROPERTIES

Investment properties, comprising land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised from the statement of financial position. The difference between the net disposal proceeds and the carrying amount is credited or charged to the profit or loss in the financial year of the retirement or disposal.

Investment properties also include properties that are under construction for future use as investment properties. These investments are also carried at cost.

Leasehold land are amortised over the period of the respective leases ranging from 66 years to 99 years. Amortisation is computed on the straight line method to write off the cost of each asset over its estimated useful life. The principal annual depreciation rate for related building is 2% per annum.

2.7 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note 2.19 to the financial statements on impairment of non-financial assets.

(b) Development rights - finite life

The Group capitalises purchased development rights. The development rights, which has finite useful life, is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The intangible assets is amortised based on the percentage of completion over the development period. The amortisation period and method are reviewed at each reporting date. The effects of any revision are recognised in profit or loss when changes arise. Where an impairment indication exists, the carrying amount of the development rights is assessed and written down immediately to its recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INTANGIBLE ASSETS (CONTINUED)

(c) Order book - finite life

The order book with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated over the estimated construction period related to the relative order book values. Where an impairment indication exists, the carrying amount of the order book is assessed and written down immediately to its recoverable amount.

(d) Patents

Separately acquired patents are shown at historical cost. Patents have a finite useful life and are carried at cost less accumulated amortisation and accumulated losses. Amortisation is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 10 years.

2.8 LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Accounting by lessee

Finance Lease

Leases of property, plant and equipment where the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charges is charged to the profit or loss over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Operating Lease

Leases of assets where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the profit or loss on the straight-line basis over the lease period.

Accounting by lessor

Operating leases

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 INVENTORIES

(a) Land held for property development

Land held for property development consists of land or such portion thereof on which no significant development work has been undertaken or where development activities is not expected to be completed within the normal operating cycle. Such land is classified as inventories in non-current asset and is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.19 to the financial statements.

Land held for property development is transferred to inventories - property development costs (under current assets) (Note 2.9(b)) when development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Borrowing costs are capitalised in accordance with Note 2.20 to the financial statements.

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land or such portion thereof and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are transferred from land held for property development (Note 2.9(a)) when physical development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Property development costs are recognised when incurred.

When the outcome of the development activity can be estimated reliably and the sale of the development unit is effected (i.e. upon the signing of the individual sales and purchase agreements and satisfaction of respective performance obligations), property development revenue and costs are recognised as revenue and expenses respectively by reference to the stage of completion of development activity at the reporting date in accordance with MFRS 15 'Revenue from Contracts with Customers'. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development.

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

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs will exceed total property development revenue (including expected defect liability expenditure), the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

Borrowing costs are capitalised in accordance with Note 2.20 to the financial statements.

Where revenue recognised in the profit or loss exceed billings to purchasers, the balance is shown as contract assets (within current assets). Where billings to purchasers exceed revenue recognised in the profit or loss, the balance is shown as contract liabilities (within current liabilities).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 INVENTORIES (CONTINUED)

(c) Unsold properties

Unsold properties are stated at the lower of cost and net realisable value.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and related allocation costs attributable to property development activities.

(d) Construction materials

Costs of construction materials is determined after deducting rebates and discounts valued using weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.10 SERVICE CONCESSION ASSET

Where the Group provides construction services in exchange for the concession assets, the contract revenue is recognised at its fair value using the input method in accordance with the accounting policy stipulated in Note 2.21(ii)(a), construction contracts, with the corresponding entry recorded as Service Concession Asset (SCA) in the statement of financial position. The SCA represents the Group's rights (licence) to collect toll under the concession agreement from users of the highway.

The SCA is amortised upon the commencement of the concession period. The amortisation formula applied in arriving at the annual amortisation charge during the period where toll is collected from users of the highway is as follows:

$$\frac{\text{Cumulative traffic volume to-date}}{\text{Projected total traffic volume for the entire concession period}} \times \text{SCA}$$

Where an indication of impairment exists, the carrying amount of the SCA is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.19 to the financial statements.

2.11 RECEIVABLES

Receivables are recognised initially at fair value. Receivables is subsequently measured at amortised cost using the effective interest method, less provision for impairment. The provision for impairment is established using expected credit loss approach as disclose in Note 2.22. Receivables are classified as current assets if at the time the amount is due in one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current assets.

2.12 EMPLOYEE BENEFITS

(a) Short term employee benefits

The Group and the Company recognise a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 EMPLOYEE BENEFITS (CONTINUED)

(b) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices. These benefits plans are either defined contribution or defined benefit plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial years. A defined contribution plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation.

The Group's and the Company's contributions to defined contribution plan are charged to the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Group and the Company provide for unfunded retirement benefits to eligible employees that have been in the service of the Group and the Company for a continuous period of at least ten (10) years.

This scheme is closed to new employees since 1 September 2002.

The Group determines the present value of the defined benefit obligation with sufficient regularity such that the liability recognised in the financial statements does not differ materially from the amount that would have been determined as at that date. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified independent actuary after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 30 November 2017.

The current service cost recognised in the profit or loss is calculated based on the present value of the benefits accruing over the financial year following the valuation date with reference to the number of eligible employees and projected final salaries.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(c) Share-based compensation

The Group and the Company operate an equity-settled, share-based long term incentive plan ("LTIP" or the Plan") following the expiry of the Employee Share Option Scheme ("ESOS"), which comprises the compensation plan for the eligible employees of the Group and eligible executive directors of the Company. The LTIP comprises of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The fair value of the employee services received in exchange for the RSP and PSP is recognised as an employee cost in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value, which is measured at grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Group and the Company revise its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 PROVISIONS

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Group provides for estimated liability on projects still under progress at the reporting date. This provision is calculated based on contract agreements/past histories.

2.14 PAYABLES

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Payables are initially recognised at fair value. Payables is subsequently measured at amortised cost using the effective interest method.

2.15 SENIOR AND JUNIOR SUKUK

The Senior and Junior Sukuk (Sukuk) are Islamic securities issued in accordance with the Syariah principle of Istisna'. Sukuk issued by the Group are stated at net proceeds received on issue. The Sukuk issuance expenses which represent the difference between the net proceeds and the total amount of the payment of the Sukuk are allocated to the periods over the term of the Sukuk at a constant rate on the carrying amounts.

2.16 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts and exclude the designated bank balances of which have been charged as security for borrowings.

Bank overdrafts are presented within borrowings in current liabilities on the statement of financial position.

2.17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

2.18 INCOME TAX

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits. Tax is recognised in the profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.19 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.20 BORROWING COSTS

Interest incurred on general and specific borrowings to finance the construction of property, plant and equipment and investment properties is capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the assets for its intended use. Interests relating to property development activities and construction contracts are accounted for in a similar manner. All other borrowings costs are expensed on an effective interest rate method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 REVENUE RECOGNITION

Revenue from contracts with customers

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

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

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, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

Performance obligations by segment are as follows:

i. Property development & investment

Property revenue consists of sales of development properties, sales of services and revenue from hotel operation.

(a) Sales of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement net of expected liquidated ascertained damages (LAD) payment, based on the expected value method.

The transaction price is adjusted for the effects of time value of money if the timing of payments provides the customer or the Group and the Company with a significant benefit of financing the transfer of goods or services to the customer. For contracts with advance payment from customer at the beginning of the contract prior to the transfer of developed properties which will take more than one year to complete, a contract liability will be recognised when the advance payment is received, and the contract liability balance is accreted over the contract period to reflect the effects of financing received from the customer, with a corresponding interest expense recognised in statement of comprehensive income. For contracts with deferred payment scheme, the Group and the Company adjust the promised consideration for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and the Company and its customer at contract inception. The significant financing component is recognised as finance income in statement of comprehensive income over the credit period using the effective interest rate applicable at the inception date.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company, and the Group and the Company have an enforceable right to payment for performance completed to date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

i. Property development & investment (continued)

(a) Sales of development properties (continued)

The promised properties are specifically identified by its lot and unit number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date. The Group and the Company are entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the input method, which is based on the level the proportion that the property development costs incurred to date bear to the estimated total costs for the property development.

The Group and the Company recognise sales at a point in time for the sale of land and sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the assets sold.

When the Group and the Company are not able to determine the probability that the Group and the Company will collect the consideration to which the Group and the Company will be entitled to in exchange of development properties, the Group and the Company will defer the recognition of revenue from sales of the development properties. Consideration received from the customer is recognised as contract liability.

(b) Sales of services

The Group and the Company provide maintenance services for some of the development properties. The Group and Company also provide other services, including facilities management services, general administration management services, building consultancy management services, financial management services, leasing and tenant acquisition services, lessee and tenant monitoring services, facility management technical advisory services, financial modelling (feasibility study) services, project management and consultancy services, and sales and marketing consultancy services. The Group and the Company recognise revenue from sales of services upon performance of services.

(c) Revenue from hotel operation

Hotel revenue represents income derived from room rentals, sales of food and beverage and other hotel related income. Room rental income is accrued on a daily basis on customer-occupied rooms. Sales of food and beverage are recognised upon delivery to customers. Hotel revenue is recognised net of sales tax and discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

ii. Engineering, construction & environment

Engineering, construction & environment revenue consists of services provided for construction contracts and project management services.

(a) Construction contracts

The Group and the Company provide various construction contract services, including design and build commercial building, commission of transmission lines and substations, and rehabilitation and improvement of beaches and rivers.

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from construction contracts is measured at the fixed transaction price agreed net of expected liquidated ascertained damages (LAD) payment, based on the expected value method.

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time as the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group and the Company recognise revenue over time using the input method, which is based on the level the proportion that the construction costs incurred to date bear to the estimated total costs for the construction contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as recoverables, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as contract assets. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as contract liabilities.

(b) Project management services

Revenue from project management fee is recognised upon performance of services.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

iii. Infrastructure & utilities

Infrastructure & utilities revenue consists of expressway operation services, toll collection and ancillary income from rest and service area.

(a) Expressway operation service

Revenue from services rendered as operator to operate, manage and maintain the expressway is recognised upon performance of services.

(b) Toll collection

Revenue from usage of expressway is recognised as and when customers use the expressway.

iv. Facilities management & parking

Facilities management & parking revenue consists of rental income for parking spaces, provision of management services and security guard services.

(a) Sales of services

The Group and the Company recognise revenue from sales of management services and security guard services upon performance of services.

v. Others

Revenue from others segment consists of sales of construction materials, management services to subsidiaries and revenue from other sources.

(a) Sales of construction materials

The Group and the Company recognise sales of construction materials at a point in time, when the control of the construction materials has been transferred to the customers, being when the construction materials have been delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the construction materials sold.

(b) Management services

The Company provides management services to its subsidiaries. The Company recognises revenue from sales of management services upon performance of services.

Revenue from other sources

Dividend income is recognised when the Group’s right to receive payment is established.

Interest income is recognised using the effective interest method.

Rental income is recognised on a straight-line basis over the tenure of the lease as stated in Note 2.8 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial assets

Accounting policy applicable as at 31 December 2018

Classification

From 1 January 2018, the Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss); and
- those to be measured at amortised cost.

The Group and the Company reclassify debt investments when and only when their business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating expenses together with foreign exchange gains and losses. Impairment losses are presented in other operating expenses in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Accounting policy applicable as at 31 December 2018 (continued)

Debt instruments (continued)

(b) Fair value through other comprehensive income (‘FVOCI’)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating expenses and impairment expenses are presented in other operating expenses in the statement of profit or loss.

(c) Fair value through profit or loss (‘FVTPL’)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other operating expenses in the period which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group’s and the Company’s management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s and the Company’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating expenses in the statement of profit or loss as applicable.

Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss (‘ECL’) associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have seven types of financial instruments that are subject to the ECL model:

- Trade receivables
- Non-trade receivables
- Amount due from subsidiaries
- Amount due from joint ventures / associates
- Contract assets
- Financial guarantee contracts issued

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Accounting policy applicable as at 31 December 2018 (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(a) **General 3-stage approach for non-trade receivables, amount due from subsidiaries, amount due from joint ventures/associates and financial guarantee contracts issued**

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Note 26 sets out the measurement details of ECL.

(b) **Simplified approach for trade receivables and contract assets**

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

Note 26 sets out the measurement details of ECL.

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information. The following indicators are incorporated:

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Accounting policy applicable as at 31 December 2018 (continued)

Significant increase in credit risk (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment 60 days after the payment term.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(a) Collective assessment

To measure ECL, trade receivables and contract assets arising from property development & investment, facilities management & parking businesses have been grouped based on shared credit risk characteristics by specific projects 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. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(b) Individual assessment

Trade receivables and contract assets arising from engineering, construction & environment and sales of construction materials businesses have been assessed individually.

In addition, all trade receivables and contract assets which are in default or credit-impaired are assessed individually.

Loans to subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Accounting policy applicable as at 31 December 2018 (continued)

Write-off

(a) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than 60 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other receivables

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the financial year ended 31 December 2018 was Nil. Subsequent recoveries of amounts previously written off will result in impairment gains.

Accounting policy applicable until 31 December 2017

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition:

- Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired or incurred principally for the purpose of selling or re-purchasing it in the short- term. Assets in this category are classified as current assets;

- Loans and receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are classified as current assets or non-current assets for maturities greater than 12 months after the end of the reporting period; and

- Available-for-sale financial assets: Available-for-sale financial assets are non-derivative financial assets that cannot be classified as financial assets at fair value through profit or loss, loans and receivables or cash and cash equivalents. These assets are included in non-current assets unless the financial assets mature or management intends to dispose of it within 12 months of the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Accounting policy applicable until 31 December 2017 (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date (the date on which the Group commits to purchase or sell the asset).

Financial assets other than financial assets carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement - gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and cash and cash equivalents are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are recognised in the profit or loss in the period in which they arise.

Changes in the fair value of the “financial assets available-for-sale” category are recognised in other comprehensive income. When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

Fair values for quoted investments are based on observable market prices.

Subsequent measurement - impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial re-organisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

    (i) adverse changes in the payment status of borrowers in the portfolio; and
    (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Accounting policy applicable until 31 December 2017 (continued)

Subsequent measurement - impairment of financial assets (continued)

Assets carried at amortised cost (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectable, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

De-recognition

Financial assets are de-recognised when the right to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available for sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting policies applied in 31 December 2018 and 31 December 2017

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities. The classification depends on the nature of the liabilities and the purpose for which the financial liabilities were incurred. Management determines the classification at initial recognition.

Other financial liabilities

When other financial liabilities are recognised initially, they are measured at fair value net of directly attributable transaction costs.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the other financial liabilities are derecognised, and through the amortisation process.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

Offsetting financial assets

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.23 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's and of the Company's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

2.24 SHARE CAPITAL

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the contractual arrangement. See accounting policy Note 2.25 on borrowings.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 SHARE CAPITAL (CONTINUED)

(c) Dividend distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(d) Warrants reserve

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to share capital upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Issuance of free warrants is not recognised in the financial statements, except for the warrants issued in a business combination in which case the warrants are fair valued as part of the purchase consideration.

2.25 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

From 1 January 2018, when borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

2.26 FAIR VALUE MEASUREMENTS

From 1 January 2013, the Group adopted MFRS 13 “Fair Value Measurement” which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability 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 accounts 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 assets in its highest and best use.

2.27 GOVERNMENT GRANT

Grant from the Government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grant relating to the acquisition of assets are classified as non-current are credited to the profit or loss over the expected lives of the related assets, on basis consistent with the depreciation of the related assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 LOAN TO SUBSIDIARIES

Loans to subsidiaries are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Loans to subsidiaries are subsequently measured at amortised cost using the effective interest method. The provision for impairment is established using expected credit loss approach as disclosed in Note 2.22.

2.29 CONTRACT COST ASSETS

The Group and the Company recognise incremental costs of obtaining a contract with a customer as contract cost assets if the Group and the Company expect to recover those costs. The incremental costs of obtaining a contract are those costs that the Group and the Company would not have incurred if the contract had not been obtained, including sales commission, agent fees in concluding sales and stamp duty incurred for project management contract agreements.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates to.

The Group and the Company recognise an impairment loss in statement of comprehensive income to the extent that the carrying amount of contract cost asset exceeds:

(a) the remaining amount of consideration that the Group and the Company expect to receive in exchange for the goods or services to which the asset relates; less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Group and the Company recognise in statement of comprehensive income a reversal of impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the contract cost asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised.

2.30 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

The Group and the Company assess a contract asset for impairment at each reporting period and the loss allowance is measured at an amount equal to lifetime expected credit losses for the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers other deferred income where the Group and the Company have billed or have collected the payment before the goods are delivered or services are provided to the customers.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessary equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Revenue from contracts with customers from property development activities and construction contracts activities

The Group and the Company recognise revenue from contracts with customers from property development activities and construction contract activities in the profit or loss by using the input method. The input method is measured by reference to the proportion of property development and contract costs incurred for work performed to date to the estimated total costs for the property development and construction contract.

Significant judgement is required in determining the stage of completion, the extent of the property development and construction costs incurred and the estimated total property development and construction costs, the potential liquidated ascertained damages (LAD) payment, as well as the recoverability of the contracts.

Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group and the Company evaluate the claims and stage of the project based on its industry knowledge, past experience and work of specialist.

(b) Goodwill and other intangible assets with indefinite useful lives

The Group tests at least annually whether goodwill have suffered any impairment, in accordance with the accounting policy stated in Notes 2.7 and 2.19. The recoverable amounts of cash generated units have been determined based on value-in-used and/or fair value less cost to sell calculations as appropriate. These calculations require the use of estimates. Refer to Note 24 for details of impairment testing of goodwill and other intangible assets with definite or indefinite useful lives.

4 FINANCIAL RISK MANAGEMENT

(a) The Group's activities expose it to a variety of financial risks, including interest rate risk, foreign currency risk, liquidity and cash flow risks, credit risk and capital risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Group does not trade in financial instruments.

(i) Interest rate risk

Interest rate risks arise mainly from the Group's and the Company's short-term deposits and borrowings. The Group's and the Company's short-term deposits are placed at prevailing interest rates.

Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk. The Group manages this risk through the use of fixed and floating rate debt.

The Group's and the Company's outstanding borrowings as at year end at variable rates on which hedges have not been entered into, are denominated in RM. If the annual interest rates of these borrowings increase/decrease by 1% respectively (2017: 1%) with all other variables being held constant, the result before tax of the Group and the Company will be lower/higher by 5.0% (2017: 5.0%) and 9.7% (2017: 16.1%) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Foreign currency risk

The Group and the Company are not exposed to significant foreign currency risk.

(iii) Liquidity and cash flow risk

The Group manages its liquidity risk by maintaining sufficient levels of cash or cash convertible investments and available credit facilities to meet its working capital requirements.

The table below analyses the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
The Group				
At 31.12.2018				
Trade and other payables	**1,084,133**	**-**	**-**	**1,084,133**
Borrowings	**798,014**	**869,769**	**5,737**	**1,673,520**
Hire purchase creditors	**928**	**916**	**-**	**1,844**
Long term liabilities	**-**	**45,000**	**555,000**	**600,000**
Other liabilities and charges	**34,042**	**-**	**-**	**34,042**
	1,917,117	**915,685**	**560,737**	**3,393,539**
At 31.12.2017 (restated)				
Trade and other payables	1,216,441	-	-	1,216,441
Borrowings	1,551,350	983,654	-	2,535,004
Sukuk	1,125,844	-	-	1,125,844
Hire purchase creditors	1,206	1,844	-	3,050
Long term liabilities	-	45,000	555,000	600,000
Redeemable preference shares	178,699	-	-	178,699
Other liabilities and charges	24,098	-	-	24,098
	4,097,638	1,030,498	555,000	5,683,136
At 1.12.2017 (restated)				
Trade and other payables	1,262,504	-	-	1,262,504
Borrowings	895,121	1,160,502	-	2,055,623
Sukuk	81,843	639,602	827,415	1,548,860
Hire purchase creditors	1,113	2,439	-	3,552
Long term liabilities	-	45,000	555,000	600,000
Other liabilities and charges	26,117	-	-	26,117
	2,266,698	1,847,543	1,382,415	5,496,656

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity and cash flow risk (continued)

	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
The Company				
At 31.12.2018				
Trade and other payables	**291,071**	**-**	**-**	**291,071**
Amounts due to subsidiaries	**47,112**	**-**	**-**	**47,112**
Borrowings	**385,602**	**-**	**-**	**385,602**
Financial guarantee contract	**412,412**	**869,769**	**5,737**	**1,287,918**
	1,136,197	**869,769**	**5,737**	**2,011,703**
At 31.12.2017				
Trade and other payables	150,574	-	-	150,574
Amounts due to subsidiaries	119,239	-	-	119,239
Borrowings	1,066,855	188,658	-	1,255,513
Financial guarantee contract	484,495	794,996	-	1,279,491
	1,821,163	983,654	-	2,804,817
At 1.1.2017				
Trade and other payables	123,207	-	-	123,207
Amounts due to subsidiaries	44,251	-	-	44,251
Borrowings	383,808	361,119	-	744,927
Financial guarantee contract	412,834	799,383	-	1,212,217
	964,100	1,160,502	-	2,124,602

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. The Group seeks to invest cash assets safely and profitably. Credit risks are minimised given the Group's policy of selecting only counterparties with high creditworthiness.

The Group has no significant concentrations of credit risk, notwithstanding that all of its deposits are placed with financial institutions in Malaysia. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

Measurement of ECL

Trade receivables and contract assets using simplified approach

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting 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 the receivables. The Group and the Company have not identified any forward-looking assumptions to be the most relevant factors, and accordingly have not adjusted the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Non-trade receivables, amounts due from subsidiaries and amounts due from joint ventures/associates using general 3-stage approach

The Group and the Company use three categories for the above which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ('probability of default') - the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') - the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') - the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) Capital risk

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

As part of its capital management plan, the Group and the Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder or sell assets to reduce debt.

Management monitors capital based on the Group's gearing ratio. The gearing ratio is calculated as total debt divided by total equity. Total debts is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position).

The gearing ratios at 31 December 2018, 31 December 2017 and 1 January 2017 were as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000 (restated)**	**1.1.2017 RM'000 (restated)**
Total debt	**1,491,374**	3,381,855	2,937,112
Total equity	**4,900,453**	4,921,683	3,023,856
Total capital	**6,391,827**	8,303,538	5,960,968
Gearing ratio	**0.30**	0.69	0.97

(b) Fair values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to/from related companies) and short term borrowings.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair values (continued)

Fair value estimation (continued)

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value at 31 December 2018, 31 December 2017 and 1 January 2017.

Assets

	Group and Company		
	31.12.2018 RM'000	**31.12.2017 RM'000 (restated)**	**1.1.2017 RM'000 (restated)**
Level 1			
Financial assets at fair value through profit or loss	**950**	1,913	2,523
Level 2			
Financial assets at fair value through profit or loss	**-**	309	309

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the Group's and of the Company's assets and liabilities that are not measured at fair value as at 31 December 2018 are disclosed in the respective notes to the financial statements.

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Financial year ended 31 December 2018

(i) Bukit Jalil Sentral Property Sdn. Bhd.

On 31 May 2017, the Company, Rukun Juang Sdn. Bhd. ("RJSB"), an 85% equity owned subsidiary of the Company, Tanjung Wibawa Sdn. Bhd. ("TWSB"), a wholly owned subsidiary of the Employees Provident Fund Board, and the RJSB's wholly owned subsidiary, Bukit Jalil Sentral Property Sdn. Bhd. ("BJSP") entered into a subscription and shareholders' agreement ("SSA").

The arrangement will result in RJSB and TWSB to co-invest in a special purpose company, namely Bukit Jalil Sentral Property Sdn. Bhd., for the purpose of jointly developing the three ("3") parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres ("Lands"), which were transferred by The Government of Malaysia via Syarikat Tanah dan Harta Sdn. Bhd. on 17 April 2018 to the BJSP as consideration to RJSB for undertaking the Privatisation Project at the National Sport Complex in Bukit Jalil.

The SSA was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 May 2018 and completed on 19 December 2018. With this, the BJSP became a 20% equity owned associate of RJSB.

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2018 (continued)

(i) Bukit Jalil Sentral Property Sdn. Bhd. (continued)

The effects of the above disposal to the financial position of the Group as at the date of disposal is as follows:

	As at 19.12.2018 RM'000
Consideration received from TWSB	1,074,598
Fair value of retained investment	268,649
	1,343,247
Less: Net assets disposed (a)	(1,343,243)
Gain on disposal	4
(a) Net assets disposed represented by the following:	
Inventories	1,363,706
Bank balance	98
Other payables	(20,462)
Amount owing to RJSB	(100)
Non-controlling interests	1
Total net liability disposed	1,343,243
(b) Net cash flow represented by the following:	
Total consideration from disposal of 80% equity interest	-
Less:	
Bank balance	(98)
Net cash outflow from disposal	(98)

In addition to the above, the SSA also included a Call Option Notice, First Put Option Notice and Second Put Option Notice.

The Call Option Notice represents duly executed and completed notice from the Company and /or RJSB to TWSB in respect of the exercise of the Call Option, which can be immediately exercised after the completion of the SSA and ending on the day falling 24 months (i.e. 18 December 2020) thereafter to purchase 29% of TWSB's shares in BJSB.

The First Put Option Notice represents duly executed and completed notice from TWSB to RJSB in respect of the exercise of the Put Option, which can be immediately exercised after the expiry of the Call Option Period and ending on the day falling 12 months thereafter to sell 29% of BJSB's shares held by TWSB. In the event that TWSB shall not have issued the First Put Option Notice to the Company and/or RJSB before the last day of the First Put Option Period, TWSB shall, notwithstanding such failure, be deemed to have automatically exercised the First Put Option on the last day of the First Put Option Period without the requirement of the issuance of the First Put Option Notice to the Company and/or RJSB.

The Second Put Option Notice represents duly executed and completed notice from TWSB and RJSB in respect of the exercise of the Put Option, which can be immediately exercised on the Business Day falling immediately after the 7th anniversary date of the completion of the First Tranche Subscription and ending on the day falling 12 months thereafter to sell remaining shares held by TWSB as at the date of the Second Put Option Notice.

The Call Option and Put Option rights in the SSA are derivative financial instruments. The derivatives had been classified as fair value through profit or loss. As at 31 December 2018, the fair value of the derivatives had been assessed as immaterial.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2017

(ii) Semasa Services Sdn. Bhd.

On 12 January 2017, the Company entered into a conditional Share Sale Agreement with Crystal Clear Cleaning Sdn. Bhd. for the disposal of its entire equity interest in Semasa Services Sdn. Bhd., a wholly owned subsidiary of the Company, for a total cash consideration of RM4.8 million ("Purchase Price") with a provision for adjustment to the Purchase Price.

The disposal was completed on 5 April 2017. The final Purchase Price was RM5.7 million with a gain of disposal of RM3.8 million.

The effects of the above disposal to the financial position of the Group as at the date of disposal were as follows:

	As at 5.4.2017 RM'000
Purchase consideration for 100% equity interest	5,732
Less:	
Net assets disposed (a)	(1,887)
Gain on disposal	3,845

(a) Net assets disposed represented by the following:

Property, plant and equipment (Note 15)	388
Deferred tax	83
Tax recoverable	290
Cash and bank balances	5,097
Trade and other receivables	2,577
Trade and other payables	(6,548)
Total net assets disposed	1,887

(b) Net cash flow represented by the following:

Total consideration recoverable from disposal of 100% equity interest	5,732
Less:	
Cash and bank balances	(5,097)
Net cash inflow from disposal	635

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2017 (continued)

(iii) Kwasa Sentral Sdn. Bhd.

On 14 August 2014, the Company entered into a shareholders' agreement with Kwasa Land Sdn. Bhd. and Kwasa Sentral Sdn. Bhd. ("KSSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing a 70% equity interest in KSSB for a cash subscription payment of approximately RM816.6 million ("Subscription"). KSSB is a special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land ("MX-1 Land") identified to be the town centre of the proposed Kwasa Damansara Township. The Subscription was approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015.

On 8 August 2016, a supplemental shareholders' agreement was signed to, amongst others, to allow the Parties to mutually agree on a suitable date to be the unconditional date (which was to be a date falling within six (6) months after the date of fulfilment of the conditions precedent).

On 11 November 2016, the Company announced that all the conditions precedent as set out in the shareholders' agreement and supplemental shareholders' agreement had been fulfilled.

On 9 May 2017, a second supplemental shareholders' agreement was signed to vary certain terms of the shareholders' agreement and supplemental shareholders' agreement. The subscription payment to be paid upon the unconditional date was agreed to be RM819.5 million as the MX-1 Land size was 64.3 acres pursuant to the subdivision and the number of ordinary shares to be issued by KSSB remained the same. In addition, the Parties mutually agreed a suitable date to be the unconditional date which shall be a date occurring no later than 29 December 2017 or any other date as may be agreed upon in writing by the Parties.

The Subscription was completed and the shareholders' agreements became unconditional on 20 December 2017. With this, KSSB became the Group 70% equity owned subsidiary.

The effects of the above acquisition to the financial position of the Group as at 31 December 2017 at the date of acquisition are as follows:

	As at 31.12.2017 RM'000
Investment properties (Note 16)	685,926
Land held for property development (Note 17(a))	215,375
Other receivables	265,968
Tax recoverable	60
Deposits, cash and bank balances	179,111
Other payables	(11,546)
Amount due to non-controlling interest	(5,368)
Redeemable preference shares	(178,699)
Non-controlling interest	(771)
Total net assets acquired	1,150,056
Profit guarantee to non-controlling interest (Note 39)	(330,510)
Purchase consideration	819,546
Less:	
Cash and cash equivalent of the subsidiary acquired	(179,111)
Deposit paid in prior year	(81,662)
Net cash outflow on acquisition	558,773

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2017 (continued)

(iv) 59 INC Sdn. Bhd.

The Company had on 26 December 2017 entered into a Share Sale Agreement ("SSA") with TH Properties Sdn. Bhd. ("THP") for the disposal of 200,000 ordinary shares in 59 INC Sdn. Bhd. ("59 INC"), representing the Company's 40% equity interest in 59 INC for a total cash consideration of RM100,138,792. The Company had simultaneously entered into a Subscription and Shareholders' Agreement ("SASA") with THP and 59 INC, whereby THP has agreed to subscribe for 500,000 new ordinary shares in 59 INC. Following the completion of the SSA and SASA, the Company's equity interest in 59 INC has been diluted from 100% to 30%, resulting in a total gain of RM60.8 million.

The effects of the above disposal to the financial position of the Group as at the date of disposal is as follows:

	As at 26.12.2017 RM'000
Purchase consideration for 70% equity interest*	223,139
Fair value of 30% equity interest retained**	42,917
	266,056
Less:	
Net assets disposed (a)	(196,455)
Incidental costs of disposal	(8,760)
Disposal gain before tax	60,841
Real property gain tax	(1,000)
Disposal gain after tax	59,841

* Included redeemable cumulative preference shares of RM123 million.

** Being fair value gain from remeasurement of 30% equity interest.

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2017 (continued)

(iv) 59 INC Sdn. Bhd. (continued)

	As at 26.12.2017 RM'000
(a) Net assets disposed represented by the following:	
Property, plant and equipment (Note 15)	156
Investment properties (Note 16)	32,265
Land held for property development (Note 17(a))	168,460
Intangible assets (Note 24)	18,017
Other receivables	43
Cash and bank balances	3,337
Trade and other payables	(6,019)
Amount due to the Company and subsidiaries	(32)
Deferred tax liabilities	(19,772)
Total net assets disposed	196,455
(b) Net cash flow represented by the following:	
Total consideration recoverable from disposal of 70% equity interest	100,139
Less:	
Cash and bank balances	(3,337)
Amount due from THP	(100,139)
Net cash outflow from disposal	(3,337)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

6 REVENUE-CONTINUING OPERATIONS

Revenue comprises the following:

	Group		Company	
	2018 RM'000	**2017 RM'000 (restated)**	**2018 RM'000**	**2017 RM'000**
Revenue from contracts with customers				
Sales of development properties	**975,201**	701,914	**-**	1,875
Construction contracts	**756,978**	1,773,887	**543,119**	439,582
Sales of services	**61,004**	62,507	**-**	-
Hotel operations	**14,198**	15,506	**-**	-
Sales of construction materials	**7,305**	11,214	**-**	-
Management services	**5,576**	5,435	**58,620**	60,543
	1,820,262	2,570,463	**601,739**	502,000
Revenue from other sources				
Rental income	**50,415**	70,112	**16,409**	15,011
Dividend income (gross)	**28**	74	**124,830**	106,615
	1,870,705	2,640,649	**742,978**	623,626

6 REVENUE-CONTINUING OPERATIONS (CONTINUED)

Disaggregation of the Group's revenue from contracts with customers:

2018	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
Contract with customers					
Sales of development properties	975,201	-	-	-	975,201
Construction contracts	-	756,978	-	-	756,978
Sales of services	4,696	-	53,323	2,985	61,004
Hotel operation	14,198	-	-	-	14,198
Sales of construction materials	-	-	-	7,305	7,305
Management services	-	1,600	-	3,976	5,576
	994,095	758,578	53,323	14,266	1,820,262
Timing of revenue recognition					
At point in time	504,800	-	-	7,305	512,105
Over time	489,295	758,578	53,323	6,961	1,308,157
	994,095	758,578	53,323	14,266	1,820,262
Other sources					
Rental income	48,575	-	-	1,840	50,415
Dividend income	-	-	-	28	28
	1,042,670	758,578	53,323	16,134	1,870,705

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

6 REVENUE-CONTINUING OPERATIONS (CONTINUED)

Disaggregation of the Group's revenue from contracts with customers: (continued)

2017	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
Contract with customers					
Sales of development properties	701,914	-	-	-	701,914
Construction contracts	-	1,773,887	-	-	1,773,887
Sales of services	4,842	-	55,755	1,910	62,507
Hotel operation	15,506	-	-	-	15,506
Sales of construction materials	-	-	-	11,214	11,214
Management services	-	-	-	5,435	5,435
	722,262	1,773,887	55,755	18,559	2,570,463
Timing of revenue recognition					
At point in time	191,302	-	-	11,214	202,516
Over time	530,960	1,773,887	55,755	7,345	2,367,947
	722,262	1,773,887	55,755	18,559	2,570,463
Other sources					
Rental income	65,484	-	-	4,628	70,112
Dividend income	-	-	-	74	74
	787,746	1,773,887	55,755	23,261	2,640,649

6 REVENUE-CONTINUING OPERATIONS (CONTINUED)

Disaggregation of the Company's revenue from contracts with customers: (continued)

	Company	
	2018 RM'000	2017 RM'000
Contract with customers		
Sales of development properties	**-**	1,875
Construction contracts	**543,119**	439,582
Management services	**58,620**	60,543
	601,739	502,000
Timing of revenue recognition		
At point in time	**-**	1,875
Over time	**601,739**	500,125
	601,739	502,000
Other sources		
Rental income	**16,409**	15,011
Dividend income	**124,830**	106,615
	742,978	623,626

7 COST OF SALES-CONTINUING OPERATIONS

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Sale of development properties	**763,015**	463,572	**-**	1,299
Construction contracts	**621,136**	1,602,800	**532,202**	431,655
Sale of services	**42,826**	42,420	**-**	-
Hotel operations	**9,860**	11,254	**-**	-
Sale of construction materials	**5,844**	7,107	**-**	-
Rental income	**55,440**	69,477	**12,892**	12,885
	1,498,121	2,196,630	**545,094**	445,839

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

8 OTHER INCOME AND FINANCE INCOME-CONTINUING OPERATIONS

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Gain on disposal of:				
- subsidiaries	**4**	64,686	**-**	36,100
- a joint venture	**-**	1,649	**-**	-
Building maintenance services	**17,262**	12,871	**-**	-
Rental income from land and buildings	**994**	1,345	**195**	196
Multimedia Super Corridor charges	**4,411**	1,288	**-**	-
Administration charges	**1,189**	741	**-**	-
Compensation	**-**	5,671	**-**	-
Forfeiture of security deposits	**1,023**	15	**-**	-
Others	**4,185**	15,470	**83**	195
	29,068	103,736	**278**	36,491
Finance income from				
- unwinding of discount for financial assets	**-**	6,324	**-**	-
- fixed deposits	**10,681**	15,705	**2,105**	8,203
- advances granted to a foreign subsidiary	**-**	-	**4,779**	5,132
- late payments charges	**5,102**	682	**2,909**	-
- others	**4,806**	23	**318**	23
	20,589	22,734	**10,111**	13,358

9 PROFIT BEFORE INCOME TAX-CONTINUING OPERATIONS

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audit	**1,043**	1,001	**203**	190
- other services				
- audit related	**159**	93	**14**	55
- non audit related	**1,215**	713	**534**	131
Staff costs (including remuneration of Executive Directors) (Note 10)	**220,400**	209,095	**69,204**	67,411
Depreciation of investment properties (Note 16)	**6,532**	4,675	**-**	-

9 PROFIT BEFORE INCOME TAX-CONTINUING OPERATIONS (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Profit before income tax is arrived at after charging/(crediting): (continued)				
Property, plant and equipment (Note 15)				
- depreciation	**19,226**	20,658	**722**	1,261
- written off	**4**	35	**-**	-
- net gain on disposal	**(74)**	(189)	**-**	-
Amortisation of:				
- order book (Note 24)	**5,536**	5,682	**-**	-
- contract cost asset (Note 27)	**6,051**	4,313	**-**	-
- patents (Note 24)	**201**	-	**-**	-
- government grant (Note 40)	**(44)**	-	**-**	-
Impairment/(write back) on investment in				
- subsidiaries (Note 19)	**-**	-	**25,307**	(2,950)
- associate (Note 20)	**-**	-	**-**	6,645
(Write back)/provision for impairment on on receivables and amount due from subsidiaries	**(1,175)**	(539)	**(47,871)***	524
Allowance for inventories obsolescence	**-**	351	**-**	-
Gain on disposal of				
- subsidiaries	**(4)**	(64,686)	**-**	(36,100)
- a joint venture	**-**	(1,649)	**-**	-
Fair value loss of financial assets at fair value through profit or loss	**1,272**	610	**1,272**	610
Rental of				
- premises	**19,862**	49,619	**18,462**	18,337
- motor vehicles	**187**	180	**1**	14
- office equipment	**865**	632	**99**	13
Bad debts (recovered)/written off	**(8)**	2	**4**	23
Loss from settlement of guaranteed contract	**-**	-	**30,652**	-
Realised (gain)/loss on foreign exchange	**(1)**	11	**-**	0
Unrealised loss on foreign exchange	**5,389**	2,290	**3,621**	1,934

Included in cost of sales were direct operating expenses from investment properties that generated rental income of the Group and of the Company during the financial year which amounted to RM13,146,249 (2017: RM12,189,891) and Nil (2017: Nil) respectively.

"0" denotes as amount less than RM1,000.

* Includes gain arising from restructuring of inter-company loans (Note 26)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

10 STAFF COSTS-CONTINUING OPERATIONS

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Wages, salaries and bonus	**160,162**	161,745	**48,174**	50,804
Defined contribution plan	**23,466**	22,838	**7,762**	7,971
Defined benefit plan (Note 37)	**1,705**	1,101	**694**	972
Share based payment (Note 32)	**9,501**	4,412	**5,143**	2,632
Other employee benefits	**25,566**	18,999	**7,431**	5,032
	220,400	209,095	**69,204**	67,411

The number of persons employed by the Group and the Company at the end of the financial year were 2,013 (2017: 1,989) and 331 (2017: 348) respectively.

11 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Non-executive Directors

Tan Sri Azlan Mohd Zainol (Chairman)
Rohaya Mohammad Yusof
Jamaludin Zakaria
Hasman Yusri Yusoff
To' Puan Looi Lai Heng
Dato' Mohamad Nasir Ab Latif (Appointed on 24 August 2018)
Datuk Shahril Ridza Ridzuan (Resigned on 20 August 2018)

Executive Directors

Mohd Imran Mohamad Salim (Group Managing Director)
Tan Sri Mohamad Salim Fateh Din (Retired on 2 July 2018)

11 DIRECTORS' REMUNERATION-CONTINUING OPERATIONS (CONTINUED)

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year were as follows:

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Non-executive Directors				
The Company				
Directors' fees	**949**	811	**949**	811
Other emoluments	**587**	478	**587**	478
	1,536	1,289	**1,536**	1,289
The subsidiaries				
Directors' fees	**52**	65	**-**	-
Other emoluments	**-**	2	**-**	-
	1,588	1,356	**1,536**	1,289
Executive Directors				
The Company				
Salaries	**6,082**	5,216	**6,082**	5,216
Defined contribution plan	**1,299**	1,088	**1,299**	1,088
Other employee benefits	**226**	270	**226**	270
Share based payments	**1,315**	804	**1,315**	804
	8,922	7,378	**8,922**	7,378
The subsidiaries				
Salaries	**3,582**	3,396	**-**	-
Defined contribution plan	**617**	593	**-**	-
Other employee benefits	**463**	355	**-**	-
Share based payments	**405**	257	**-**	-
	13,989	11,979	**8,922**	7,378
	15,577	13,335	**10,458**	8,667
Benefits-in-kind				
The Company				
Non-executive Director	**179**	198	**179**	198
Executive Directors	**86**	49	**86**	49
	265	247	**265**	247
The subsidiaries				
Non-executive Director	**24**	-	**-**	-
Executive Directors	**70**	47	**-**	-
	359	294	**265**	**247**

Included in the analysis above is remuneration for Directors of the Company and its subsidiaries in accordance with the requirement of Companies Act 2016. Expenses incurred on the indemnity given or insurance effected for any Director and the officer of the Company and its subsidiaries during the financial year amounted to RM97,177 (2017: RM169,533).

12 FINANCE COSTS-CONTINUING OPERATIONS

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
Arrangement fees for borrowings	**252**	926	**95**	300
Finance cost on term loans	**30,090**	23,233	**58,456**	49,234
Amortisation of loan issuance cost	**12,578**	4,234	**10,884**	3,952
Others	**1,055**	1	**-**	-
	43,975	28,394	**69,435**	53,486

13 INCOME TAX EXPENSE-CONTINUING OPERATIONS

(a) Tax charged/(credited) for the financial year

	Group		Company	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000
In Malaysia				
Current tax	**60,559**	80,643	**440**	3,067
(Over)/under provision in prior years	**(464)**	(2,560)	**496**	(85)
	60,095	78,083	**936**	2,982
Deferred tax	**(8,737)**	(12,725)	**-**	-
	51,358	65,358	**936**	2,982
In Australia				
Current tax	**20**	3,420	**-**	-
Over provision in prior years	**(1,793)**	-	**-**	-
	(1,773)	3,420	**-**	-
Deferred tax	**(3,499)**	-	**-**	-
	(5,272)	3,420	**-**	-
Income tax expense	**46,086**	68,778	**936**	2,982
Current tax:				
- income tax	**60,579**	83,063	**440**	2,067
- real property gain tax	**-**	1,000	**-**	1,000
(Over)/under provision in prior years	**(2,257)**	(2,560)	**496**	(85)
	58,322	81,503	**936**	2,982
Deferred tax:				
Origination net of reversal of temporary differences (Note 25)	**(12,236)**	(12,725)	**-**	-
Income tax expense	**46,086**	68,778	**936**	2,982

13 INCOME TAX EXPENSE-CONTINUING OPERATIOS (CONTINUED)

(b) Numerical reconciliation of taxation and the product of accounting profit multiplied by the Malaysia tax rate

The explanation of the relationship between income tax expense and profit before income tax is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000 (restated)**	**2018 RM'000**	**2017 RM'000**
Profit before income tax (excluding share of results of associates and joint ventures)	**97,514**	244,177	**23,005**	62,576
Tax calculated at the Malaysian tax rate of 24% (2017: 24%)	**23,403**	58,602	**5,521**	15,018
Tax effects of:				
Income not subject to tax	**(2,734)**	(5,271)	**(25,748)**	(22,662)
Expenses not deductible for tax purposes	**24,173**	26,290	**21,523**	17,821
Deductible temporary differences and tax losses not recognised	**2,570**	4,123	**(856)**	331
Income subject to different tax rate	**(4,746)**	(15,373)	**-**	(7,441)
Taxable dividend from associate	**5,677**	2,967	**-**	-
(Over)/under provision of tax in prior years	**(2,257)**	(2,560)	**496**	(85)
Income tax expense	**46,086**	68,778	**936**	2,982

14 EARNINGS PER SHARE-CONTINUING OPERATIONS

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2018	**2017 (restated)**
Profit for the financial year attributable to the equity holders of the Company (RM'000)		
- from continuing operations	**75,413**	186,251
- from discontinued operations	**25,754**	(24,338)
	101,167	161,913
Weighted average number of ordinary shares in issue ('000)	**4,391,814**	2,556,085
Basic earnings per share (sen)		
- from continuing operations	**1.71**	7.28
- from discontinued operations	**0.59**	(0.95)
	2.30	6.33

(b) Diluted earnings per share

Profit for the financial year attributable to the equity holders of the Company (RM'000)		
- from continuing operations	**75,413**	186,251
- from discontinued operations	**25,754**	(24,338)
	101,167	161,913
Weighted average number of ordinary shares in issue ('000)	**4,391,814**	2,556,085
Adjustment for warrants B ('000)	**-**	15,238
Adjusted weighted average number of ordinary shares in issue ('000)	**4,391,814**	2,571,323
Diluted earnings per share (sen)		
- from continuing operations	**1.71**	7.24
- from discontinued operations	**0.59**	(0.94)
	2.30	6.30

Warrants B was not included in the calculation for the financial year because the fair value of the issued ordinary shares as at 31 December 2018 was lower than warrant B's exercise price. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

For the purpose of calculating diluted earnings per share in the previous financial year, the weighted average number of ordinary shares issued during the financial year were adjusted for the dilutive effects of all the potential ordinary shares i.e. warrants B.

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
Group						
31.12.2018						
Cost						
At 1.1.2018	306,883	25,182	62,626	12,897	301,534	709,122
Additions	1,693	189	4,167	1,206	65,886	73,141
Disposals	-	-	(332)	(1,744)	-	(2,076)
Transferred to investment properties (Note 16)	-	(2,590)	-	-	-	(2,590)
Reclassification	196,425	54,841	4,359	-	(255,625)	-
Written off	-	(22)	-	(142)	-	(164)
At 31.12.2018	505,001	77,600	70,820	12,217	111,795	777,433
Accumulated depreciation						
At 1.1.2018	26,561	17,667	42,822	7,832	-	94,882
Charge for the financial year	6,558	1,589	9,494	1,603	-	19,244
Disposals	-	-	(197)	(1,697)	-	(1,894)
Written off	-	(18)	-	(142)	-	(160)
At 31.12.2018	33,119	19,238	52,119	7,596	-	112,072

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
Group						
31.12.2017						
Cost						
At 1.1.2017	259,986	25,178	58,416	13,542	157,081	514,203
Additions	46,897	4	5,379	908	144,609	197,797
Disposals	-	-	(231)	(1,488)	-	(1,719)
Disposal of subsidiaries (Note 5 (ii) and (iv))	-	-	(826)	(65)	(156)	(1,047)
Written off	-	-	(112)	-	-	(112)
At 31.12.2017	306,883	25,182	62,626	12,897	301,534	709,122
Accumulated depreciation						
At 1.1.2017	18,630	15,436	34,386	7,928	-	76,380
Charge for the financial year	7,931	2,231	9,124	1,457	-	20,743
Disposals	-	-	(178)	(1,488)	-	(1,666)
Disposal of subsidiaries (Note 5(ii) and (iv))	-	-	(438)	(65)	-	(503)
Written off	-	-	(72)	-	-	(72)
At 31.12.2017	26,561	17,667	42,822	7,832	-	94,882

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
Group						
1.1.2017						
Cost						
At 1.1.2016	243,006	25,178	57,604	9,248	62,792	397,828
Additions	24,997	2,284	4,823	4,294	94,289	130,687
Disposals	-	(2,284)	(713)	-	-	(2,997)
Written off	(8,017)	-	(3,298)	-	-	(11,315)
At 31.12.2016	259,986	25,178	58,416	13,542	157,081	514,203
Accumulated depreciation						
At 1.1.2016	11,467	12,960	28,797	7,139	-	60,363
Charge for the financial year	7,931	2,476	8,916	789	-	20,112
Release on disposals	-	-	(220)	-	-	(220)
Written off	(768)	-	(3,107)	-	-	(3,875)
At 31.12.2016	18,630	15,436	34,386	7,928	-	76,380
Net book value						
At 31.12.2018	**471,882**	**58,362**	**18,701**	**4,621**	**111,795**	**665,361**
At 31.12.2017	280,322	7,515	19,804	5,065	301,534	614,240
At 1.1.2017	241,356	9,742	24,030	5,614	157,081	437,823

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the freehold land and buildings of the Group are as follows:

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
31.12.2018			
Cost			
At 1.1.2018	**203,304**	**103,579**	**306,883**
Additions	**-**	**1,693**	**1,693**
Reclassification	**2,116**	**194,309**	**196,425**
At 31.12.2018	**205,420**	**299,581**	**505,001**
Accumulated depreciation			
At 1.1.2018	**-**	**26,561**	**26,561**
Charge for the financial year	**-**	**6,558**	**6,558**
At 31.12.2018	**-**	**33,119**	**33,119**
31.12.2017			
Cost			
At 1.1.2017	157,235	102,751	259,986
Additions	46,069	828	46,897
At 31.12.2017	203,304	103,579	306,883
Accumulated depreciation			
At 1.1.2017	-	18,630	18,630
Charge for the financial year	-	7,931	7,931
At 31.12.2017	-	26,561	26,561

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the freehold land and buildings of the Group are as follows:(continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
1.1.2017			
Cost			
At 1.1.2016	143,167	99,839	243,006
Additions	14,068	10,929	24,997
Written off	-	(8,017)	(8,017)
At 31.12.2016	157,235	102,751	259,986
Accumulated depreciation			
At 1.1.2016	-	11,467	11,467
Charge for the financial year	-	7,931	7,931
Written off	-	(768)	(768)
At 31.12.2016	-	18,630	18,630
Net book value			
At 31.12.2018	**205,420**	**266,462**	**471,882**
At 31.12.2017	203,304	77,018	280,322
At 1.1.2017	157,235	84,121	241,356

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
Company			
31.12.2018			
Cost			
At 1.1.2018	**6,911**	**172**	**7,083**
Additions	**437**	**-**	**437**
At 31.12.2018	**7,348**	**172**	**7,520**
Accumulated depreciation			
At 1.1.2018	**5,871**	**172**	**6,043**
Charge for the financial year	**722**	**-**	**722**
At 31.12.2018	**6,593**	**172**	**6,765**
31.12.2017			
Cost			
At 1.1.2017	6,536	172	6,708
Additions	375	-	375
At 31.12.2017	6,911	172	7,083
Accumulated depreciation			
At 1.1.2017	4,610	172	4,782
Charge for the financial year	1,261	-	1,261
At 31.12.2017	5,871	172	6,043
1.1.2017			
Cost			
At 1.1.2016	5,777	172	5,949
Additions	761	-	761
Written off	(2)	-	(2)
At 31.12.2016	6,536	172	6,708
Accumulated depreciation			
At 1.1.2016	3,384	172	3,556
Charge for the financial year	1,228	-	1,228
Written off	(2)	-	(2)
At 31.12.2016	4,610	172	4,782
Net book value			
At 31.12.2018	**755**	**-**	**755**
At 31.12.2017	1,040	-	1,040
At 1.1.2017	1,926	-	1,926

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment of the Group are the net book values of the following assets acquired under hire purchase terms:

	Net book value		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Motor vehicles	**2,621**	3,657	3,938

The property, plant and equipment of the Group with net book value of RM126,932,034 (31.12.2017: RM126,923,447; 1.1.2017: RM121,935,321) have been charged as security for term loan facilities of the Group.

Borrowings costs of RM23,488,949 (2017: RM21,786,108; 2016: RM4,617,838) for the Group have been capitalised to the asset under construction during the financial year. To the extent the general borrowing cost is capitalised, a capitalised rate of 5.5% (2017: 5.4%) is applied.

16 INVESTMENT PROPERTIES

	Land & building RM'000	Construction in progress RM'000	Total RM'000
Group			
31.12.2018			
Cost			
At 1.1.2018	**850,102**	**482,682**	**1,332,784**
Additions	**484**	**106,131**	**106,615**
Transferred from property, plant and equipment (Note 15)	**-**	**2,590**	**2,590**
Reclassification	**467,197**	**(467,197)**	**-**
At 31.12.2018	**1,317,783**	**124,206**	**1,441,989**
Accumulated depreciation			
At 1.1.2018	**77,647**	**-**	**77,647**
Charge for the financial year	**6,532**	**-**	**6,532**
At 31.12.2018	**84,179**	**-**	**84,179**
Accumulated impairment loss			
At 1.1.2018/31.12.2018	**43,839**	**-**	**43,839**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

16 INVESTMENT PROPERTIES (CONTINUED)

	Land & building RM'000	Construction in progress RM'000	Total RM'000
Group			
31.12.2017			
Cost			
At 1.1.2017	371,931	264,957	636,888
Additions	879	41,356	42,235
Acquisition of a subsidiary (Note 5(iii))	507,459	178,467	685,926
Disposal of a subsidiary (Note 5(iv))	(32,265)	-	(32,265)
Reclassification	2,098	(2,098)	-
At 31.12.2017	850,102	482,682	1,332,784
Accumulated depreciation			
At 1.1.2017	72,972	-	72,972
Charge for the financial year	4,675	-	4,675
At 31.12.2017	77,647	-	77,647
Accumulated impairment loss			
At 1.1.2017/31.12.2017	43,839	-	43,839
1.1.2017			
Cost			
At 1.1.2016	371,931	153,733	525,664
Additions	-	111,224	111,224
At 31.12.2016	371,931	264,957	636,888
Accumulated depreciation			
At 1.1.2016	68,308	-	68,308
Charge for the financial year	4,664	-	4,664
At 31.12.2016	72,972	-	72,972
Accumulated impairment loss			
At 1.1.2016/31.12.2016	43,839	-	43,839
Net book value			
At 31.12.2018	**1,189,765**	**124,206**	**1,313,971**
At 31.12.2017	728,616	482,682	1,211,298
At 1.1.2017	255,120	264,957	520,077

16 INVESTMENT PROPERTIES (CONTINUED)

The investment properties of the Group with net book value of RM403,346,164 (31.12.2017: RM463,030,155; 1.1.2017: RM440,054,705) have been charged as security for term loan facilities of the Group and of the Company (Notes 38 and 43).

Borrowings costs of RM37,410,867 (2017: RM16,806,417; 2016: RM10,766,602) for the Group has been capitalised in the construction in progress for the investment properties during the financial year. To the extent the general borrowing cost is capitalised, a capitalised rate of 5.5% (2017: 5.4%) is applied.

At 31 December 2018, there were no contractual obligations for future repairs and maintenance (31.12.2017: Nil; 1.1.2017: Nil).

The leasehold land of the Group have lease periods ranging from 58 years to 97 years.

Fair value information

The fair value of the investment properties excluding those being constructed as at financial year end are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31.12.2018				
Land and Building	**-**	**-**	**729,530**	**729,530**
31.12.2017				
Land and Building	-	-	208,468	208,468
1.1.2017				
Land and Building	-	-	277,414	277,414

The fair value of investment properties under construction including lands amounting to RM758,178,056 (31.12.2017: RM1,046,230,376; 1.1.2017: RM318,948,624) cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determined, whichever is earlier.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows a reconciliation of Level 3 fair value for investment properties excluding those being constructed as at financial year end.

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
At 1 January	**208,468**	277,414	281,013
Increase/(reduction)*	**521,062**	(68,946)	(3,599)
At 31 December	**729,530**	208,468	277,414

* Increase during the financial year is mainly due to completed construction in progress.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

16 INVESTMENT PROPERTIES (CONTINUED)

The following table shows the valuation techniques used in determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Discounted cash flow	- Expected market rental growth: 3% per every 3 years	The estimated fair value would increase/(decrease) if - Expected market rental growth were higher/(lower)
	- Yield: 4% to 6%	- Yield rate were higher/(lower)
	- Discount rate: 6.4% to 6.6%	- Discount rates were lower/(higher)

Valuation process applied by the Group for Level 3 fair value

The fair value of the investment properties above were based on management's estimates.

The fair value of the investment properties above excludes investment properties that are under construction as the fair value of these properties are not expected to be reliably measurable until construction completed.

The fair value of the investment properties is determined based on income approach using Level 3 inputs in the fair value hierarchy of MFRS 13 "Fair Value Measurement". The fair value of the investment properties is derived from an estimate of the market rental which the investment properties can reasonably be let for. Outgoings are deducted from the annual rental income and thereafter, the net annual rental income is capitalised at an appropriate current market yield to arrive at its fair value.

17 INVENTORIES

17(a) Land held for property development

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At cost:			
Freehold land	**731,513**	732,976	1,047,070
Leasehold land	**403,660**	330,829	237,360
Development expenditure	**556,876**	524,476	514,335
	1,692,049	1,588,281	1,798,765
Less: Accumulated impairment losses	**(31,126)**	(30,841)	(31,126)
	1,660,923	1,557,440	1,767,639
At start of financial year	**1,557,440**	1,767,639	1,786,892
Development expenditure incurred	**114,769**	23,506	70,141
Transfer from/(to) property development costs (Note 17(b))	**6,643**	(280,586)	(343,921)
Acquisition of freehold land	**349,368**	-	211,322
Acquisition of leasehold land	**-**	-	6,900
Acquisition of a subsidiary (Note 5(iii))	**-**	215,375	36,305
Disposal of land	**(367,297)**	(34)	-
Disposal of a subsidiary (Note 5(iv))	**-**	(168,460)	-
At end of the financial year	**1,660,923**	1,557,440	1,767,639

17 INVENTORIES (CONTINUED)

17(a) Land held for property development (continued)

The freehold lands of certain subsidiaries are pledged as security for term loan facilities (Note 38 and 43).

The interest capitalised and loan issuance costs were in relation to loan specifically obtained for property development activities.

17(b) Property development costs

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000 (restated)**	**1.1.2017 RM'000 (restated)**
At start of the financial year			
- land, at cost	**532,583**	384,641	184,931
- development costs	**1,610,995**	1,422,702	706,369
- accumulated costs charged to profit or loss	**(1,396,967)**	(1,047,743)	(402,690)
	746,611	759,600	488,610
Costs incurred during the financial year			
- transfer from/(to) land held for property development (Note 17(a))			
- land, at cost	**14,018**	261,766	270,152
- development costs	**(20,661)**	18,820	73,769
	(6,643)	280,586	343,921
- land, at cost	**474**	8,169	-
- development costs	**624,175**	512,582	688,656
	618,006	801,337	1,032,577
Foreign currency translation			
- land, at cost	**-**	(456)	(498)
- development costs	**-**	(2,547)	1,857
	-	(3,003)	1,359
Transfer to inventories			
- land, at cost	**-**	(104,864)	-
- development costs	**-**	(26,113)	-
	-	(130,977)	-
Development cost transferred to construction contract	**-**	(221,927)	(2,698)
Costs charged to profit or loss	**(415,408)**	(458,419)	(760,248)
Reversal upon completion of projects			
- land, at cost	**(309,189)**	(16,673)	(69,944)
- development costs	**(804,975)**	(92,522)	(45,251)
- accumulated costs charged to profit or loss	**1,114,164**	109,195	115,195
At end of the financial year	**949,209**	746,611	759,600

17 INVENTORIES (CONTINUED)

17(b) Property development costs (continued)

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000 (restated)**	**1.1.2017 RM'000 (restated)**
Analysed as follows			
- land, at cost	**237,886**	532,583	384,641
- development costs	**1,409,534**	1,610,995	1,422,702
- accumulated costs charged to profit or loss	**(698,211)**	(1,396,967)	(1,047,743)
	949,209	746,611	759,600

Included in development expenditure are the following charges made during the financial year:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Interest capitalised	**24,788**	25,639	14,356

The freehold and leasehold lands of certain subsidiaries are pledged as security for term loan facilities (Notes 38 and 43).

17(c) Inventories

	Group			Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Completed properties for sale	**93,479**	151,213	29,653	**4,622**	4,622	5,921
Construction materials	**1,038**	3,279	27,868	**-**	-	-
	94,517	154,492	57,521	**4,622**	4,622	5,921

Inventories where the net realisation values are expected to be below the carrying value have been written down. No allowance for inventories obsolescence was provided during the financial year. (31.12.2017: RM350,649; 2016: Nil).

18 SERVICE CONCESSION ASSET

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Cost			
At start of the financial year	**1,326,572`**	1,325,672	1,324,672
Additions	**-**	900	1,000
Effects of Concession Termination (Note 51)	**(1,326,572)**	-	-
At end of the financial year	**-**	1,326,572	1,325,672
Less: Accumulated amortisation			
- At start of the financial year	**(191,293)**	(149,325)	(114,680)
- Charge for the financial year (Note 51)	**-**	(41,968)	(34,645)
- Effects of Concession Termination (Note 51)	**191,293**	-	-
- At end of the financial year	**-**	(191,293)	(149,325)
As at 31 December	**-**	1,135,279	1,176,347

On 22 December 2017, the Secretary General, Ministry of Works Malaysia, representative of Government of Malaysia ("GoM"), issued a letter to MRCB Lingkaran Selatan Sdn Bhd ("MLSSB"), a wholly owned subsidiary of the Company, to inform that the concession period of the Eastern Dispersal Link ("EDL") Expressway shall end on 31 December 2017, after which the Expressway shall be taken over by the GoM. For this purpose, a mutual termination agreement and its terms and conditions will be discussed and agreed mutually between the GoM and MLSSB.

Subsequent thereto, a Federal Roads (Private Management) (Collection of Tolls) (EDL) (Revocation) Order 2017 was issued by the GoM on 28 December 2017 to revoke the previous order that allowed MLSSB to collect toll. This order came into operation on 1 January 2018. As at 31 December 2017, the mutual termination agreement with the GoM had not been finalised.

On 12 November 2018, MLSSB entered into a termination and settlement agreement in relation to the Concession Termination ("Termination Agreement") with the GoM. Pursuant to the Termination Agreement, the GoM agreed to pay MLSSB a sum of RM1,325,800,000 ("Settlement Sum") in cash, subject to the terms and conditions contained in the Termination Agreement. Both MLSSB and the GoM have also agreed that the Termination Agreement came into effect on 1 January 2018.

The Concession Termination was completed upon full Settlement Sum received on 23 November 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

19 SUBSIDIARIES

	Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Cost of investment	**3,635,635**	3,764,701	2,667,907
Less: Accumulated impairment losses			
- At start of financial year	**(255,675)**	(259,533)	(304,547)
- (Charge)/write back for the financial year (Note 9)	**(25,307)**	2,950	(21,858)
- Disposal of a subsidiary	**-**	908	-
- Written off during the financial year	**-**	-	66,872
	(280,982)	(255,675)	(259,533)
	3,354,653	3,509,026	2,408,374
Loan stocks	**-**	-	17,333
Redeemed during the financial year	**-**	-	(17,333)
	-	-	-
Accumulated impairment losses			
- At start of financial year	**-**	-	(17,333)
- Written back during the financial year	**-**	-	17,333
	-	-	-
	-	-	-
At 31 December	**3,354,653**	3,509,026	2,408,374

During the financial year, the cost of investment in the form of redeemable preference shares of RM153,526,570 was redeemed.

Impairment charge during the financial year is determined subsequent to considering the recoverable amount of the subsidiaries using the value in use approach. The impairment charge was mainly pursuant to the termination of the concession of the Eastern Dispersal Link Expressway ("EDL").

19 SUBSIDIARIES (CONTINUED)

Non-cash transaction

The cost of investment includes the conversion of receivables to cost of investment in subsidiaries in the form of redeemable preference shares ("RPS"), redeemable preference shares-A ("RPS-A") and redeemable preference shares-B ("RPS-B) of RM6,560,000 during the financial year (2017: RM520,890,000, 2016: RM519,168,750).

In the previous financial year, the Company subscribed for RM123,000,000 redeemable cumulative preference shares of RM1.00 each in 59 INC Sdn. Bhd. ("59 INC"), a 30% equity owned joint-venture company. The total consideration of RM123,000,000 was satisfied by way of proceeds from redemption of both 126,700 RPS-A and 822,850 RPS respectively at RM 100 each from 59 INC amounting to RM94,955,000 and capitalisation of amount due from 59 INC of RM28,045,000.

Terms of the RPS, RPS-A and RPS-B include the followings:

(a) RPS, RPS-A and RPS-B are unsecured and shall rank in priority in all respects to the holders of any other class of shares;

(b) The dividend shall be declared and paid when there are sufficient profit and at the discretion of the Directors of the issuers;

(c) The holders of RPS, RPS-A and RPS-B shall not be entitled to attend and/or to have any voting rights at a general meeting;

(d) In the event of winding up, RPS, RPS-A and RPS-B holders shall participate in surplus profits and assets of the issuers;

(e) The RPS, RPS-A and RPS-B shares shall have no right of conversion to ordinary shares; and

(f) Subject to provisions of the Companies Act 2016, the subsidiaries shall be entitled at any time after the issue date redeem any or all RPS, RPS-A and RPS-B in cash at RM1.00, RM100.00 and RM1.00 per share respectively from its holders.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

19 SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Rukun Juang Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other Individual Immaterial Subsidiaries RM'000	Total RM'000
Group – 31.12.2018								
NCI percentage of ownership interest and voting interest	34.3%	49.0%	30.0%	49.0%	15.0%	30.0%		
Accumulated NCI as at 31 December	9,569	67,040	1,007	(10,484)	188	771	(87)	68,004
Profit/(loss) allocated to NCI during the financial year	2,678	7,445	(79)	(9,700)	1,232	-	(88)	1,488
Other comprehensive income	-	-	-	-	-	-	-	-
	2,678	7,445	(79)	(9,700)	1,232	-	(88)	1,488
Summarised financial information before intra-group elimination								
As at 31 December								
Non-current assets	-	2	48,540	356,934	271,671	1,191,501	5,837	1,874,485
Current assets	28,333	153,959	15,084	21,458	216,362	2,647	-	437,843
Non-current liabilities	-	(1,219)	(598)	-	(140,258)	-	-	(142,075)
Current liabilities	(436)	(18,485)	(78,425)	(399,788)	(346,656)	(26,159)	(5,527)	(875,476)
Net assets/(liabilities)	27,897	134,257	(15,399)	(21,396)	1,119	1,167,989	310	1,294,777

* As part of a put option agreement dated 3 December 2015, the Group was granted by the NCI a put option for the Group to sell to the NCI all of the Group's shares in Metro Spectacular Sdn. Bhd. upon the non-occurrence of certain events by an agreed date, at a specific price. The put option is a derivative financial instrument. The derivative had been classified as fair value through profit or loss. As at 31 December 2018, the fair value of the derivative had been assessed as immaterial.

19 SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Rukun Juang Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other Individual Immaterial Subsidiaries RM'000	Total RM'000
Group – 31.12.2018								
Year ended 31 December								
Revenue	**29,075**	**46,405**	**17,744**	**-**	**10,601**	**-**	**-**	**103,825**
Profit/(loss) for the financial year	**7,808**	**15,195**	**(265)**	**(19,796)**	**8,216**	**(2,112)**	**(294)**	**8,752**
Total comprehensive income/(loss)	**7,808**	**15,195**	**(265)**	**(19,796)**	**8,216**	**(2,112)**	**(294)**	**8,752**
Dividend paid	**-**	**(60,000)**	**-**	**-**	**-**	**-**	**-**	**(60,000)**
Redemption of redeemable preference shares	**(25,010)**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,010)**
Net cash generated from/(used in) operating activities	**21,698**	**56,298**	**(3,450)**	**(340,612)**	**1,121,614**	**19,747**	**6,038**	**881,333**
Net cash used in investing activities	**-**	**-**	**(110)**	**-**	**(268,549)**	**(28,448)**	**(6,038)**	**(303,145)**
Net cash (used in)/ generated from financing activities	**(25,010)**	**(30,600)**	**(5,646)**	**338,581**	**(746,401)**	**(168,699)**	**1**	**(637,774)**
Dividend paid to NCI	**-**	**(29,400)**	**-**	**-**	**-**	**-**	**-**	**(29,400)**
Net (decrease)/increase in cash and cash equivalents	**(3,312)**	**(3,702)**	**(9,206)**	**(2,031)**	**106,664**	**(177,400)**	**1**	**(88,986)**
Cash and cash equivalents								
- at beginning of the financial year	**26,041**	**35,161**	**16,579**	**2,052**	**5,246**	**179,111**	**-**	**264,190**
- at end of the financial year	**22,729**	**31,459**	**7,373**	**21**	**111,910**	**1,711**	**1**	**175,204**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

19 SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000 (restated)	Metro Spectacular Sdn Bhd RM'000	Rukun Juang Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Total RM'000 (restated)
Group – 31.12.2017							
NCI percentage of ownership interest and voting interest	34.3%	49.0%	30.0%	49.0%	15.0%	30.0%	
Accumulated NCI as at 31 December	15,469	88,995	1,086	(784)	(1,044)	771	104,493
Profit/(loss) allocated to NCI during the financial year	3,571	11,632	(307)	685	(1,405)	-	14,176
Other comprehensive income	-	-	73	-	-	-	73
	3,571	11,632	(234)	685	(1,405)	-	14,249
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	1,868	3,026	44,941	1,854	100	890,877	942,666
Current assets	50,937	208,876	28,592	39,962	1,421,659	445,138	2,195,164
Non-current liabilities	-	-	(546)	-	(96,500)	-	(97,046)
Current liabilities	(7,706)	(32,840)	(88,121)	(43,416)	(1,332,356)	(184,091)	(1,688,530)
Net assets/(liabilities)	45,099	179,062	(15,134)	(1,600)	(7,097)	1,151,924	1,352,254
Year ended 31 December							
Revenue	11,014	79,062	13,962	2,500	1,258,715	-	1,365,253
Profit/(loss) for the financial year	10,410	23,739	(1,020)	1,397	(9,368)	-	25,158
Total comprehensive income/(loss)	10,410	23,739	(776)	1,397	(9,368)	-	25,402
Dividend paid	-	(20,000)	-	-	-	-	(20,000)
Net cash generated from/(used in) operating activities	1,483	19,101	(4,410)	(2,865)	(694,036)	-	(680,727)
Net cash used in investing activities	-	(2)	(7)	-	(100)	-	(109)
Net cash (used in)/generated from financing activities	-	(10,200)	(6,000)	2,844	697,199	179,111	862,954
Dividend paid to NCI	-	(9,800)	-	-	-	-	(9,800)
Net increase/(decrease) in cash and cash equivalents	1,483	(901)	(10,417)	(21)	3,063	179,111	172,318
Cash and cash equivalents							
- at beginning of the financial year	24,558	36,062	26,996	2,073	2,183	-	91,872
- at end of the financial year	26,041	35,161	16,579	2,052	5,246	179,111	264,190

19 SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000 (restated)	Metro Spectacular Sdn Bhd RM'000	Rukun Juang Sdn Bhd RM'000	Other Individual Immaterial Subsidiaries RM'000	Total RM'000 (restated)
Group – 1.1.2017							
NCI percentage of ownership interest and voting interest	34.3%	49.0%	30.0%	49.0%	15.0%		
Accumulated NCI as at 31 December	11,898	87,163	1,319	(1,468)	361	-	99,273
Profit/(loss) allocated to NCI during the financial year	72	53,973	(7)	(1,517)	(313)	(419)	51,789
Other comprehensive income	-	-	-	-	-	-	-
	72	53,973	(7)	(1,517)	(313)	(419)	51,789
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	1,462	240	43,227	-	222,340	-	267,269
Current assets	56,158	352,876	42,793	37,636	9,987	-	499,450
Non-current liabilities	-	-	(796)	-	(162,453)	-	(163,249)
Current liabilities	(22,931)	(177,793)	(99,582)	(40,633)	(67,603)	-	(408,542)
Net assets/(liabilities)	34,689	175,323	(14,358)	(2,997)	2,271	-	194,928
Year ended 31 December							
Revenue	2,078	539,474	21,025	-	-	-	562,577
Profit/(loss) for the financial year	208	110,150	(23)	(3,096)	(2,086)	-	105,153
Total comprehensive income/(loss)	208	110,150	(23)	(3,096)	(2,086)	-	105,153
Net cash (used in)/generated from operating activities	(53,062)	131,508	(6,426)	(37,901)	(163,889)	-	(129,770)
Net cash used in investing activities	-	-	(4)	-	-	-	(4)
Net cash generated from/(used in) financing activities	23,054	(111,898)	6,000	39,974	164,736	-	121,866
Net cash used in the acquisition of NCI	-	-	-	-	-	(5,957)	(5,957)
Dividend paid to NCI	(31,975)	-	-	-	-	-	(31,975)
Net (decrease)/increase in cash and cash equivalents	(61,983)	19,610	(430)	2,073	847	(5,957)	(45,840)
Cash and cash equivalents							
- at beginning of the financial year	86,541	16,452	27,426	-	1,336	5,957	137,712
- at end of the financial year	24,558	36,062	26,996	2,073	2,183	-	91,872

20 ASSOCIATES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
In Malaysia						
Quoted investment at cost	**362,036**	361,625	361,625	**362,036**	361,625	361,625
Unquoted investments at cost*	**349,789**	81,138	81,138	**81,138**	81,138	81,138
Share of post-acquisition accumulated profit	**(5,741)**	1,841	5,724	**-**	-	-
Unrealised gains**	**(158,372)**	(158,996)	(159,167)	**-**	-	-
	547,712	285,608	289,320	**443,174**	442,763	442,763
Less: Accumulated impairment losses						
At start of financial year	**-**	-	-	**(6,645)**	-	-
Charge for financial year***	**-**	-	-	**-**	(6,645)	-
At end of financial year	**-**	-	-	**(6,645)**	(6,645)	-
	547,712	285,608	289,320	**436,529**	436,118	442,763

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Analysis of associates are as follows:			
Group's share of net tangible assets	**544,633**	282,529	286,241
Goodwill of acquisition	**3,079**	3,079	3,079
	547,712	285,608	289,320

* The increase is mainly attributable to the investment in Bukit Jalil Sentral Property Sdn. Bhd. of RM268,649,330 (Note 5(i)).

** Unrealised gains comprise unrealised profits mainly arising from the disposal of assets to an associate company.

*** The impairment charge recognised during the financial year ended 2017 was determined subsequent to considering the recoverable amount of an associate company.

The fair value of the quoted investment as at 31 December 2018 is RM316,194,820 (2017: RM372,396,250, 2016: RM357,500,400), based on quoted market prices at the reporting date included within Level 1 of the fair value hierarchy.

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates.

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Bukit Jalil Sentral Property Sdn Bhd RM'000	Other Individually Immaterial Associates RM'000	Total RM'000
Group – 31.12.2018							
Summarised financial information							
Percentage of ownership interest and voting interest	**27.9%**	**30.0%**	**49.0%**	**41.0%**	**17%**		
As at 31 December							
Non-current assets	**2,101,891**	**317,143**	**206**	**3,627**	**1,363,706**	**-**	**3,786,573**
Current assets	**92,114**	**197,586**	**144,676**	**15,908**	**98**	**15,142**	**465,524**
Non-current liabilities	**(867,127)**	**(210,685)**	**(206)**	**(4)**	**-**	**-**	**(1,078,022)**
Current liabilities	**(31,969)**	**(67,547)**	**(120,493)**	**(3,354)**	**(20,579)**	**(13,941)**	**(257,883)**
Net assets	**1,294,909**	**236,497**	**24,183**	**16,177**	**1,343,225**	**1,201**	**2,916,192**
Year ended 31 December							
Profit from operations	**51,152**	**8,787**	**673**	**4,535**	**(21)**	**41**	**65,167**
Over recognition in prior year	**-**	**-**	**(1,612)**	**(377)**	**-**	**(71)**	**(2,060)**
Other comprehensive income	**238**	**-**	**-**	**-**	**-**	**-**	**238**
Total comprehensive income/(loss)	**51,390**	**8,787**	**(939)**	**4,158**	**(21)**	**(30)**	**63,345**
Included in total comprehensive income is:							
Revenue	**172,527**	**108,960**	**35,907**	**13,852**	**-**	**1,137**	**332,383**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Bukit Jalil Sentral Property Sdn Bhd RM'000	Other Individually Immaterial Associates RM'000	Total RM'000
Group – 31.12.2018							
Reconciliation of net assets to carrying amount							
As at 31 December							
Group's share of net assets	**344,438**	**70,949**	**11,849**	**6,633**	**268,647**	**488**	**703,004**
Goodwill	**-**	**-**	**1**	**3,078**	**-**	**-**	**3,079**
Elimination of unrealised profit	**(149,099)**	**(9,272)**	**-**	**-**	**-**	**-**	**(158,371)**
Carrying amount in the statements of financial position	**195,339**	**61,677**	**11,850**	**9,711**	**268,647**	**488**	**547,712**
Group's share of results							
Year ended 31 December							
Group's share of profit/(loss) from operations							
- current year	**14,285**	**2,636**	**330**	**1,859**	**(4)**	**44**	**19,150**
- over recognition in prior year	**-**	**-**	**(790)**	**(154)**	**-**	**(35)**	**(979)**
	14,285	**2,636**	**(460)**	**1,705**	**(4)**	**9**	**18,171**
Group's share of associate's other comprehensive gain	**66**	**-**	**-**	**-**	**-**	**-**	**66**
Group's share of total comprehensive income/(loss)	**14,351**	**2,636**	**(460)**	**1,705**	**(4)**	**9**	**18,237**

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Other Individually Immaterial Associates RM'000	Total RM'000
Group – 31.12.2017						
Summarised financial information						
Percentage of ownership interest and voting interest	27.9%	30.0%	49.0%	41.0%		
As at 31 December						
Non-current assets	2,125,985	381,618	581	1,120	-	2,509,304
Current assets	107,005	241,916	83,273	15,474	13,727	461,395
Non-current liabilities	(761,082)	(239,215)	(206)	-	-	(1,000,503)
Current liabilities	(142,586)	(156,607)	(58,526)	(2,576)	(12,497)	(372,792)
Net assets	1,329,322	227,712	25,122	14,018	1,230	1,597,404
Year ended 31 December						
Profit/(loss) from operations	60,106	(21,117)	1,022	4,691	468	45,170
(Over)/under recognition in prior year	-	(11,409)	(837)	76	-	(12,170)
Other comprehensive income	317	-	-	-	-	317
Total comprehensive income/(loss)	60,423	(32,526)	185	4,767	468	33,317
Included in total comprehensive income is:						
Revenue	181,502	108,564	-	13,707	1,500	305,273

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Other Individually Immaterial Associates RM'000	Total RM'000
Group – 31.12.2017						
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	354,674	68,313	12,310	5,748	480	441,525
Goodwill	-	-	1	3,078	-	3,079
Elimination of unrealised profit	(149,099)	(9,897)	-	-	-	(158,996)
Carrying amount in the statements of financial position	205,575	58,416	12,311	8,826	480	285,608
Group's share of results						
Year ended 31 December						
Group's share of profit/(loss) from operations						
- current year	16,763	(6,335)	501	1,923	202	13,054
- (over)/under recognition in prior year	-	(3,423)	(410)	31	-	(3,802)
	16,763	(9,758)	91	1,954	202	9,252
Group's share of associate's other comprehensive gain	88	-	-	-	-	88
Group's share of total comprehensive income/(loss)	16,851	(9,758)	91	1,954	202	9,340

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Other Individually Immaterial Associates RM'000	Total RM'000
Group – 1.1.2017						
Summarised financial information						
Percentage of ownership interest and voting interest	27.9%	30.0%	49.0%	41.0%		
As at 31 December						
Non-current assets	2,179,373	353,560	-	644	-	2,533,577
Current assets	72,370	239,750	120,165	12,224	16,186	460,695
Non-current liabilities	(685,405)	(239,170)	(206)	-	-	(924,781)
Current liabilities	(252,238)	(93,903)	(95,022)	(2,116)	(15,423)	(458,702)
Net assets	1,314,100	260,237	24,937	10,752	763	1,610,789
Year ended 31 December						
Profit from operations	39,011	18,342	9,448	7,106	1,151	75,058
Other comprehensive loss	(3,264)	-	-	-	-	(3,264)
Total comprehensive income	35,747	18,342	9,448	7,106	1,151	71,794
Included in total comprehensive income is:						
Revenue	131,787	129,844	135,328	16,181	13,487	426,627

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Other Individually Immaterial Associates RM'000	Total RM'000
Group – 1.1.2017						
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	350,432	78,071	12,219	4,409	277	445,408
Goodwill	-	-	1	3,078	-	3,079
Elimination of unrealised profit	(148,782)	(10,385)	-	-	-	(159,167)
Carrying amount in the statements of financial position	201,650	67,686	12,220	7,487	277	289,320
Group's share of results						
Year ended 31 December						
Group's share of profit or loss from operations						
- current year	12,165	5,503	4,630	2,913	497	25,708
- (over)/under recognition in prior year	-	(1,823)	2,479	-	(16)	640
	12,165	3,680	7,109	2,913	481	26,348
Group's share of associate's other comprehensive loss	(1,017)	-	-	-	-	(1,017)
Group's share of total comprehensive income	11,148	3,680	7,109	2,913	481	25,331

MRCB-Quill REIT ("MQ REIT") is a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of MQ REIT includes the acquisition of and investment in commercial properties, primarily in Malaysia. The Group's 41% equity interest associate, MRCB Quill Management Sdn. Bhd. is the Manager of MQ REIT.

One IFC Sdn. Bhd. ("One IFC") is involved in the development of St. Regis Hotel and Residences in Kuala Lumpur Sentral. One IFC is a strategic partnership for the Group, enhancing the Group's involvement in the property development and property investment business.

UEMB-MRCB JV Sdn. Bhd. is a strategic partnership for the Group to undertake the RM1.4 billion PLUS contract awarded to construct a fourth lane from Shah Alam to Rawang/Jalan Duta Toll Plaza interchanges and from Nilai Utara to Seremban, enhancing the Group's involvement in the construction of highway.

Bukit Jalil Sentral Property Sdn. Bhd. is the property developer for the three (3) parcels of leasehold lands located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres.

The results of associates are accounted for by using equity method.

20 ASSOCIATES (CONTINUED)

The Group and the Company had the following dividend received from associates during the financial year:

	Group and Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
MQ REIT	**24,995**	12,602	26,297
UEMB-MRCB JV Sdn. Bhd.	**-**	-	9,065
MRCB Quill Management Sdn. Bhd.	**820**	615	2,050
	25,815	13,217	37,412

The Group and the Company do not have any capital commitments or contingent liabilities in relation to its interest in the associates as at 31 December 2018 (2017: Nil, 2016: Nil).

21 JOINT VENTURES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
In Malaysia						
Unquoted investments at cost	**279,117**	279,117	5,580	**24,090**	24,090	-
Share of post-acquisition reserves	**21,250**	13,948	6,965	**-**	-	-
	300,367	293,065	12,545	**24,090**	24,090	-

The following table summarises the information of the Group's joint ventures and reconcile the information to the carrying amount of the Group's interest in the joint ventures.

Summarised financial information

31.12.2018	MRCB George Kent Sdn Bhd RM'000	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	**50%**	**50%**	**70%**	**30%**	
As at 31 December					
Non-current assets	**8,466**	**-**	**293,796**	**274,098**	**576,360**
Current assets	**1,460,186**	**0**	**101,001**	**978**	**1,562,165**
Current liabilities	**(1,398,128)**	**(2)**	**(77,661)**	**(132,136)**	**(1,607,927)**
Net assets/(liabilities)	**70,524**	**(2)**	**317,136**	**142,940**	**530,598**

"0" denotes as amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

21 JOINT VENTURES (CONTINUED)

Summarised financial information (continued)

31.12.2018	MRCB George Kent Sdn Bhd RM'000	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	50%	70%	30%	
Year ended 31 December					
Profit from operations	28,471	(2)	(8,154)	(115)	20,200
Under/(over) recognition in prior year	819	-	(2,285)	-	(1,466)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	29,290	(2)	(10,439)	(115)	18,734
Included in total comprehensive income are as follows:					
Revenue	1,514,751	-	-	-	1,514,751
Depreciation	(1,819)	-	(1)	-	(1,820)
Interest income	3,907	-	7	48	3,962
Interest expense	-	-	(3,895)	-	(3,895)
Income tax expenses	(10,002)	-	(250)	-	(10,252)
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets/(liabilities)	35,262	(1)	222,224	42,882	300,367
Carrying amount in statements of financial position	35,262	(1)	222,224	42,882	300,367
Group's share of results					
Year ended 31 December					
Group's share of profit from operations	14,236	(1)	(5,709)	(34)	8,492
Under/(over) recognition in prior year	409	-	(1,599)	-	(1,190)
Group's share of other comprehensive income	-	-	-	-	-
Group's share of total comprehensive income	14,645	(1)	(7,308)	(34)	7,302

21 JOINT VENTURES (CONTINUED)

Summarised financial information (continued)

31.12.2017	MRCB George Kent Sdn Bhd RM'000	Dekad Kaliber Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	51%	70%	30%	
As at 31 December					
Non-current assets	6,935	-	293,904	268,226	569,065
Current assets	519,746	-	75,299	3,880	598,925
Current liabilities	(485,447)	-	(41,627)	(129,051)	(656,125)
Net assets	41,234	-	327,576	143,055	511,865
Year ended 31 December					
Profit from operations	30,480	7	760	-	31,247
Other comprehensive income	-	-	-	-	-
Total comprehensive income	30,480	7	760	-	31,247
Included in total comprehensive income are as follows:					
Revenue	456,538	139	-	-	456,677
Depreciation	(1,543)	-	(1)	-	(1,544)
Interest income	1,106	-	1,104	-	2,210
Income tax expenses	(9,642)	(2)	671	-	(8,973)
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	20,617	-	229,532	42,916	293,065
Carrying amount in statements of financial position	20,617	-	229,532	42,916	293,065
Group's share of results					
Year ended 31 December					
Group's share of profit from operations	15,240	4	532	-	15,776
Group's share of other comprehensive income	-	-	-	-	-
Group's share of total comprehensive income	15,240	4	532	-	15,776

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

21 JOINT VENTURES (CONTINUED)

Summarised financial information (continued)

1.1.2017	MRCB George Kent Sdn Bhd RM'000	Dekad Kaliber Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	51%	70%	
As at 31 December				
Non-current assets	5,523	22	297,872	303,417
Current assets	51,011	60,140	202	111,353
Current liabilities	(35,780)	(56,243)	(298,159)	(390,182)
Net assets	20,754	3,919	(85)	24,588
Year ended 31 December				
Profit from operations	10,179	2,204	142	12,525
Other comprehensive income	-	-	-	-
Total comprehensive income	10,179	2,204	142	12,525
Included in total comprehensive income are as follows:				
Revenue	105,092	38,568	-	143,660
Depreciation	(645)	(14)	-	(659)
Interest income	339	-	-	339
Income tax expenses	(3,204)	(635)	-	(3,839)
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	10,377	1,999	169	12,545
Carrying amount in statements of financial position	10,377	1,999	169	12,545
Group's share of results				
Year ended 31 December				
Group's share of profit from operations	5,089	1,124	100	6,313
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive income	5,089	1,124	100	6,313

21 JOINT VENTURES (CONTINUED)

MRCB George Kent Sdn. Bhd. is a 50%:50% joint venture between MRCB Builders Sdn. Bhd., a wholly owned subsidiary of the Company and George Kent (Malaysia) Berhad ("The JV"). The principal activity of the JV is to undertake the design and construction work of the Light Rail Transit Line 3 from Bandar Utama to Johan Setia.

CSB Development Sdn. Bhd. ("CSB") is a 70% equity interest owned joint venture between MRCB Land Sdn. Bhd., a wholly owned subsidiary of the Company and Cyberview Sdn. Bhd.. The purpose of setting up the joint venture is to undertake the development of Cyberjaya City Centre. CSB has been treated as a joint venture as all substantive matters concerning the development of Cyberjaya City Centre require unanimous approval by both shareholders.

59INC Sdn. Bhd. ("59INC") is a 30% equity interest owned joint venture between the Company and TH Properties Sdn. Bhd.. The purpose of the setting up of the joint venture is to undertake the development of Semarak City. 59INC has been treated is as a joint venture as all the substantive matters concerning the development of Semarak City require unanimous approval by both shareholders.

Dekad Kaliber Sdn. Bhd. ("DKSB") is a 51%:49% joint venture between MRCB Engineering Sdn. Bhd., a wholly owned subsidiary of the Company and Hicom Builders Sdn. Bhd.. The purpose of setting up the joint venture is to undertake the construction of the Integrated Immigration, Customs, Quarantine and Security Complex at Bukit Kayu Hitam, Kedah Darul Aman. The Group disposed its entire equity interest in DKSB on 17 February 2017.

The results of joint ventures are accounted for by using equity method.

There were no dividend received from joint ventures during the financial year ended 31 December 2018. (2017: RM5,000,000).

The Group does not have any capital commitments or performance guarantee extended to third party in relation to its interest in the joint ventures as at 31 December 2018 (2017: RM Nil).

22 LONG TERM LOAN AND RECEIVABLES

	Group			**Company**		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Trade receivables	**2,208**	3,920	5,486	**-**	-	-
Prepayment for infrastructure cost	**245,025**	-	-	**-**	-	-
Other receivables	**-**	-	29,011	**-**	-	29,011
	247,233	3,920	34,497	**-**	-	29,011

23 AVAILABLE FOR SALE FINANCIAL ASSETS

	Group and Company		
	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)
At 1 January/31 December	-	-	-
Available for sale financial assets include the following:			
Shares in a corporation, quoted outside Malaysia	-	-	910
Less: Accumulated impairment losses			
At start of financial year	-	-	(642)
Transferred to fair value through profit or loss	-	-	(268)
At end of financial year	-	-	(910)
	-	-	-
Unquoted investments	-	-	7,717
Less: Accumulated impairment losses			
At start of financial year	-	-	(7,408)
Transferred to fair value through profit or loss	-	-	(309)
At end of financial year	-	-	(7,717)
	-	-	-
Total	-	-	-

24 INTANGIBLE ASSETS

The carrying amount of goodwill, development rights, order book and patents are as follows:

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Goodwill			
At 1 January	**154,101**	154,101	154,101
Accumulated impairment loss			
At 1 January	**(69,209)**	(69,209)	(15,831)
Addition	-	-	(53,378)
At 31 December	**(69,209)**	(69,209)	(69,209)
	84,892	84,892	84,892

24 INTANGIBLE ASSETS (CONTINUED)

The carrying amount of goodwill, development rights, order book and patents are as follows: (continued)

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Development rights			
At 1 January/31 December	**-**	18,017	18,017
Disposal of a subsidiary (Note 5(iv))	**-**	(18,017)	-
	-	-	18,017
Order Book			
At 1 January	**140,741**	149,959	160,786
Amortisation charge (Note 9)	**(5,536)**	(5,682)	(3,153)
Amortisation charge capitalised in			
- investment properties under construction	**(597)**	(938)	(3,474)
- property development costs	**1,363**	(2,598)	(4,200)
At 31 December	**135,971**	140,741	149,959
Patent			
At 1 January	**-**	-	-
Acquisition during the year	**6,038**	-	-
Amortisation charge (Note 9)	**(201)**	-	-
At 31 December	**5,837**	-	-
Total	**226,700**	225,633	252,868

Goodwill – Gapurna group of companies (RM81,969,755)

The goodwill of RM71,951,084 arising from the acquisition of Gapurna group of companies which is allocated to the engineering & construction business segment (i.e. Cash Generating Units ("CGU")) was tested for impairment using the value in use ("VIU") method.

Based on the impairment assessment performed by the Group, no impairment is required for the goodwill.

The recoverable amount of the CGUs in respect of the goodwill was determined based on VIU calculations. Cash flow projections used in these calculations were based on financial budgets approved by the Board of Directors covering a three (3) year period (financial years 2019 to 2021).

Key assumptions used in the VIU calculations for the goodwill impairment assessment is as follows:

	31.12.2018	**31.12.2017**	**1.1.2017**
Gross margin	**6%-7%**	10%-12%	10%-12%
Discount rate (pre-tax)	**8.48%**	8.40%	7.96%
Terminal growth rate	**1.00%**	1.00%	1.00%

A reasonable possible change in the key assumptions would not result in any impairment.

24 INTANGIBLE ASSETS (CONTINUED)

Financial year ended 31 December 2016

Development rights

Development rights of RM18,016,809 allocated to 59 INC Sdn. Bhd. ("59 INC"), a property development company was tested for impairment using the VIU method.

The recoverable amount of CGU in development rights was determined based on VIU calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three (3) year period.

Key assumptions used in the VIU calculations for development rights are as follows:

	2016
	%
Discount rate (pre-tax)	10.07

Based on the impairment test, no impairment is required for the development rights attributable to 59 INC.

A reasonable possible change in the key assumptions would not result in any impairment.

During the financial year ended 31 December 2017, 59 INC was disposed with its development rights (Note 5(iv)).

25 DEFERRED TAX

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 tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

25 DEFERRED TAX (CONTINUED)

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deferred tax assets	**86,874**	117,663	96,248	**-**	-	-
Deferred tax liabilities	**(70,025)**	(62,278)	(80,565)	**-**	-	-
	16,849	55,385	15,683	**-**	-	-
The movements during the financial year relating to deferred tax are as follows:						
At start of the financial year	**55,385**	15,683	(8,588)	**-**	-	-
(Charged)/credit to statement of comprehensive income (Note 13)						
Continuing operations						
Property, plant and equipment	**1,055**	(1,017)	(747)	**109**	284	72
Investment properties	**(8,896)**	-	9,431	**-**	-	-
Property development cost	**562**	10,519	(3,867)	**-**	-	-
Contract assets	**(708)**	(1,438)	-	**-**	-	-
Contract liabilities	**7,122**	-	-	**-**	-	-
Provisions	**16,344**	(6,156)	9,190	**(109)**	(284)	(72)
Order book	**1,339**	1,364	757	**-**	-	-
Tax losses	**(3,470)**	9,284	423	**-**	-	-
Others	**(1,112)**	169	688	**-**	-	-
	12,236	12,725	15,875	**-**	-	-
Discontinued operations						
Property, plant and equipment	**355**	(58)	-	**-**	-	-
Service concession asset	**(42,669)**	7,470	8,396	**-**	-	-
Tax losses	**(8,404)**	(122)	-	**-**	-	-
Provisions	**(7)**	(2)	-	**-**	-	-
	(50,725)	7,288	8,396	**-**	-	-
Exchange differences - tax losses	**(47)**	-	-	**-**	-	-
Disposal of subsidiaries (Note 5(ii) & (iv))	**-**	19,689	-	**-**	-	-
At end of the financial year	**16,849**	55,385	15,683	**-**	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

25 DEFERRED TAX (CONTINUED)

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Subject to income tax						
Deferred tax assets (before offsetting)						
Property, plant and equipment	**11,816**	11,322	10,148	**-**	-	-
Property development cost	**20,476**	21,204	9,712	**-**	-	-
Contract liabilities	**8,068**	946	-	**-**	-	-
Provisions	**31,655**	15,318	21,637	**25**	134	418
Tax losses	**16,362**	28,283	19,123	**-**	-	-
Service concession asset	**-**	42,669	35,199	**-**	-	-
Others	**6,288**	5,794	5,222	**-**	-	-
	94,665	125,536	101,041	**25**	134	418
Offsetting	**(7,791)**	(7,873)	(4,793)	**(25)**	(134)	(418)
Deferred tax assets (after offsetting)	**86,874**	117,663	96,248	**-**	-	-
Deferred tax liabilities (before offsetting)						
Property, plant and equipment	**(7,899)**	(8,815)	(6,643)	**(25)**	(134)	(418)
Investment properties	**(9,298)**	(402)	-	**-**	-	-
Property development cost	**(31,698)**	(32,988)	(52,326)	**-**	-	-
Contract assets	**(3,629)**	(2,921)	-	**-**	-	-
Order book	**(23,686)**	(25,025)	(26,389)	**-**	-	-
Others	**(1,606)**	-	-	**-**	-	-
	(77,816)	(70,151)	(85,358)	**(25)**	(134)	(418)
Offsetting	**7,791**	7,873	4,793	**25**	134	418
Deferred tax liabilities (after offsetting)	**(70,025)**	(62,278)	(80,565)	**-**	-	-

The amounts of deductible temporary differences and unused tax losses for which no deferred tax assets are recognised in the statements of financial position are as follows:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deductible temporary Differences	**78,486**	95,577	134,187	**12,444**	18,515	17,137
Tax losses	**129,133**	101,332	130,098	**4,040**	1,540	1,540

26 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2018 RM'000	**31.12.2017 RM'000 (restated)**	**1.1.2017 RM'000 (restated)**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Trade receivables	**369,240**	1,513,817	245,194	**95,985**	62,365	66,040
Less: Provision for impairment of trade receivables	**(6,033)**	(7,131)	(11,472)	**-**	-	-
	363,207	1,506,686	233,722	**95,985**	62,365	66,040
Contract cost assets (Note 27)	**37,471**	14,882	3,034	**-**	-	-
Amounts due from related parties	**-**	68	1,001	**-**	68	77
Deposits	**28,283**	68,193	76,775	**4,347**	6,571	2,849
Prepayments	**15,550**	276,729	31,935	**-**	-	-
Other receivables	**335,373**	379,364	226,938	**68,804**	174,285	114,293
Less: Provision for impairment of other receivables	**(3,869)**	(3,926)	(5,214)	**-**	-	(289)
	375,337	720,360	330,434	**73,151**	180,856	116,853
	776,015	2,241,996	568,191	**169,136**	243,289	182,970

(i) Trade receivables

Exposure to credit risk, credit quality and collateral

Given the varied nature of the Group and of the Company's customer base, the following analysis of trade receivables by type of customer is considered the most appropriate disclosure of credit concentration.

	Group		Company	
	2018 RM'000	**2017 RM'000 (restated)**	**2018 RM'000**	**2017 RM'000 (restated)**
Property development	**98,191**	94,340	**-**	-
Property investment	**18,244**	16,888	**239**	-
Engineering, construction & environment	**249,072**	1,395,321	**95,746**	62,365
Facilities management & parking	**3,225**	2,294	**-**	-
Others	**508**	4,974	**-**	-
	369,240	1,513,817	**95,985**	62,365
Trade receivable include retention sum for contract, under engineering, construction & environment	**114,601**	122,235	**58,763**	43,542

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

(a) Property development

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk.

The Group experiences a low risk of default from its property development activities as sale of development units are made to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default.

(b) Property investment

Property investment entails the rental property sub-segment which poses a certain degree of collection risk. The segment also includes hospitality sub-segment for which sales are generally cash settled.

Credit risk arising from the Group's rental property sub-segment is limited as all tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental.

Credit granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits. Credit risk arising from the Group's hospitality sub-segment is limited and are subjected to the collateral of cash deposits/advances.

(c) Engineering, construction & environment

The Group and the Company are exposed to significant concentration of credit risk to a few customers, mainly consisting of Government-linked Companies ("GLCs") of which the Group and the Company consider the risk of default as low. The expected credit loss rate on the amounts outstanding from GLCs are considered low as they have low risk of default, they have strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of GLCs to fulfil their contractual cash flow obligations.

(d) Facilities management & parking

Credit risk with respect to trade receivables of this segment is also limited as a result of the nature of business, as it is primarily rental related and cash-based. Historically, the Group's experience in the collection of trade receivables falls within the recorded allowances and are subjected to the collateral of cash deposits/advances.

Impairment losses

Considering the above, the Group and the Company have not recognised any impairment losses in respect of trade receivables arising from its property development and engineering, construction and environment segments.

The Group and the Company apply MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables of property investment and facilities management & parking segments.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. In arriving at the expected loss rates, forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables have been considered. In addition to this, the Group has also considered the deposits being received from the property investment and facilities management & parking customers in determining the loss allowance rates.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables (continued)

Impairment losses (continued)

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of MFRS 9) was determined as follows for trade receivables of property investment and facilities management & parking segments are reflected in the tables below.

The ageing of trade receivables arising from property investment and facilities management and parking segments as at the end of the financial year was:

31.12.2018	Gross RM'000	Individual Impairment RM'000	Expected Loss Rate %	Collective Impairment RM'000	Net RM'000
Group					
At Cost					
Not past due	4,208	-	-	-	4,208
Past due					
- less than three months	4,227	-	-	-	4,227
- between three to six months	1,043	-	-	-	1,043
- between six months and one year	1,516	(2)	-	-	1,514
- more than one year	10,475	(5,613)	-	-	4,862
	21,469	(5,615)	-	-	15,854
Company					
At Cost					
Not past due	137	-	-	-	137
Past due					
- less than three months	102	-	-	-	102
- between three to six months	-	-	-	-	-
- between six months and one year	-	-	-	-	-
- more than one year	-	-	-	-	-
	239	-	-	-	239

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables (continued)

Impairment losses (continued)

The closing allowances for trade receivables of property investment and facilities management & parking segments as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000 (restated)**	**2018 RM'000**	**2017 RM'000**
As at the beginning of the financial year (calculated under FRS 139)	**5,614**	8,409	**-**	-
Amount restated through opening retained earnings	**-**	-	**-**	-
Opening loss allowance as at 1.1.2018 (calculated under MFRS 9)	**5,614**	8,409	**-**	-
Impairment loss recognised	**66**	1,082	**-**	-
Impairment loss reversed	**(65)**	(57)	**-**	-
Provisions written-off	**-**	(3,343)	**-**	-
Provisions reversed upon disposal	**-**	(477)	**-**	-
As at the end of the financial year	**5,615**	5,614	**-**	-

(ii) Non-trade receivables

Exposure to credit risk, credit quality and collateral

Credit risk on non-trade receivables are mainly arising from amounts recoverable from subcontractors on back charges or liquidated ascertained damages claimable for specific construction and engineering contracts. The expected credit loss rate is expected to be low in connection to these amounts as the amounts are owed by existing subcontractors which are managed on a regular basis.

In addition, the non-trade receivables also consist of an amount outstanding for previously disposed subsidiary to a government link investment company for which credit risk is considered low.

Amounts due from subsidiaries

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to the subsidiaries by the Company.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Non-trade receivables (continued)

Amounts due from subsidiaries (continued)

The total amounts due from subsidiaries and impairment provided are as follows:

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current			
Amounts due from subsidiaries	**813,543**	-	-
Less: Provision for impairment of amounts due from subsidiaries	**(10,336)**	-	-
	803,207	-	-
Current			
Amounts due from subsidiaries*	**223,372**	1,718,122	605,443
Less: Provision for impairment of amounts due from subsidiaries	**(13,000)**	(71,207)	(70,683)
	210,372	1,646,915	534,760

* As at 31 December 2017, the amounts due from subsidiaries include Redeemable Cumulative Preference Shares ("RCPS") of RM18,838,000 (1.1.2017: RM30,000,000) held by the Company in MRCB Putra Sdn. Bhd. ("MPSB"), a wholly owned subsidiary. The RCPS had been fully redeemed during the current financial year by MPSB.

Amounts due from joint ventures/associates

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current						
Amount due from a joint venture	**69,870**	30,268	-	**-**	-	-
Current						
Amounts due from joint ventures	**123,000**	126,584	5,044	**123,000**	123,001	281
Amounts due from associates	**7,765**	7,796	14,937	**6,437**	6,848	14,937
	130,765	134,380	19,981	**129,437**	129,849	15,218

The amount due from a joint venture of RM69,869,491 (31.12.2017: RM30,276,674) is unsecured and carries interest rate of 7% (2017: 7%) per annum.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Non-trade receivables (continued)

Impairment losses - amounts due from subsidiaries

As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loans or advances to be impaired when:

- The subsidiary is unlikely to repay its loans and advances to the Company in full;
- The subsidiary is having a negative operating cash flows and is in a net tangible liabilities position; or
- The subsidiary is a dormant entity or has a history of default.

As at the end of the financial year, there was no indication that the loans and advances to the subsidiaries are not recoverable other than those which have already been impaired. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

The loss allowance for intercompany balances as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 December 2018 as follows:

	Company	
	2018 RM'000	2017 RM'000
As at 1 January (calculated under FRS 139)	**71,207**	70,683
Amount restated through opening retained earnings	**-**	-
Restated as at 1 January (calculated under MFRS 9)	**71,207**	70,683
Impairment loss recognised	**4,703**	8,797
Impairment loss written off*	**(52,574)**	(8,273)
As at 31 December	**23,336**	71,207
- Non-current	**10,336**	-
- Current	**13,000**	71,207
	23,336	71,207

* Represents impairment loss written off arising from restructuring of inter-company loans.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Non-trade receivables (continued)

Impairment losses - amounts due from subsidiaries (continued)

The loss allowance for intercompany loans/advances using the general 3-stage approach as at 31 December 2018 reconciles to opening loss allowance for that provision as follows:

	Performing Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
At 31.12.2017 before restatement (calculated under FRS 139)	-	68,784	2,423	71,207
Amount restated through opening retained earnings	-	-	-	-
As at 1.1.2018 (calculated under MFRS 9)	-	68,784	2,423	71,207
Current year movements	-	(45,606)	(2,265)	(47,871)
Closing as at 31.12.2018	-	23,178	158	23,336

The impact on the carrying value of the intercompany loans/advances presented by the stages are as follows:

	Performing Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
Gross carrying amount	994,558	42,199	158	1,036,915
Less: Loss allowance	-	(23,178)	(158)	(23,336)
Net carrying amount	994,558	19,021	-	1,013,579

Impairment losses - amounts due from joint ventures/associates

The credit risk on amounts due from joint ventures/associates are mainly arising from amounts recoverable from 59 INC Sdn. Bhd. and CSB Development Sdn. Bhd.. The expected credit loss rate is expected to be low after considering the quality of assets being owned by these companies.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

27 CONTRACT COST ASSETS

	Agent fee & sales commission RM'000	Stamp duty RM'000	Total RM'000
Group			
2018			
At 1 January 2018	**14,882**	**-**	**14,882**
Addition during the financial year	**11,216**	**17,424**	**28,640**
Amortised during the financial year	**(6,051)**	**-**	**(6,051)**
At 31 December 2018	**20,047**	**17,424**	**37,471**
2017			
At 1 January 2017	3,034	-	3,034
Addition during the financial year	16,161	-	16,161
Amortised during the financial year	(4,313)	-	(4,313)
At 31 December 2017	14,882	-	14,882

28 CONTRACT ASSSETS AND CONTRACT LIABILITIES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Contract assets						
Property development contracts (a)	**156,678**	457,047	467,991	**-**	-	-
Construction contracts (b)	**545,718**	319,665	297,744	**209,777**	78,525	54,391
	702,396	776,712	765,735	**209,777**	78,525	54,391
Contract liabilities						
Current						
Property development contracts (a)	**2,361**	15,108	561	**-**	-	-
Construction contracts (b)	**30,319**	18,372	32,142	**-**	8,659	910
Collection not probable (c)	**71,611**	35,206	18,403	**-**	-	-
Deferred income	**597**	-	-	**-**	-	-
	104,888	68,686	51,106	**-**	8,659	910
Non-current						
Deferred income (d)	**140,258**	-	-	**-**	-	-

28 CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Property development and construction contracts

The Group and the Company are entitled to a percentage of payment over the sale price based on construction milestones stipulated in the sale and purchase agreements and issue progress billings to purchasers when construction milestones are satisfied.

The aggregate of the costs incurred and the attributable profit or loss recognised over property development and construction contracts is compared against the progress billings up to the end of the financial year. Where the revenue recognised in profit or loss exceeds billings to purchasers, the balance is presented as contract assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is presented as contract liabilities.

(a) Property development contracts

The movement of contract assets and contract liabilities in relation to property development contracts are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 January	**441,939**	467,429	**-**	-
Property development revenue recognised during the year	**483,215**	527,322	**-**	-
Progress billings during the year	**(770,837)**	(552,812)	**-**	-
At 31 December	**154,317**	441,939	**-**	-
Represented by:				
Contract assets	**156,678**	457,047	**-**	-
Contract liabilities	**(2,361)**	(15,108)	**-**	-
	154,317	441,939	**-**	-

(b) Construction contracts

	Group			Company		
	2018 RM'000	**2017 RM'000**	**2016 RM'000**	**2018 RM'000**	**2017 RM'000**	**2016 RM'000**
Aggregate costs incurred to date	**6,283,597**	3,374,969	4,068,268	**1,277,238**	867,906	435,235
Attributable profits on contract works performed to date	**486,070**	408,009	224,449	**21,881**	20,028	11,940
Less: Provision for foreseeable losses	**(18,196)**	(18,196)	(17,956)	**-**	-	-
	6,751,471	3,764,782	4,274,761	**1,299,119**	887,934	447,175
Less: Progress billings	**(6,236,072)**	(3,463,489)	(4,009,159)	**(1,089,342)**	(818,068)	(393,694)
	515,399	301,293	265,602	**209,777**	69,866	53,481
Represented by:						
Contract assets	**545,718**	319,665	297,744	**209,777**	78,525	54,391
Contract liabilities	**(30,319)**	(18,372)	(32,142)	**-**	(8,659)	(910)
	515,399	301,293	265,602	**209,777**	69,866	53,481

28 CONTRACT ASSETS AND LIABILITIES (CONTINUED)

(c) Contract liabilities-collection not probable

This represents partial cash consideration received from the customer but no revenue was recognised as the Group has determined that the collection of full consideration is not probable.

(d) Deferred income

This represents consideration received in advance in respect of project 2 pursuant to a Privatisation Agreement entered by a 85% owned subsidiary of Company, Rukun Juang Sdn. Bhd., with the Ministry of Youth and Sports and Syarikat Tanah and Harta Sdn. Bhd. for the refurbishment and upgrading facilities located at the National Sports Complex in Bukit Jalil.

(e) Unsatisfied long-term contracts

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied as at the reporting date was approximately RM1.95 billion, of which the Group expects to be recognised as revenue from FY2019 to FY2022. The Company's unsatisfied performance obligations as at the reporting date was RM863 million which is expected to be recognised as revenue from FY2019 to FY2021.

The Group has applied expedient in MFRS 15.C5 whereby transaction price allocated to unsatisfied or partially satisfied performance obligations as at 31 December 2017 and 1 January 2017 were not disclosed.

Impairment losses of contract assets

The remaining contractual billings to customers from property development and construction activities will be billed progressively upon the fulfilment of contractual milestones. Management concluded that the probability of default is trivial after taking into consideration the credit standing and payment trends of the customers.

29 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)	31.12.2018 RM'000	31.12.2017 RM'000 (restated)	1.1.2017 RM'000 (restated)
Shares in corporations, quoted in Malaysia	**950**	2,222	2,832	**950**	2,222	2,832

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statements of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other gain/(losses) – net' in the profit or loss.

The fair value of all equity securities is based on their current bid prices in an active market.

30 DEPOSITS, CASH AND BANK BALANCES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deposits with licensed banks	**50,789**	195,716	260,581	**8,904**	8,604	10,123
Deposits with licensed financial institutions	**-**	-	948	**-**	-	948
Cash held under Housing Development Accounts	**40,845**	43,169	62,398	**-**	-	-
Cash and bank balances	**460,000**	485,352	398,230	**74,910**	79,787	128,602
	551,634	724,237	722,157	**83,814**	88,391	139,673

Included in the Group's and the Company's cash and bank balances and deposits with licensed banks and licensed financial institutions are restricted monies amounting to RM81,819,235 (2017: RM260,196,626; 2016: RM129,392,132) and RM21,150,975 (2017: RM20,806,196; 2016: RM30,090,569) respectively, representing:

- collateral pledged with licensed banks and/or licensed financial institutions by the Group and the Company for credit facilities granted and bank guarantee facilities issued to third parties; and

- proceeds from the issue of Senior and Junior Sukuk and long term loan by a subsidiary net of permitted withdrawal at date of issue of Sukuk have been channelled to Designated Accounts for the Eastern Dispersal Link Expressway project as provided under the terms and conditions of the Project Account Agreement (Note 36).

Cash held under Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

Cash and cash equivalents of the Group and of the Company comprise:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deposits, cash and bank balances	**551,634**	724,237	722,157	**83,814**	88,391	139,673
Less:						
Cash and bank balances and fixed deposits held as security value	**(81,819)**	(260,196)	(129,392)	**(21,151)**	(20,806)	(30,091)
	469,815	464,041	592,765	**62,663**	67,585	109,582

30 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The currency denomination of the deposits, cash and bank balances of the Group and of the Company are as follows:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Ringgit Malaysia	**544,357**	705,937	711,870	**83,783**	88,357	139,639
Australian Dollar	**6,338**	17,376	9,356	**31**	34	34
Thai Baht	**939**	924	931	**-**	-	-
	551,634	724,237	722,157	**83,814**	88,391	139,673

The weighted average period effective interest rates per annum of deposits with licensed banks and financial institutions that were effective at the end of the financial year were as follows:

	Group			Company		
	31.12.2018 %	31.12.2017 %	1.1.2017 %	31.12.2018 %	31.12.2017 %	1.1.2017 %
Deposits with licensed Banks	**2.32**	3.27	2.98	**3.94**	3.38	3.38
Deposits with licensed financial institutions	**-**	-	3.05	**-**	-	3.05

The maturity periods of deposits with licensed banks and licensed financial institutions as at the financial year end were as follows:

	Group			Company		
	31.12.2018 days	31.12.2017 days	1.1.2017 days	31.12.2018 days	31.12.2017 days	1.1.2017 days
Deposits with licensed banks	**1 - 365**	1 - 365	4 - 365	**7 - 365**	1 - 365	7 - 365
Deposits with licensed financial institutions	**-**	-	8	**-**	-	8

Bank balances are held at call except for the restricted monies.

Impairment losses

For deposits, cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions.

While deposits, cash and bank balances are also subject to the impairments requirements of MFRS 9, the identified impairment loss was immaterial.

31 OTHER INVESTMENT

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Available-for-sale financial assets						
- Investment in unit trusts	**-**	54,110	-	**-**	54,110	-

Investment in unit trusts made by the Company can be purchased or liquidated with one day's notice.

The carrying amounts of the Group's other investment as at 31 December 2017 approximate their fair values, which were based on quoted market price of RM55,271,841.

32 SHARE CAPITAL

Issued and fully paid:

	Group and Company					
	Number of shares 2018 '000	Amount 2018 RM'000	Number of shares 2017 '000	Amount 2017 RM'000	Number of shares 2016 '000	Amount 2016 RM'000
At 1 January	**4,386,746**	**4,309,422**	2,144,039	2,144,039	1,786,591	1,786,591
Issuance of new shares under the Restricted Share Plan - (a)	**8,302**	**8,794**	-	-	-	-
Conversion of Warrants A - (b)	**5**	**9**	-	-	-	-
Issuance of new shares under the Right Issue - (c)	**-**	**-**	2,192,593	1,732,148	-	-
Transaction costs in respect of the Right Issue - (c)	**-**	**-**	-	(7,810)	-	-
Exercise of option under 2007/2017 ESOS - (d)	**-**	**-**	50,113	68,613	130	130
Conversion of Warrants B - (e)	**-**	**-**	1	1	-	-
Issue of shares pursuant to the Private Placement	**-**	**-**	-	-	357,318	357,318
Transition to no-par value regime on 31 January 2017 (Note 33)	**-**	**-**	-	372,431	-	-
At 31 December	**4,395,053**	**4,318,225**	4,386,746	4,309,422	2,144,039	2,144,039

32 SHARE CAPITAL (CONTINUED)

(a) Represents 8,301,800 shares granted to eligible executives and employees, pursuant to the terms of the Offer Letter of the Restricted Share Plan dated 20 December 2017, in accordance with the By-Laws governing the Long-term Incentive Plan of the Company.

(b) Represents 5,014 shares issued via conversion of warrant A at RM1.68 per warrant.

(c) Represents 2,192,593,285 new ordinary shares issued at RM0.79 per shares pursuant to the Right Issue to the financial statements. Transaction costs incurred of RM7,810,098 in relation to new shares was set off against the share capital accounts.

(d) Represents 50,113,242 shares by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme ("2007/2017 ESOS") at the exercise price ranging between RM1.00 and RM1.61 per share.

(e) Represents 500 shares via conversion of warrants B at RM1.25 per warrant.

The new ordinary shares issued during the financial year ranked equally in all respects with the existing ordinary shares of the Company.

Employees' Share Option Scheme

The Company proposed a Employees' Share Option Scheme ("2007/2012 ESOS or the Scheme") following the expiry of the 2002/2007 ESOS on 5 September 2007. The 2007/2012 ESOS was approved by the shareholders at an Extraordinary General Meeting held on 29 May 2007 and became effective on 31 October 2007 for a period of five (5) years.

On 25 October 2012, the Board of Directors had extended the duration of the ESOS for another five (5) years. The Scheme expired on 30 October 2017.

The details of the 2007/2017 ESOS are contained in the By-Laws and the salient features thereof are as follows:

(a) The Scheme is set up for the participation in the ordinary share capital of the Company only.

The total number of shares to be offered under the 2007/2017 ESOS shall not exceed 15% of the total number of issued and fully paid ordinary shares of the Company at any time during the tenure of the Scheme, which shall be in force for a period of ten (10) years commencing 31 October 2007.

(b) Eligible employees (including Executive Directors) are those who must have been confirmed in his/her position as an employee with a minimum of six (6) months continuous service on or prior to the date of offer of the 2007/2017 ESOS.

(c) The Scheme is administered by an ESOS Committee which consists of such persons duly appointed by the Board from time to time.

(d) An option granted under the 2007/2017 ESOS is capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer and expiring on 30 October 2017.

(e) Options granted for each year may be exercised in full or in such lesser number of shares.

32 SHARE CAPITAL (CONTINUED)

The details of the 2007/2017 ESOS are contained in the By-Laws and the salient features thereof are as follows: (continued)

(f) The option price of each share shall be either at premium or at a discount of not more than 10% from the weighted average market price of the shares of the Company as stated in the Daily Official Listing issued by the Malaysia Securities Exchange Berhad for the five (5) market days immediately preceding the date of offer and shall not be less than the par value of the share.

(g) An eligible employee can only participate in one ESOS implemented by any company in the Group at any one time.

(h) All the new ordinary shares issued arising from the 2007/2017 ESOS shall rank pari passu in all respects with the existing ordinary shares of the Company.

On 6 June 2017, the shareholders of the Company had approved the granting of 1,443,750 options under the Scheme to Directors of the Company and person connected to the Directors and on the same day 1,443,750 options were granted and vested.

Options expired on 30 October 2017

Set out below are details of options over the ordinary shares of the Company granted under the 2007/2017 ESOS:

			No. of ordinary shares of RM1.00 each covered under options				
Tranche	**Date**	**Price***	**At 1.1.2017**	**Granted****	**Exercised**	**Lapsed/Expired**	**At 30.10.2017**
1	21 Dec 2007	RM2.03	499,410	40,592	-	(540,002)	-
2	28 Apr 2009	RM1.00	58,111	20,523	-	(78,634)	-
3	24 Aug 2010	RM1.45	368,500	74,829	-	(443,329)	-
4	27 June 2011	RM1.80	13,000	-	-	(13,000)	-
5	28 Feb 2013	RM1.17	14,052,272	4,192,001	(40,000)	(18,204,273)	-
6	27 Oct 2015	RM1.00	75,688,125	11,621,165	(36,362,532)	(50,946,758)	-
7	1 June 2016	RM1.00	3,368,750	1,273,227	-	(4,641,977)	-
8	16 Nov 2016	RM1.00	47,492,500	12,810,859	(13,710,710)	(46,592,649)	-
9	6 June 2017	RM1.04	-	1,989,418	-	(1,989,418)	-
			141,540,668	32,022,614	(50,113,242)	(123,450,040)	-

* The options prices have been adjusted for the effect of the rights issue of three hundred seventy-seven (377) new options for every one thousand (1,000) existing options, granted by the Company on 6 October 2017.

** Granted pursuant to the renounceable right issue exercise undertaken by the Company on 3 November 2017.

50,113,242 options were exercised in the previous financial year and the remaining 123,450,040 options expired on 30 October 2017.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

32 SHARE CAPITAL (CONTINUED)

Long-Term Incentive Plan

Following the expiration of the 2007/2017 ESOS, the Group has implemented a Long-Term Incentive Plan ("LTIP or the Plan") of up to 10% of the issue and paid up share capital of the Company (excluding treasury shares), to eligible employees of the Group and eligible executive directors of the Company who fulfil the eligibility criteria. The LTIP was approved by the shareholders at an Extraordinary General Meeting held on 30 November 2016.

The LTIP is intended to allow the Company to attract, motivate, reward and/or retain the Eligible Persons through the grant/award of the Company ordinary shares as determined by the LTIP Committee in accordance with the By-Laws. The LTIP Committee shall have the discretion to determine and change any criteria or basis of making the offers of the share awards from time to time.

The LTIP will allow the Company to award ordinary shares to eligible persons by means of a Restricted Share Plan ("RSP") and a Performance Share Plan ("PSP") as follows;

(i) RSP - a restricted share plan designed to reward selected employees of the Group; and

(ii) PSP - a performance share plan designed to reward selected senior management employees of the Group and the Executive Directors of the Company.

The share awards to the eligible persons will not require any payment to the Company by the eligible persons.

The details of the LTIP are contained in the By-Laws and the salient features thereof are as follows:

(a) The aggregate maximum number of ordinary shares made available under the LTIP shall not exceed ten percent (10%) of the issued and paid up shares (excluding treasury shares) of the Company at any point of time during the duration of the LTIP, which shall be in force for a period of five (5) years commencing 28 November 2017.

(b) Eligible employees (including Executive Directors) are those who are confirmed full time employees within our Group.

(c) The LTIP is administered by a LTIP Committee which consists of such persons duly appointed by the Board from time to time.

(d) The LTIP may be terminated by the Board at any time before the date of expiry provided that the Company makes an announcement to Bursa Malaysia Securities Berhad.

(e) The LTIP Committee may (but shall not be obliged) establish a Trust to be administered by the Trustee(s), if required, to enable the Trustee to subscribe for new ordinary shares and/or acquire existing ordinary shares for the purpose of the LTIP and to pay expenses in relation to the administration of the Trust.

(f) All the new ordinary shares, upon allotment and issue, shall rank pari passu in all respects with the existing ordinary shares of the Company.

32 SHARE CAPITAL (CONTINUED)

Long-Term Incentive Plan (continued)

Set out below are details of RSP over the ordinary shares of the Company granted under the LTIP:

			No. of ordinary shares covered under RSP				
Tranche	**Date**	**Fair value RM**	**At 1.1.2018**	**Granted**	**Shares Allotted**	**Cancelled**	**At 31.12.2018**
2017	20 Dec 2017	1.070	**4,027,000**	**-**	**(4,027,000)**	**-**	**-**
2017	20 Dec 2017	1.052	**4,027,000**	**-**	**(3,802,600)**	**(224,400)**	**-**
2017	20 Dec 2017	1.030	**4,148,800**	**-**	**(472,200)**	**(231,200)**	**3,445,400**
2018	12 Dec 2018	0.650	**-**	**4,800,100**	**-**	**-**	**4,800,100**
2018	12 Dec 2018	0.635	**-**	**4,800,100**	**-**	**-**	**4,800,100**
2018	12 Dec 2018	0.619	**-**	**4,946,000**	**-**	**-**	**4,946,000**
			12,202,800	**14,546,200**	**(8,301,800)**	**(455,600)**	**17,991,600**

Warrants A

The warrants A of the Company are constituted by a deed poll dated 22 August 2013.

The salient terms of the warrants A are as follows:

(a) Each warrant A entitles the registered holder to subscribe for one (1) new ordinary share of RM1.00 each of the Company at any time during the five (5) years period commencing on and including 17 September 2013 ("First Issue Date"), to 14 September 2018 ("Exercise Period") at RM2.30 per new share of the Company ("Exercise Price") subject to adjustments in accordance with the provisions of the deed poll dated 22 August 2013 constituting the warrants;

(b) Any warrants A not exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose; and

(c) The new shares of the Company allotted and issued upon exercise of the warrants A shall rank pari passu in all aspects with the existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

The movement of the warrants A are as follows:

	No. of ordinary shares each covered under warrants A			
	At 1.1.2018	**Exercised**	**Lapsed**	**At 14.9.2018**
Number of unexercised warrants A*	**790,676,406**	**(5,014)**	**(790,671,392)**	**-**

* The number of warrants A and its exercise price has been adjusted for the effect of the renounceable Rights Issue. Thirty seven (37) new warrants A for every one hundred (100) existing warrants A were granted on 1 November 2017. The exercise price was adjusted from RM2.30 to RM1.68 per warrant.

5,014 warrants A were exercised during the financial year and the remaining 790,671,392 warrants A expired on 14 September 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

32 SHARE CAPITAL (CONTINUED)

Warrants B

Pursuant to the renounceable Right Issue undertaken by the Company during the financial year ended 31 December 2017, 438,518,657 warrants B of the Company were issued. On 3 November 2017, the Company listed and quoted the warrants B and the warrants B are constituted by a deed poll dated 19 September 2017.

At financial year end, the outstanding warrants B included 438,518,157 units which are exercisable.

No warrants B were exercised during the financial year (2017: 500) and the warrants outstanding at the financial year end have remaining contractual life until 29 October 2027.

The salient terms of the warrant B are as follows:

(a) Each warrant B entitles the registered holder to subscribe for one (1) new ordinary share of the Company at any time during the ten (10) years period commencing on and including 30 October 2017 ("First Issue Date"), to 29 October 2027("Exercise Period") at RM1.25 per new share of the Company ("Exercise Price") subject to adjustments in accordance with the provisions of the deed poll dated 19 September 2017 constituting the warrants;

(b) Any warrants B not exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose; and

(c) The new shares of the Company allotted and issued upon exercise of the warrants B shall rank equally in all aspects with the existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

The movement of the warrants B are as follows:

	No. of ordinary shares of RM1.00 each covered under warrants B			
	At 1.1.2018	**Granted**	**Exercised**	**At 31.12.2018**
Number of unexercised warrants B	**438,518,157**	**-**	**-**	**438,518,157**

33 SHARE PREMIUM

	Group and Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At 1 January	**-**	372,391	327,950
Issue of shares pursuant to the Private Placement	**-**	-	44,385
Exercise of options under 2007/2017 ESOS	**-**	40	39
Transferred from share options reserve	**-**	-	17
Transition to no-par value regime on 31 January 2017 (Note 32)*	**-**	(372,431)	-
At 31 January/31December	**-**	-	372,391

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,431,093 for the purposes as set out in Section 618(3) of the Act. There is no impact of ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

34 REDEEMABLE PREFERENCE SHARES

The redeemable preference shares ("RPS") were issued by the Company's 70% owned subsidiary, Kwasa Sentral Sdn. Bhd. ("KSSB") which the Company acquired on 20 December 2017 as stated in Note 5(iii) to the financial statements.

The terms of the RPS are as follows;

(i) The RPS shall be held for a fixed period of up to five (5) years from the date of issue;

(ii) The RPS shall be transferable to any person. Any transfer shall be by instrument in writing in the usual or common form;

(iii) In each financial year, the declaration of dividends by KSSB in general meeting shall not exceed the amount recommended by the KSSB's Directors, each holder of the RPS shall be entitled to a non-cumulative dividend in cash at the rate to be determined by KSSB's Directors. Such dividend, if declared, shall be payable on a date to be determined by KSSB's Directors. In the absence of any declaration of dividends by KSSB in any financial year, the rate of dividend on the RPS shall be zero;

(iv) The RPS holder shall have the right to request KSSB to redeem the RPS at any time as may be determined by the RPS holder upon the disposal or development of the land;

(v) No RPS may be converted into ordinary shares of KSSB;

(vi) The RPS shall rank ahead both as regards dividends and capital in priority to ordinary shares of KSSB. In the event of liquidation, dissolution or winding up of KSSB, the holder of the RPS shall be entitled to receive all surplus, assets or proceeds available for distribution, and shall rank in priority to the ordinary shares of KSSB; and

(vii) The RPS holder shall not have the right to vote at any general meeting of KSSB except that the RPS holder shall have the right at any general meeting of KSSB to one vote for each RPS held as stated in the Article of Association of KSSB.

The RPS were fully redeemed during the financial year.

35 OTHER LIABILITIES AND CHARGES

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At 1 January	**24,098**	26,117	10,510
Charge to profit or loss	**26,291**	-	15,607
Utilised during the financial year	**(518)**	-	-
Unutilised amount reversed	**(15,829)**	(2,019)	-
At 31 December	**34,042**	24,098	26,117

Liquidated ascertained damages (LAD) is recognised for expected LAD claims based on the contract with customers indicating daily LAD rates and estimated completion dates of respective projects.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

36 SENIOR AND JUNIOR SUKUK

	Group		
Senior Sukuk	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Nominal value	-	845,000	845,000
Less: Unamortised cost of issue	-	(7,216)	(8,817)
	-	837,784	836,183
Senior Sukuk	-	845,000	845,000
Less: Issuance expenses	-	(20,805)	(20,805)
Net proceeds	-	824,195	824,195
Accumulated amortisation of issuance expenses	-	13,589	11,988
	-	837,784	836,183

Junior Sukuk	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Nominal value	-	230,000	230,000
Less: Issuance expenses	-	(300)	(300)
Net proceeds	-	229,700	229,700
Accumulated amortisation of issuance expenses	-	755	600
Less: Accumulated unwinding of premium	-	(9,739)	(8,006)
	-	220,716	222,294
Total Senior and Junior Sukuk	-	1,058,500	1,058,477

(i) In 2008, a subsidiary issued RM845 million Senior Sukuk and RM199.0 million Junior Sukuk which proceeds were used to finance the EDL project. Tenure of the Senior Sukuk ranges from 10.0 to 17.5 years and Junior Sukuk ranges from 18.0 to 19.5 years from the date of issue and carry profit rates, which have been fixed in accordance with the Syariah principles, at profit ratios ranging from 6.33% to 8.35% per annum for Senior Sukuk and 10.05% to 10.40% per annum for Junior Sukuk respectively. Both Sukuk are payable semi-annually from its respective issue dates and traded on the Scriptless Securities Trading System operated and managed by Bank Negara Malaysia.

(ii) Proceeds from the issue of both Sukuk were channelled to Designated Accounts. Permitted withdrawals relating to the EDL project from these Designated Accounts are subject to terms and conditions of the Project Account Agreement (Note 30).

(iii) The Junior Sukuk was fully subscribed by the Company in 2008. On 30 September 2011, the Company disposed the Junior Sukuk to The National Agricultural Cooperative Federation ("Purchaser") for a cash consideration of RM230.0 million. The Purchaser was the trustee for HanaDaol Landchip Malaysia JB Private Real Estate Fund Investment Trust No. 34 (REF Trust) of Korea.

(iv) The repayment of the Senior and Junior Sukuk are primarily from toll collections. Following the issuance of the Federal Roads (Private Management) (Collection of Tolls) (EDL) (Revocation) Order 2017 by the Government of Malaysia ("GoM") on 28 December 2017, as indicated in Note 18 to the financial statements, the Senior and Junior Sukuk will be settled via the proceeds from the GoM under the mutual termination agreement. Hence, the Senior and Junior Sukuk have been classified as current liabilities.

(v) On 28 February 2018, an Extraordinary General Meeting of the Senior and Junior Sukuk holders was convened to authorise the Group to commence negotiations with the GoM to ensure that the Senior and Junior Sukuk holders will be repaid based on its nominal value and interest accrued up to the settlement date.

36 SENIOR AND JUNIOR SUKUK (CONTINUED)

(vi) Both Sukuk are denominated in Ringgit Malaysia.

(vii) The carrying amounts of the Senior and Junior Sukuk that are measured at amortised cost as at 31 December 2017 approximate their fair values.

(viii) Both Sukuk were fully settled upon completion of Concession Termination on 28 November 2018 (Note 49(g)).

37 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group and the Company provide for unfunded retirement benefits to eligible employees, those permanent employees who joined before 1 September 2002, and have been in the service of the Group and of the Company for a continuous period of at least ten (10) years.

The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the statements of financial position. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified actuary on the basis of a triennial valuation and after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 30 November 2017.

The defined benefit plan exposed the Group and the Company to actuarial risk such as interest rate risk and salary inflation risk.

Defined benefit plan

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At 1 January	**18,626**	16,312	16,307
Charged to profit or loss			
- continuing operations	**1,725**	1,892	2,082
- discontinued operations	**98**	89	-
Utilised during the financial year	**(921)**	(2,054)	(2,077)
Provision no longer required	**(20)**	(791)	-
Re-measurement of post-employment benefit obligations recognised in other comprehensive income	**-**	3,178	-
At 31 December	**19,508**	18,626	16,312

	Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At 1 January	**7,440**	6,953	6,537
Charged to profit or loss	**694**	972	785
Utilised during the financial year	**(759)**	(155)	(369)
Re-measurement of post-employment benefit obligations recognised in other comprehensive income	**-**	(330)	-
At 31 December	**7,375**	7,440	6,953

37 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit plan (continued)

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current (Note 41)	**-**	-	1,377	**-**	-	-
Non-current	**19,508**	18,626	14,935	**7,375**	7,440	6,953
	19,508	18,626	16,312	**7,375**	7,440	6,953

The amounts recognised in the Group's and the Company's statement of financial positions are analysed as follows based on valuation carried out on 30 November 2017:

	Group RM'000	Company RM'000
Present value of unfunded obligations		
At 31 December 2018	**19,508**	**7,375**
At 31 December 2017	18,626	7,440
At 31 December 2016	16,312	6,953
At 31 December 2015	16,307	6,537
At 31 December 2014	16,539	6,895

The expenses recognised in the Group's and the Company's profit or loss are analysed as follows:

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Continuing operations			
Current service cost	**883**	916	1,194
Interest cost	**842**	976	888
Discontinued operations			
Current service cost	**52**	46	-
Interest cost	**46**	43	-
	1,823	1,981	2,082
Write back of provision no longer required	**(20)**	(791)	-
At 31 December	**1,803**	1,190	2,082

37 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current service cost	**347**	406	410
Interest cost	**347**	566	375
At 31 December	**694**	972	785

The above charge to the profit or loss was included in administrative expenses of the year.

At 31 December 2018, the weighted average duration of the defined benefit obligation was 6.3 years (2017: 7.3 years, 2016: 7.7 years).

The principal actuarial assumptions used by the valuer in the valuation carried out on 30 November 2017 in respect of the Group's and the Company's defined benefit plan is as follows:

	Group and Company %
Discount rate	4.8
Expected rate of salary increases	8.0

There is no material effect to the defined benefit obligations should there be a 1% movement in the above assumed discounted rate.

38 LONG TERM BORROWINGS

(a)

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Term loans	**1,114,473**	1,286,403	1,577,377	**148,800**	250,200	436,000
Less: Unamortised cost of issue	**(8,244)**	(942)	(3,898)	**(277)**	(942)	(2,634)
	1,106,229	1,285,461	1,573,479	**148,523**	249,258	433,366
Less: Due within 12 months (Note 43)	**(340,709)**	(394,213)	(501,175)	**(148,523)**	(67,000)	(100,000)
	765,520	891,248	1,072,304	**-**	182,258	333,366
Term loans	**1,114,473**	1,286,403	1,577,377	**148,800**	250,200	436,000
Less: Issuance expenses	**(10,991)**	(1,330)	(7,345)	**(1,330)**	(1,330)	(5,450)
Net proceeds	**1,103,482**	1,285,073	1,570,032	**147,470**	248,870	430,550
Accumulated amortisation of issuance expenses	**2,747**	388	3,447	**1,053**	388	2,816
	1,106,229	1,285,461	1,573,479	**148,523**	249,258	433,366
Less: Due within 12 months (Note 43)	**(340,709)**	(394,213)	(501,175)	**(148,523)**	(67,000)	(100,000)
	765,520	891,248	1,072,304	**-**	182,258	333,366

38 LONG TERM BORROWINGS (CONTINUED)

(b) The repayment period of the term loans (before issuance cost) are as follows:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Analysis of term loans:						
Payable within one year	**344,572**	394,213	501,175	**148,800**	67,000	100,000
Payable between one and two years	**100,699**	335,310	364,945	**-**	183,200	67,000
Payable between two and five years	**663,698**	424,882	711,257	**-**	-	269,000
Payable after five years	**5,504**	131,998	-	**-**	-	-
	1,114,473	1,286,403	1,577,377	**148,800**	250,200	436,000
Representing term loans:						
Due within 12 months	**344,572**	394,213	501,175	**148,800**	67,000	100,000
Due after 12 months	**769,901**	892,190	1,076,202	**-**	183,200	336,000
	1,114,473	1,286,403	1,577,377	**148,800**	250,200	436,000

	Group			Company		
	31.12.2018 %	31.12.2017 %	1.1.2017 %	31.12.2018 %	31.12.2017 %	1.1.2017 %
(c) Weighted average year end effective interest rates per annum	**6.13**	5.50	5.65	**-**	5.06	5.35

(d) The secured term loans includes borrowings denominated in Australian Dollars of AUD14,360,210, equivalent to RM40,558,382 (2017: Nil; 2016: Nil). Other than the above, the balance of the long term borrowings were denominated in Ringgit Malaysia.

38 LONG TERM BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows:

The Group	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2018						
Secured						
Revolving credit 1	5.07	38,873	38,873	-	-	-
Revolving credit 2	5.04	103,390	103,390	-	-	-
Revolving credit 3	5.89	3,000	3,000	-	-	-
Revolving credit 4	4.86	1,074	1,074	-	-	-
Term loan 1	6.50	73,884	73,884	-	-	-
Unsecured						
Revolving credit 5	4.85	150,615	150,615	-	-	-
Revolving credit 6	4.78	14,309	14,309	-	-	-
		385,145	385,145	-	-	-
			Fixed interest rate			
Secured						
Term loan 2	4.50	155,000	155,000	-	-	-
Term loan 3	6.50	148,523	148,523	-	-	-
			Floating interest rate			
Term loan 2	5.65	204,537	2,017	31,688	170,832	-
Term loan 4	4.88	4,610	4,611	-	-	-
Term loan 5	6.00	197,488	-	-	197,488	-
Term loan 6	5.11	8,800	6,800	2,000	-	-
Term loan 7	5.53	21,742	21,742	-	-	-
Term loan 8	6.76	298,720	-	61,843	236,877	-
Term loan 9	4.93	40,559	-	-	40,559	-
Term loan 10	5.38	26,250	2,016	4,416	14,314	5,503
		1,106,229	340,709	99,947	660,070	5,503
		1,491,374	725,854	99,947	660,070	5,503

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

38 LONG TERM BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings (continued)

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows: (continued)

The Group	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2017						
Secured						
Revolving credit 1	5.44	740	740	-	-	-
Revolving credit 2	4.71	59,053	59,053	-	-	-
Revolving credit 3	5.85	3,000	3,000	-	-	-
Term loan 1	5.35	727,666	727,666	-	-	-
Unsecured						
Revolving credit 5	4.67	200,000	200,000	-	-	-
Revolving credit 6	4.29	28,097	28,097	-	-	-
Trust receipts	4.92	19,338	19,338	-	-	-
		1,037,894	1,037,894	-	-	-
			Fixed interest rate			
Secured						
Term loan 2	4.50	155,000	-	155,000	-	-
Term loan 3	6.50	182,258	-	182,258	-	-
			Floating interest rate			
Term loan 2	5.06	164,882	-	-	164,882	-
Term loan 4	4.60	47,611	-	47,611	-	-
Term loan 5	5.64	164,997	-	-	164,997	-
Term loan 6	5.00	21,546	11,546	8,000	2,000	-
Term loan 11	5.06	67,000	67,000	-	-	-
Term loan 12	5.14	105,570	35,570	-	70,000	-
Term loan 13	5.25	193,000	96,500	96,500	-	-
Term loan 14	6.10	183,597	183,597	-	-	-
		1,285,461	394,213	489,369	401,879	-
		2,323,355	1,432,107	489,369	401,879	-

38 LONG TERM BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings (continued)

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows: (continued)

The Company	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2018						
Secured						
Term loan 1	**6.50**	**73,884**	**73,884**	**-**	**-**	**-**
Term loan 3	**6.50**	**148,523**	**148,523**	**-**	**-**	**-**
Unsecured						
Revolving credit 4	**4.67**	**150,615**	**150,615**	**-**	**-**	**-**
		373,022	**373,022**	**-**	**-**	**-**
2017						
Secured						
Term loan 1	5.35	727,666	727,666	-	-	-
Term loan 3	6.50	182,258	-	182,258	-	-
Term loan 4	5.06	67,000	67,000	-	-	-
Unsecured						
Revolving credit 4	4.67	200,000	200,000	-	-	-
		1,176,924	994,666	182,258	-	-

B. Principal features of borrowings

Term Loan 1

Term loan 1 of RM73,884,263 (2017:RM727,665,694) is secured by way of:
(i) Commodity Murabahah Facility Agreement;
(ii) Memorandum of deposit over 700,000 ordinary shares of a subsidiary acquired, including all right, titles, interest, benefits, entitlements, distributions and dividends arising there from;
(iii) Letter of Undertaking from a subsidiary to channel at least RM737.9 million proceed into the Proceeds Accounts upon receipt of the same from the subsidiary's shares allotment monies;
(iv) Assignment of all present and future dividend income from a subsidiary to the Company;
(v) Assignment of all Designated Accounts; and
(vi) Such other documents as may be deemed necessary by the Financier at any time or as advised by the solicitors.

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 2

Term loan 2 of RM359,536,657 (2017: RM319,882,917) is secured by way of:
(i) Fixed charge over a leasehold land and the investment property with total carrying amount of RM403,301,100 (2017: RM367,477,009) (Note 16);
(ii) Master Deed of Assignment in respect of Assigned property as follows:
  (a) The Agreement to Build and Lease;
  (b) The Lease Agreement or the Tenancy Agreement;
  (c) The Construction Contract;
  (d) The Performance Bond; and
  (e) The Insurances
(iii) Memorandum of Deposit of the shares of the subsidiary;
(iv) Assignment and charge over Shared Designated Accounts;
(v) Debentures by the subsidiary;
(vi) Corporate Guarantee and undertaking by the Company; and
(vii) Priority and Security Sharing Agreement.

Term Loan 3

Term loan 3 of RM148,522,814 (2017: RM182,257,567) is secured by way of:
(i) Master Facility Agreement;
(ii) Pledge of subsidiary shares;
(iii) Assignment of designated Accounts;
(iv) Assignment of Finance Service reserve Accounts; and
(v) First Party Charge over Charged Units.

Term Loan 4

Term loan 4 of RM4,610,443 (2016: RM47,610,443) is secured by way of:
(i) Assignment of the Group’s rights, title and interest in material construction contracts in respect of a Group’s project;
(ii) Assignment of the insurance/Takaful policies;
(iii) Security Agreement over Designated Accounts;
(iv) A corporate guarantee by the Company;
(v) Letter of Negative Pledge by the Group in favour of the bank; and
(vi) Subordination of shareholders’ loan/financing.

Term Loan 5

Term loan 5 of RM197,488,156 (2017: RM164,997,432) is secured by way of:
(i) A first party legal charge over certain part of the project land of the Group held for development with carrying value of RM126,932,035 (2017: RM126,932,035);
(ii) A corporate guarantee by the Company;
(iii) Assignment of all future and future rental receivables;
(iv) A first legal charge and assignment over all rights of Designated Accounts;
(v) Debenture by the Group; and
(vi) Assignment of the insurance policies.

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 6

Term loan 6 of RM8,800,000 (2017: RM21,545,160) is secured by way of:
(i) A first party first legal charge over a freehold land of the Group held for development with carrying value of RM23,684,000 (2017: RM23,684,000);
(ii) A corporate guarantee by the Company;
(iii) Assignment and charge over the surpluses of Designated Accounts/Fixed Deposit;
(iv) Debentures by the Group; and
(v) Assignment over any bank guarantees and insurances.

Term Loan 7

Term loan 7 of RM21,742,369 is secured by way of:
(i) First legal charge over the leasehold land with carrying value of RM171,521,479 of the subsidiary;
(ii) First fixed and floating charges over existing and future assets of the subsidiary;
(iii) A Corporate Guarantee from the Company;
(iv) Assignment over sale proceeds of the project;
(v) Assignment over all takaful plan/insurance policies; and
(vi) Irrevocable Letter of Undertaking from the Company to fund any cost overrun during the construction, development and until completion of the development project.

Term Loan 8

Term loan 8 of RM298,720,187 is secured by way of:
(i) A third party first legal charge over the freehold land with carrying value of RM349,367,603 purchased by a subsidiary (through the Advances/Loan by MRCB Land Sdn. Bhd.(“MLSB”));
(ii) A corporate guarantee from the Company;
(iii) A first legal charge and assignment over present and future rights of MLSB on the Designated Accounts and all monies standing to the credit of the Designated Accounts;
(iv) First charge over all MLSB’s ordinary shares in MSSB;
(v) Placement of cash deposit of up to RM67,100,000 million to be built up within 24 months to be places in PSRA II on-lien with profit to be capitalised with Memorandum of Deposit and Letter of Set-Off to be executed in favour of the Bank;
(vi) Assignment of Proceeds by MRCB Builders Sdn Bhd (“MBSB”) in favour of the Bank:
    (a) Project Delivery Partner Fees (“PDP Fees”) received by MBSB with respect to the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Area at the proposed Kwasa Damansara Township;
    (b) Dividend received by MBSB from MRCB George Kent JV Sdn Bhd in connection with the LRT3 Project; and
    (c) Any other project to be mutually agreed by the parties
(vii) Letter of Undertaking from MBSB undertaking to credit the following into RCA:
    (a) The PDP Fees received by MBSB with respect to the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Area at the proposed Kwasa Damansara Township;
    (b) Dividend received by MBSB from MRCB George Kent JV Sdn Bhd in connection with the LRT3 Project; and
    (c) Any other project to be mutually agreed by the parties.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 9

Term loan 9 of AUD14,360,210, equivalent to RM40,558,382 is secured by way of:
(i) Legal mortgage over the development land for amount due and payable under the facility;
(ii) Unconditional and irrevocable guarantee from the Company for amount due and payable under the facility;
(iii) Fixed and floating charge over the present and future assets of the subsidiary;
(iv) Assignment and charge over Finance Service Reserve Account;
(v) Assignment and charge over Sale and Purchase Account;
(vi) Assignment over sale proceeds of the development project;
(vii) Assignment of the subsidiary's right, benefits and interest in relation to all contracts' performance bond (if any) in relation to the development project;
(viii) Assignment of the subsidiary's right, title and beneficiaries arising from all takaful plan/insurance policies taken by the subsidiary whereby the financier is to be endorsed as the loss payee; and
(ix) Any other security (ies) as may be required by the financier and as advised by the financier's panel solicitors.

Term Loan 10

Term loan 10 of RM26,250,000 is secured by way of:
(i) First party legal charge over the Proceed Account opened by the subsidiary;
A minimum balance of 3 months of profit payment (on the amount disbursed) and the next principal payment ("Minimum Required Balance") due shall be maintained at all times during the entire tenure of the facility;
In the event there is a shortfall from the Minimum Required Balance, the subsidiary must top up within 10 business days of the shortfall to maintain the Minimum Required Balance;
(ii) First party legal charge over the Operating Account open by the subsidiary;
(iii) Third party legal charge over the Operating Account opened by another subsidiary; and
(iv) Corporate Guarantee of the Company.

Term Loan 11

Term loan 11 of Nil (2017: RM67,000,000) is secured by way of:
(i) First and third parties legal charge over the Group's investment properties with a carrying value of Nil (2017: RM95,553,168) (Note 16);
(ii) Assignment of rental income from the investment properties above;
(iii) Assignment of the Company's beneficial rights arising from certain investments; and
(iv) Power of Attorney to initiate disposal of the pledged properties/investments upon occurrence of Trigger Events or Event of Default.

Term Loan 12

Term loan 12 of Nil (2017: RM105,569,976) is secured by way of:
(i) Fixed charge over the leasehold lands of the Group with total carrying amount of Nil (2017: RM104,478,070) (Note 17(a) and Note 17(b));
(ii) Master Deed of Assignment over all rights, interests and benefits as contained in the following:
  (a) The Management Agreement to be executed with the car park operator;
  (b) The Tenancy/Rental Agreement to be executed with the tenants;
  (c) The Performance Bonds or Guarantee from the contractor(s);
  (d) The Insurances; and
  (e) The other proceeds in relation to the mixed commercial development on Plot C (including but not limited to the rental proceeds from car park and proceeds from the sale of the development units).
(iii) Assignment and charge over Designated Accounts;
(iv) Debenture by the Group; and
(v) A corporate guarantee by the Company.

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 13

Term loan 13 of Nil (2017: RM193,000,000) is secured by way of:
(i) Debentures over the fixed and floating assets;
(ii) Deed of Assignment over a Letter of Undertaking from a shareholder of the Company;
(iii) Deed of Assignment over a Letter of Undertaking from the Company;
(iv) A charge over all proceed received by the subsidiary under the Subscription and Shareholders' Joint Venture Agreement;
(v) Corporate Guarantee by the Company;
(vi) Third party first legal charge over five (5) parcel of freehold land of a subsidiary with carrying value of Nil (2017: RM77,389,936); and
(vii) Assignment and charge over Designated Accounts.

Term Loan 14

Term loan 14 of Nil (2017: RM183,597,224) is secured by way of:
(i) A first party first legal charge over a freehold land of the Group held for development with carrying value of Nil (2017: RM30,482,093) and receivables of Nil (2017: RM305,076,269);
(ii) A corporate guarantee by the Company; and
(iii) Deed of Assignment over designated Accounts.

Term loans 11 to 14 were settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

38 LONG TERM BORROWINGS (CONTINUED)

The reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

	Short term borrowings RM'000	Long term borrowings RM'000	Senior and Junior Sukuk RM'000	Total RM'000
Group				
Balance at 1 January 2018	1,432,107	891,248	1,058,500	3,381,855
Changes from financing cash flow				
Proceed from borrowings	635,714	843,353	-	1,479,067
Repayment of borrowings	(2,043,897)	(270,067)	(1,044,000)	(3,357,964)
Issuance cost paid	-	(9,660)	-	(9,660)
Total changes from financing cash flows	(1,408,183)	563,626	(1,044,000)	(1,888,557)
Other changes of liabilities – related				
Amortisation of issuance cost	10,217	2,359	9,587	22,163
Unwinding of premium	-	-	(24,087)	(24,087)
Total other changes of liabilities – related	10,217	2,359	(14,500)	(1,924)
Reclassification from long term to short term	691,713	(691,713)	-	-
Balance at 31 December 2018	725,854	765,520	-	1,491,374
Company				
Balance at 1 January 2018	994,666	182,258	-	1,176,924
Changes from financing cash flow				
Proceed from borrowings	45,594	-	-	45,594
Repayment of borrowings	(825,978)	(34,400)	-	(860,378)
Issuance cost paid	-	-	-	-
Total changes from financing cash flows	(780,384)	(34,400)	-	(814,784)
Other changes of liabilities – related				
Amortisation of issuance cost	10,217	665	-	10,882
Total other changes of liabilities – related	10,217	665	-	10,882
Reclassification from long term to short term	148,523	(148,523)	-	-
Balance at 31 December 2018	373,022	-	-	373,022

38 LONG TERM BORROWINGS (CONTINUED)

	Short term borrowings RM'000	Long term borrowings RM'000	Senior and Junior Sukuk RM'000	Total RM'000
Group				
Balance at 1 January 2017	806,331	1,072,304	1,058,477	2,937,112
Changes from financing cash flow				
Proceed from borrowings	1,037,175	2,278,385	-	3,315,560
Repayment of borrowings	(795,680)	(2,067,897)	-	(2,863,577)
Issuance cost paid	(11,148)	(1,330)	-	(12,478)
Total changes from financing cash flows	230,347	209,158	-	439,505
Other changes of liabilities – related				
Amortisation of issuance cost	1,216	3,999	1,756	6,971
Unwinding of premium	-	-	(1,733)	(1,733)
Total other changes of liabilities – related	1,216	3,999	23	5,238
Reclassification from long term to short term	394,213	(394,213)	-	-
Balance at 31 December 2017	1,432,107	891,248	1,058,500	3,381,855
Company				
Balance at 1 January 2017	350,000	333,366	-	683,366
Changes from financing cash flow				
Proceed from borrowings	839,349	456,000	-	1,295,349
Repayment of borrowings	(251,465)	(541,800)	-	(793,265)
Issuance cost paid	(11,148)	(1,330)	-	(12,478)
Total changes from financing cash flows	576,736	(87,130)	-	489,606
Other changes of liabilities – related				
Amortisation of issuance cost	930	3,022	-	3,952
Total other changes of liabilities – related	930	3,022	-	3,952
Reclassification from long term to short term	67,000	(67,000)	-	-
Balance at 31 December 2017	994,666	182,258	-	1,176,924

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

39 LONG TERM LIABILITIES

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Guaranteed return to a non-controlling interest (Note 5(iii))	**348,687**	330,510	-
Hire purchase creditors due after 12 months (Note 42)	**891**	1,749	2,274
Other long term liabilities	**-**	-	641
	349,578	332,259	2,915

The guaranteed return is a contractual obligation made by the Company to a non-controlling interest in Kwasa Sentral Sdn. Bhd. ("KSSB"), a 70% owned subsidiary of the Company to guarantee the minimum return to their investment in the development project undertaken by KSSB which is payable based on certain milestone of the development project. As at the financial year end, the net present value of this guaranteed sum is RM348,687,000 (2017: RM330,510,000). The repayment period of the guaranteed return is as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Payable within one year	**-**	-	-
Payable between one and two years	**-**	-	-
Payable between two and five years	**36,325**	34,431	-
Payable after five years	**312,362**	296,079	-
	348,687	330,510	-

40 GOVERNMENT GRANT

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Facilitation fund	**131,849**	80,186	62,971
Amortised during the year	**(44)**	-	-
	131,805	80,186	62,971

The facilitation fund represents grant received from the Malaysian Government for the planning, designing, financing, development, construction, equipping, installation, completion, testing and commissioning of the Penang Sentral transport terminal currently being constructed by a subsidiary of the Company.

41 TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade payables	**857,449**	780,127	876,765	**268,622**	120,973	96,254
Amounts due to related parties	**3,000**	-	1,855	**-**	-	-
Hire purchase creditors due within 12 months (Note 42)	**858**	1,086	965	**-**	-	-
Other payables	**161,251**	277,332	254,967	**9,715**	9,630	6,891
Accruals	**62,433**	158,982	127,540	**12,734**	19,971	20,062
Post-employment benefit obligations (Note 37)	**-**	-	1,377	**-**	-	-
	1,084,991	1,217,527	1,263,469	**291,071**	150,574	123,207

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Amounts due to subsidiaries	**47,112**	119,239	44,251

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Credit terms of trade payables for the Group and the Company range from 14 days to 90 days (2017 & 2016: 14 days to 90 days).

Credit terms of other payables for the Group and the Company range from 14 days to 90 days (2017 & 2016: 14 days to 90 days).

The currency exposure profile of the trade and other payables is as follows:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Ringgit Malaysia	**1,052,400**	1,191,537	1,226,489	**291,071**	150,574	123,207
Australian Dollar	**32,572**	25,983	36,966	**-**	-	-
Thai Baht	**19**	7	14	**-**	-	-
	1,084,991	1,217,527	1,263,469	**291,071**	150,574	123,207

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

42 HIRE PURCHASE CREDITORS

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Analysis of hire purchase creditors:			
Payable within one year	**928**	1,206	1,113
Payable between two and four years	**916**	1,844	2,439
	1,844	3,050	3,552
Less: Finance charges	**(95)**	(215)	(313)
	1,749	2,835	3,239
Present value of hire purchase creditors:			
Payable within one year	**858**	1,086	965
Payable between two and four years	**891**	1,749	2,274
	1,749	2,835	3,239
Representing hire purchase creditors:			
Due within 12 months (Note 41)	**858**	1,086	965
Due after 12 months (Note 39)	**891**	1,749	2,274
	1,749	2,835	3,239

(a) The weighted average year end effective interest rates of hire purchase creditors was 5.21% per annum (2017: 5.46%, 2016:5.34%).

(b) The hire purchase creditors are denominated in Ringgit Malaysia.

(c) Hire purchase liabilities are effectively secured as the rights to the assets under hire purchase revert to the hire purchase creditors in the event of default.

(d) The carrying amounts of the hire purchase creditors approximate its fair values as at reporting date.

43 SHORT TERM BORROWINGS

	Group			Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Secured short term borrowings and other credit facilities	**220,221**	790,459	55,156	**73,884**	727,666	-
Secured term loans due within 12 months (Note 38)	**340,709**	394,213	501,175	**148,523**	67,000	100,000
Unsecured short term borrowings (Note 38)	**164,924**	247,435	250,000	**150,615**	200,000	250,000
Total	**725,854**	1,432,107	806,331	**373,022**	994,666	350,000

43 SHORT TERM BORROWINGS (CONTINUED)

The principal features for the short term borrowings (term loan) of the Group and the Company have been disclosed in Note 38 to the financial statements.

	Group			Company		
	31.12.2018 %	31.12.2017 %	1.1.2017 %	31.12.2018 %	31.12.2017 %	1.1.2017 %
Weighted average year end effective interest rates						
Secured short term borrowings and other credit facilities	**5.50**	4.77	4.88	**6.50**	5.35	-
Secured term loans	**5.46**	5.60	4.89	**6.50**	5.06	5.02
Unsecured short term Borrowings	**4.84**	4.65	4.81	**4.85**	4.67	4.81

Included in secured term loans due within 12 months was a Australian Dollar borrowings of Nil (2017: Nil; 2016: AUD29,528,103, equivalent to RM95,257,660).

Other than the above, the balance of the short term borrowings were denominated in Ringgit Malaysia.

44 RELATED PARTY DISCLOSURES

The related parties with whom the Group and the Company transacted with during the financial year include the following:

Related parties	Nature of relationship
Sistem Televisyen Malaysia Berhad ("STMB")	A subsidiary of Media Prima Berhad ("MPB") and related by virtue of Datuk Shahril Ridza Ridzuan being common Director of both MPB and the Company.
Kumpulan Wang Simpanan Berhad ("KWSP")	KWSP has significant influence over the Company. Significant shareholder of the Company and related by virtue of Datuk Shahril Ridza Ridzuan/Dato' Mohamad Nasir Ab Latif being common Board member of both KWSP and the Company and Tan Sri Azlan Mohd Zainol and Puan Rohaya Mohammad Yusof are nominees of KWSP. KWSP is also an Agency of Government of Malaysia.
Nusa Gapurna DevelopmentSdn. Bhd ("NGD")	Related by virtue of KWSP and Garpuna Sdn. Bhd. ("GSB") which are 40% and 60% equity shareholders of NGD respectively.
Gapurna Retail Sdn. Bhd. ("GRSB")	Related by virtue of Tan Sri Mohamad Salim Fateh Din and Mohd Imran Mohamad Salim being common Board members of both GRSB and the Company. GRSB is wholly owned by GSB, a major shareholder of the Company.

44 RELATED PARTY DISCLOSURES (CONTINUED)

The related party transactions were carried out based on terms and conditions negotiated and agreed upon between the parties. The significant related party transactions and balances other than mentioned elsewhere in the financial statements are as follows:

(a) Transactions with related parties

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Rental income from STMB	**1,729**	1,783	**-**	-
Legal fee charged by a legal firm of which its partner also a director of the Company	**346**	-	**-**	-
Management fees from subsidiaries	**-**	-	**54,644**	55,464
Management fees charged to an associate	**5,576**	5,079	**3,976**	5,079
Provision of building maintenance services to KWSP and GRSB	**-**	1,110	**-**	-
Progress billings charged to the Directors and key management of the Group and of the Company	**3,589**	7,015	**-**	-
Progress billings charged by subsidiaries				
- MRCB Builders Sdn. Bhd.	**-**	-	**225,755**	214,604
- MRCB Environmental Services Sdn. Bhd.	**-**	-	**56,348**	84,950
Repayment of advances by subsidiaries	**-**	-	**982,965**	57,334
Advances to subsidiaries	**-**	-	**(609,584)**	(1,592,286)
Subscription of RCPS in 59 INC Sdn. Bhd.	**-**	-	**-**	(123,000)

As at 31 December 2018 the outstanding amount arising from the progress billings to the Directors and key management was RM803,579 (2017: RM1,053,132).

(b) Key management compensation (including Executive Directors)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Salaries and other short term employee benefits	**27,744**	20,708	**18,388**	14,064
Post-employment benefits	**4,574**	3,435	**3,056**	2,314
Share based payments	**4,107**	1,867	**2,951**	1,334

44 RELATED PARTY DISCLOSURES (CONTINUED)

(c) The Group's and the Company's significant transactions with government and government-related entities on terms and conditions negotiated and agreed upon are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Progress billings charged to customers on contracts:				
- Desaru Convention Centre Sdn. Bhd.	**7,897**	29,693	**7,897**	29,693
- Desaru Corniche Hotel Sdn. Bhd.	**72,562**	58,561	**72,562**	58,561
- Desaru Estate Sdn. Bhd.	**64,058**	82,783	**64,058**	82,783
- Desaru Peace Holdings Club Sdn. Bhd.	**959**	48,536	**959**	48,536
- Jabatan Pengairan Dan Saliran Malaysia	**59,597**	92,803	**59,597**	92,803
- Johor Land Berhad	**42,463**	67,446	**42,463**	67,446
- Kementerian Belia dan Sukan	**-**	1,211,914	**-**	-
- MASS Rapid Transit Corporation Sdn. Bhd.	**-**	22,677	**-**	-
- Perbadanan PR1MA Malaysia	**83,238**	36,685	**-**	-
- Syarikat Prasarana Negara Berhad	**61,886**	41,941	**-**	-
- Tenaga Nasional Berhad	**61,461**	106,042	**8,618**	319
- Turnpike Synergy Sdn. Bhd.	**29,983**	1,349	**29,983**	1,349
Progress billings charged to purchasers				
- MBSB Bank Berhad	**125,289**	47,120	**-**	-
- Perbadanan Harta Intelek Berhad	**3,296**	2,834	**-**	-
- Pertubuhan Keselamatan Sosial	**333,634**	-	**-**	-
Rental income received from:				
- Jabatan Penilaian dan Perkhidmatan Harta	**2,565**	2,565	**2,565**	2,565
- Pelaburan Mara Berhad	**3,115**	2,943	**3,115**	2,943
Project management and building maintenance service fees received from:				
- Keretapi Tanah Melayu Berhad	**3,584**	3,344	**-**	-
Rental charged by:				
- Bank Kerjasama Rakyat Malaysia Berhad	**-**	1,141	**-**	-
- Lembaga Tabung Haji	**14,010**	13,934	**12,452**	12,452
- Pertubuhan Keselamatan Sosial	**6,631**	34,483	**-**	-
- Suruhanjaya Komunikasi dan Multimedia Malaysia	**2,580**	2,465	**-**	-
Purchase of freehold land from:				
- Dewan Bandaraya Kuala Lumpur	**349,368**	-	**-**	-
Compensation and LAD charged to:				
- MASS Rapid Transit Corporation Sdn. Bhd.	**-**	5,671	**-**	-

45 CONTINGENT LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Performance guarantees extended to third parties*	**576,885**	309,747	**544,501**	234,918
Disputed claims from sub-contractor arising from business transaction	**4,371**	-	**-**	-
	581,256	309,747	**544,501**	234,918

* Included in the performance guarantees extended to third parties is an amount RM31,400,000 that has been called on by third parties. The Group had instituted an injunction proceeding against the third parties. The performance guarantees which have been called upon have not been provided in the financial statements as the Board of Directors as advised by external expert, are of the opinion the third parties are not likely to succeed, and thus would not have a material effect on the financial position of the business of the Group.

46 CAPITAL COMMITMENT

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Authorised capital expenditure for property, plant and equipment				
- contracted for	**11,781**	10,975	**4,542**	-
- not contracted for	**47,701**	44,650	**3,411**	5,675
	59,482	55,625	**7,953**	5,675

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Group's effective equity interest in the subsidiaries, joint ventures and associates as at 31 December 2018, their respective principal activities and country of incorporation are as follows:

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2018 %	2017 %
SUBSIDIARIES:				
348 Sentral Sdn. Bhd.	Leasing of office and service residence space and provision of interior design fit out consultancy work and services	Malaysia	**100.00**	100.00
Held through 100% ownership by 348 Sentral Sdn. Bhd.				
- 348 Sentral Office Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- 348 Sentral Service Residence Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Country Annexe Sdn. Bhd.	Construction and property development	Malaysia	**100.00**	100.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %
Cosy Bonanza Sdn. Bhd.	Property development	Malaysia	**65.70**	65.70
Excellent Bonanza Sdn. Bhd.	Property development, leasing of office space and provision of interior design fit out consultancy work and services	Malaysia	**100.00**	100.00
MRCB Spectrum Sdn. Bhd.	Construction and development of property	Malaysia	**100.00**	100.00
MRCB Global Solutions Sdn. Bhd.	Property and investment holding	Malaysia	**100.00**	100.00
MRCB Seputeh Land Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
Kuala Lumpur Sentral Sdn. Bhd.	Sale of land, property development and property management	Malaysia	**100.00**	74.00
Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.				
- Unity Portfolio Sdn. Bhd.	Provision of management and maintenance services	Malaysia	**100.00**	74.00
Kwasa Sentral Sdn. Bhd.	Property development and investment holding	Malaysia	**70.00**	70.00
MRCB Builders Sdn. Bhd.	Engineering, construction services and investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Builders Sdn. Bhd.				
- Milmix Sdn. Bhd. *	Civil and infrastructure building contractor	Malaysia	**100.00**	100.00
- Region Resources Sdn. Bhd.	Engineering and construction services	Malaysia	**100.00**	100.00
- Sanjung Sepang Sdn. Bhd.	Trading in construction material	Malaysia	**100.00**	100.00
- Transmission Technology Sdn. Bhd.	Engineering, construction and commissioning of transmission lines and substations	Malaysia	**100.00**	100.00
- MRCB Environmental Services Sdn. Bhd.	Provision of project management and consultancy services and engaged in the design, construction, operation, management and maintenance of beaches and rivers for rehabilitation and improvement purposes	Malaysia	**100.00**	100.00
- MRCB Engineering Sdn. Bhd.	Engineering and construction services	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Environmental Services Sdn. Bhd.				
- MRCB Environment Sdn. Bhd. *	Infrastructure and environmental engineering	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Engineering Sdn. Bhd.				
- MRCB (Thailand) Ltd. ß	Pre-operating	Thailand	**100.00**	100.00
MRCB Land Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %
Held through 100% ownership by MRCB Land Sdn. Bhd.				
- Efficient Class Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
- Esquire Moments Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
- Crystal Hallmark Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
- Legasi Azam Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
- MRCB Rasma JV Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- Nilaitera Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
- Pinnacle Paradise Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
- Subang Sentral Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- Stigma Tiara Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- Lot F Residence Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- Lot F Hotel Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Held through 85% ownership by MRCB Land Sdn. Bhd.				
- Rukun Juang Sdn. Bhd.	Construction and property development	Malaysia	**85.00**	85.00
Held through 51% ownership by MRCB Land Sdn. Bhd.				
- Metro Spectacular Sdn. Bhd.	Property development	Malaysia	**51.00**	51.00
MRCB Prasarana Sdn. Bhd.	Operation, management and maintenance of the EDL Expressway and investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Prasarana Sdn. Bhd.				
- MRCB Lingkaran Selatan Sdn. Bhd.*	Design, development, construction, project management, operations and maintenance of EDL Expressway	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Lingkaran Selatan Sdn. Bhd.				
- MRCB Southern Link Berhad*	Design, development, construction, project management and financing of expressway and infrastructure related project	Malaysia	**100.00**	100.00
MRCB Putra Sdn. Bhd.	Property development, property management and investment holding	Malaysia	**100.00**	100.00
Malaysian Resources Development Sdn. Bhd.	Property development and investment holding	Malaysia	**100.00**	100.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.				
- MRCB International Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB International Sdn. Bhd.				
- MRCB Australia Holding Company Pty. Ltd. ß*	Investment holding	Australia	**100.00**	100.00
Held through 100% ownership by MRCB Australia Holding Company Pty. Ltd.				
- MRCB Project Carnegie Pty. Ltd. ß	Property development	Australia	**100.00**	100.00
- MRCB Land (Australia) Pty. Ltd. ß	Property development	Australia	**100.00**	100.00
- MRCB Project Incorporated Pty. Ltd. ß	Property development	Australia	**100.00**	100.00
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.				
- Golden East Corporation Sdn. Bhd.*	Property development and management	Malaysia	**100.00**	100.00
- Sunrise Properties Sdn. Bhd.*	Property development	Malaysia	**100.00**	100.00
- MRCB Property Development Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Held through 70% ownership by Malaysian Resources Development Sdn. Bhd.				
- Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	**70.00**	70.00
Malaysian Resources Sentral Sdn. Bhd	Provision of facility management	Malaysia	**100.00**	100.00
MRCB Sentral Properties Sdn. Bhd	Property development and property management	Malaysia	**100.00**	100.00
MRCB Utama Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
Onesentral Park Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
Penang Sentral Sdn. Bhd.	Property development and management of a transport terminal	Malaysia	**100.00**	100.00
P.J Sentral Development Sdn. Bhd.	Construction and property development	Malaysia	**100.00**	100.00
Prema Bonanza Sdn. Bhd.	Property development	Malaysia	**51.00**	51.00
Puncak Wangi Sdn. Bhd.	Property investment and property management	Malaysia	**100.00**	100.00
Semasa Sentral Sdn. Bhd.	Operation, management and maintenance of the Kuala Lumpur Sentral Station	Malaysia	**100.00**	100.00
Semasa Parking Sdn. Bhd.	Operation and management of car park and parking areas	Malaysia	**100.00**	100.00

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2018 %	2017 %
Semasa Sentral (Penang) Sdn. Bhd.*	Operation, management and maintenance of Penang Sentral	Malaysia	**100.00**	100.00
Sooka Sentral Sdn. Bhd.	Provision of management services	Malaysia	**100.00**	100.00
SynarGym Sdn. Bhd.	Leasing of office space and sub-lease to tenants and also leasing of machinery	Malaysia	**100.00**	100.00
Landas Utama Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Mafira Holdings Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
MRCB Ceramics Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	**100.00**	100.00
MRCB Green Energy Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
MRCB Property Management Sdn. Bhd. *	Property investment and management	Malaysia	**100.00**	100.00
MR Securities Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MR Securities Sdn. Bhd.				
- Semasa Security Sdn. Bhd.	Security guard services	Malaysia	**100.00**	100.00
Seleksi Untung Sdn. Bhd.	Modular building design system	Malaysia	**100.00**	100.00
Malaysian Resources Construction System Sdn. Bhd.	Develop modular construction system	Malaysia	**100.00**	100.00
MRCB Innovations Sdn. Bhd. (formerly known as Allstar Applause Sdn. Bhd.)	Investment holding	Malaysia	**70.00**	-
MRCB DCS Holding Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB DCS Holding Sdn. Bhd.				
- Semasa District Cooling Sdn. Bhd.	Supply chilled water	Malaysia	**100.00**	100.00
- DCS Operation & Maintenance Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- KL Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- PJ Sentral DCS Sdn. Bhd.	Provision of cooling system services	Malaysia	**100.00**	100.00
- Penang Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
- KD District Cooling System Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Geometrik Dinamik Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Inovasi Kristal Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Iris Nova Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Superview Development Sdn. Bhd. α	Property development, management and shares trading	Malaysia	**100.00**	100.00
MRCB Tekad Sdn. Bhd.^	Pre-operating	Malaysia	**100.00**	100.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %
ASSOCIATES:				
One IFC Sdn. Bhd. ß	Investment holding	Malaysia	**30.00**	30.00
MRCB-Quill REIT ß	Acquisition of land investment in commercial properties	Malaysia	**27.94**	27.89
MRCB Quill Management Sdn. Bhd. ß	Manage real estate investment trust	Malaysia	**41.00**	41.00
Suasana Sentral Two Sdn. Bhd.	Property development	Malaysia	**30.00**	30.00
UEMB – MRCB JV Sdn. Bhd. ß	Project management	Malaysia	**49.00**	49.00
Held through 49% ownership by MRCB Land Sdn. Bhd.				
- Compass Sentral (PM) Sdn. Bhd.	Property management	Malaysia	**49.00**	49.00
Held through 20% ownership by Rukun Juang Sdn. Bhd.				
- Bukit Jalil Sentral Property Sdn. Bhd.	Property development and property investment	Malaysia	**17.00**	-
JOINT VENTURES:				
Held through 70% ownership by MRCB Land Sdn. Bhd.				
- CSB Development Sdn. Bhd.	Property development	Malaysia	**70.00**	70.00
Held through 50% ownership by MRCB Builders Sdn. Bhd.				
- MRCB George Kent Sdn. Bhd.	Project delivery partner	Malaysia	**50.00**	50.00
59 INC Sdn. Bhd.	Property development	Malaysia	**30.00**	30.00
MRCB Gamuda Sdn. Bhd. (formerly known as Lambang Perkasa Sdn. Bhd.)	Pre-operating	Malaysia	**50.00**	-

* Dormant
^ The subsidiary was under members' voluntary liquidation
α The subsidiaries are under creditors' voluntary liquidation
ß Companies not audited by PricewaterhouseCoopers PLT

48 SEGMENT REPORTING

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions.

The reportable operating segments derive their revenue primarily from the property development and investment, engineering, construction and environment, facilities management and parking and others.

Segment results are defined as operating income before unallocated corporate expenses, finance income, finance cost and share of results from joint ventures and associates.

Segment assets consist primarily of current and non-current assets.

Segment liabilities comprises of current and non-current liabilities.

The Group is domiciled in Malaysia. The results of its revenue from external customers in Malaysia is RM1,852,006,910 (2017: RM2,496,849,046) and the total of revenue from external customers from other countries is RM18,698,171 (2017: RM143,800,110).

Inclusive in the Group's non-current assets is RM1,501,510 (2017: RM455,593; 2016: RM444,642) located in countries other than Malaysia.

The revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue for the financial year was RM323,000,000. (2017: RM1,028,856,282).

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Group RM'000	Discontinued operations RM'000	Total RM'000
Year ended 31.12.2018							
Revenue							
Total revenue	1,050,343	1,401,263	56,430	265,533	2,773,569	-	2,773,569
Inter-segment revenue	(7,673)	(642,685)	(3,107)	(249,399)	(902,864)	-	(902,864)
External revenue	1,042,670	758,578	53,323	16,134	1,870,705	-	1,870,705
Results							
Segment results	97,848	56,228	6,390	(5,280)	155,186	110,214	265,400
Unallocated corporate expenses					(34,285)	-	(34,285)
Finance income					20,589	24,562	45,151
Finance costs					(43,976)	(59,161)	(103,137)
Share of results of joint ventures and associates	11,289	14,184	-	-	25,473	-	25,473
Profit before income tax					122,987	75,615	198,602
Income tax expense					(46,086)	(49,861)	(95,947)
Profit after tax					76,901	25,754	102,655
Non-controlling interests					(1,488)	-	(1,488)
Net profit for the financial year attributable to the equity holders of the Company					75,413	25,754	101,167

Discontinued operations represent infrastructure and concession segment.

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
At 31.12.2018					
Assets					
Segment assets	6,057,227	988,280	78,809	265,228	7,389,544
Joint ventures and associates	800,968	47,111	-	-	848,079
Tax recoverable and deferred tax assets					104,691
Total assets					8,342,314
Liabilities					
Segment liabilities	952,567	813,564	21,090	76,100	1,863,321
Interest bearing instruments					1,493,123
Current and deferred tax liabilities					85,417
Total liabilities					3,441,861
Other disclosures					
Capital expenditure	174,800	3,142	1,014	800	179,756
Depreciation and amortisation					
- continuing operations	20,998	10,262	2,738	3,505	37,503
- discontinued operations	-	-	-	18	18

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking M'000	Others RM'000	Group RM'000	Discontinued operations RM'000	Total RM'000
Year ended 31.12.2017 (restated)							
Revenue							
Total revenue	795,538	2,304,365	61,074	238,372	3,399,349	112,053	3,511,402
Inter-segment revenue	(7,792)	(530,478)	(5,319)	(215,111)	(758,700)	-	(758,700)
External revenue	787,746	1,773,887	55,755	23,261	2,640,649	112,053	2,752,702
Results							
Segment results	168,634	92,691	11,436	1,631	274,392	55,718	330,110
Unallocated corporate expenses					(24,555)	-	(24,555)
Finance income					22,734	2,815	25,549
Finance costs					(28,394)	(87,721)	(116,115)
Share of results of joint ventures and associates	9,694	15,334	-	-	25,028	-	25,028
Profit/(loss) before income tax					269,205	(29,188)	240,017
Income tax expense					(68,778)	4,850	(63,928)
Profit/(loss) after tax					200,427	(24,338)	176,089
Non-controlling interests					(14,176)	-	(14,176)
Net profit/(loss) for the financial year attributable to the equity holders of the Company					186,251	(24,338)	161,913

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
At 31.12.2017 (restated)					
Assets					
Segment assets	7,193,489	736,537	82,543	1,600,269	9,612,838
Joint ventures and associates	545,746	32,927	-	-	578,673
Tax recoverable and deferred tax assets					133,636
Total assets					10,325,147
Liabilities					
Segment liabilities	937,188	875,295	21,547	83,216	1,917,246
Interest bearing instruments					3,384,690
Current and deferred tax liabilities					101,528
Total liabilities					5,403,464
Other disclosures					
Capital expenditure	192,389	4,566	1,610	42,367	240,932
Depreciation and amortisation					
- continuing operations	18,469	10,297	2,660	3,903	35,329
- discontinued operations	-	-	-	42,052	42,052

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
At 1.1. 2017 (restated)					
Assets					
Segment assets	4,536,822	858,233	93,341	1,596,872	7,085,268
Joint ventures and associates	277,270	24,595	-	-	301,865
Tax recoverable and deferred tax assets					118,465
Total assets					7,505,598
Liabilities					
Segment liabilities	536,694	772,250	28,925	80,405	1,418,274
Interest bearing instruments					2,940,351
Current and deferred tax liabilities					123,117
Total liabilities					4,481,742
Other disclosures					
Capital expenditure	234,003	5,358	1,250	2,300	242,911
Impairment loss	53,378	-	-	-	53,378
Depreciation and amortisation					
- continuing operations	16,101	6,473	3,014	3,783	29,371
- discontinued operations	-	-	-	34,831	34,831

Capital expenditure consists of additions to property, plant and equipment and investment properties (Notes 15 and 16).

The Group's business segments mainly operate in Malaysia.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 17 April 2018, the Company's 51% owned subsidiary, Metro Spectacular Sdn. Bhd. completed the acquisition of three (3) parcels of land with development potential, measuring approximately 40,720.5 square metres in total, all situated in the District of Kuala Lumpur from Datuk Bandar Kuala Lumpur for a total cash consideration of RM335.5 million.

(b) On 21 April 2017, Rukun Juang Sdn. Bhd. ("RJSB"), an 85% owned subsidiary of the Company, entered into a second supplementary agreement to the Privatisation Agreement with the Government of Malaysia, represented by the Ministry of Youth and Sports and Syarikat Tanah dan Harta Sdn Bhd to reduce the Contract Sum from RM1,631,880,000 to RM1,343,257,764.32. The Privatisation Agreement is related to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil ("Privatisation Project"). The Government will cause the Federal Lands Commissioner to transfer three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres ("Lands") as consideration for RJSB to undertake the Privatisation Project. The Contract Sum is reduced to commensurate with the reduction in the size of the Lands, as well as revised works packages under Project 1 and Project 2 respectively.

Project 1 was completed on 22 July 2017, whilst the construction commencement date for Project 2 shall be on a date to be mutually agreed upon by the Government and RJSB.

On 9 February 2018, the parties entered into a third supplemental agreement to the Privatisation Agreement to vary the calculation of Land Bond to be submitted to the Government to expedite the transfer of the Lands to RJSB and/or its nominee(s).

The Lands were transferred to Bukit Jalil Sentral Property Sdn. Bhd., a wholly owned subsidiary of RJSB on 17 April 2018.

(c) On 19 March 2018, Legasi Azam Sdn. Bhd., a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Pertubuhan Keselamatan Social for the disposal of a parcel of freehold land measuring 1.866 acres held under Geran 34211, Lot No. 94, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan bearing the postal address No.16, Jalan Kia Peng, 50450 Kuala Lumpur ("Land") for cash a consideration of RM323 million excluding Goods and Services Tax ("Proposed Disposal").

The Proposed Disposal was completed on 3 July 2018 and generated a disposal net gain of approximately RM28 million to the Group.

(d) On 5 November 2018, MRCB George Kent Sdn. Bhd., the 50% equity interest owned joint venture of MRCB Builders Sdn. Bhd., which in turn is a wholly owned subsidiary of the Company, received a Letter of Appointment dated 2 November 2018 from Prasarana Malaysia Berhad for the award of the contract for the Proposed Design, Construction, Completion, Testing and Commissioning of Light Rail Transit Line 3 ("LRT 3") from Bandar Utama to Johan Setia ('the Project").

The Contract Sum of the Project is fixed at RM11.372 billion and includes a contingency/provision sum of RM400 million, which, if not utilised, will reduce the Contract Sum. The Project shall be completed by 28 February 2024.

(e) On 27 April 2018, the Company entered into a share sale agreement with Keretapi Tanah Melayu Berhad ("KTMB") to acquire the remaining 26% equity shareholding in Kuala Lumpur Sentral Sdn. Bhd. ("KLSSB"), represented by 13,000,000 ordinary shares from KTMB, for a total cash consideration of RM17.30 million only subjects to the redemption of one (1) redeemable preference share registered in the name of KTMB.

The acquisition was completed on 6 September 2018. With this, KLSSB became the Company's wholly owned subsidiary.

(f) On 31 May 2017, the Company, Rukun Juang Sdn. Bhd. ("RJSB"), an 85% owned subsidiary of the Company, Tanjung Wibawa Sdn Bhd ("TWSB"), a wholly owned subsidiary of the Employees Provident Fund Board, and the Company's 85% owned subsidiary, Bukit Jalil Sentral Property Sdn. Bhd. ("BJSPSB") entered into a subscription and shareholders' agreement which entailed the followings:

(i) RJSB and TWSB will co-invest in BJSPSB, for the purpose of jointly developing the three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres ("Lands"), which were transferred by the Government of Malaysia via Syarikat Tanah dan Harta Sdn Bhd on 17 April 2018 to BJSPSB as consideration of RJSB undertaking a Privatisation Project at the National Sport Complex in Bukit Jalil; and

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(f) (ii) the proposed disposal by RJSB of the Lands to BJSPSB for an aggregate consideration of up to RM1,426,163,112

(collectively referred to as the "Proposed Joint Venture").

The Proposed Joint Venture was completed on 19 December 2018. With this, BJSPSB became the Company's 17% equity owned associate.

(g) On 12 November 2018, MRCB Lingkaran Selatan Sdn. Bhd. ("MLSSB"), a wholly owned subsidiary of the Company, entered into a termination and settlement agreement in relation to the Concession Termination ("Termination Agreement") of the Eastern Dispersal Link Expressway ("EDL") with the Government of Malaysia ("GOM"). Pursuant to the Termination Agreement, the GOM agreed to pay MLSSB a sum of RM1,325,800,000 ("Settlement Sum") in cash, subject to the terms and conditions contained in the Termination Agreement. Both MLSSB and the GOM have also agreed that the Termination Agreement came into effect on 1 January 2018.

The Concession Termination was completed upon full Settlement Sum received on 23 November 2018.

50 DIVIDENDS

	2018		2017	
	Dividend per share sen	**Amount of dividend RM'000**	**Dividend per share sen**	**Amount of dividend RM'000**
Proposed first and final single tier dividend	**1.75**	**76,997**	1.75	76,838

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2018 of 1.75% or 1.75 sen per ordinary share, amounting to approximately RM76,997,000 at the date of this report which is subject to the approval of the members at the forthcoming Annual General Meeting.

51 DISCONTINUED OPERATIONS

The discontinued operations is in respect of the Concession Termination as stated in Note 49 (g). The toll collection from the EDL Expressway was discontinued on 1 January 2018, and contributed no revenue during the financial year.

(a) Results

	2018 RM'000	2017 RM'000
Revenue	**-**	112,053
Direct operating expenses	**19**	(49,296)
Other income *	**111,228**	201
Selling and distribution costs	**(4)**	(106)
Administrative expenses	**(551)**	(6,257)
Other operating expenses	**(478)**	(877)
Net finance costs	**(34,599)**	(84,906)
Profit/(loss) before income tax	**75,615**	(29,188)
Income tax expense		
- current tax	**864**	(2,438)
- deferred tax (Note 25)	**(50,725)**	7,288
	(49,861)	4,850
Profit/(loss) from discontinued operations	**25,754**	(24,338)

* Other income during the financial year mainly represents effects of the concession termination.

The profit/(loss) before income tax is arrived at after charging:

	2018 RM'000	2017 RM'000
Auditors' remuneration		
- statutory audit	**43**	58
- other services		
- audit related	**28**	93
- non audit related	**103**	(5)
Rental of premises	**-**	38
Staff cost	**174**	2,327
Property, plant and equipment		
- depreciation of property, plant and equipment	**18**	85
- written off	**-**	5
Amortisation of service concession asset	**-**	41,968

51 DISCONTINUED OPERATIONS (CONTINUED)

(b) Cash flows

	2018 RM'000	2017 RM'000
Net cash flow (used in)/generated from operation activities	**(112,588)**	13,825
Net cash flow generated from/(used in) investing activities	**1,325,800**	(17)
Net cash used in financing activities	**(1,200,124)**	(6,532)
Changes in cash and cash equivalents	**13,088**	7,276
Cash and cash equivalent at the beginning of the financial year	**8,992**	1,716
Cash and cash equivalent at the end of the financial year	**22,080**	8,992

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK

FIRST TIME ADOPTION OF MFRS FRAMEWORK, MFRS 9 AND MFRS 15

MFRS 1 "First-Time Adoption of Malaysian Financial Reporting Standards"

The Group and the Company has applied the following mandatory exceptions as required by MFRS 1:

(a) MFRS 1 mandatory exception

(i) Estimates

MFRS estimates as at transition date are consistent with the estimates as at the same date made in conformity of FRS.

In addition, the Group and the Company elected the following exemptions as permitted by MFRS 1 in the first set of MFRS financial statements.

(b) MFRS exemption options

(i) Business combinations

MFRS 1 provides the option to apply MFRS 3 'Business combinations' prospectively for business combinations (including acquisition of interests in associates, joint ventures and joint operations that constitute businesses) that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group and the Company elected to apply MFRS 3 prospectively to business combinations that occurred after 1 January 2011. Business combinations that occurred prior to that date have not been restated. In addition, the Group and the Company have also applied MFRS 127 'Consolidated and separate financial statements' from the same date.

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

FIRST TIME ADOPTION OF MFRS FRAMEWORK, MFRS 9 AND MFRS 15 (CONTINUED)

MFRS 1 "First-Time Adoption of Malaysian Financial Reporting Standards" (continued)

(b) MFRS exemption options (continued)

(ii) Previous revaluation as deemed cost – property, plant & equipment and investment property

In accordance with the exemption in MFRS 1, the Group and the Company elected to measure certain land and buildings at the previous revaluation as deemed cost as at the date of revaluation. Accordingly, the carrying amount of these land and buildings have not been restated. As a result of this, the Group has reclassified the revaluation reserve of RM28,090,000 to retained earnings at the date of transition.

(iii) Borrowing costs

MFRS 1 permits the application of the requirements of MFRS 123 'Borrowing costs' from the transition date or from a date earlier than the effective date of MFRS 123. The Group and the Company elected to apply this exemption from 1 January 2017. Accordingly, the Group and the Company:

- had not restate the borrowing cost components that were capitalised under FRS and that were included in the carrying amount of assets at that date; and
- accounts for borrowing costs incurred on or after that date in accordance with MFRS 123, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

(iv) Revenue

The Group and the Company have elected to apply the following practical expedients under MFRS 15:

- No restatement of completed contracts that begin and end within the same annual reporting period;
- No restatement for completed contracts as at transition date;
- The use of transaction price at the date contract was completed for completed contracts in the comparative period with variable consideration;
- No restatement of contract modifications that occurred before transition date; and
- No disclosure is required on the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group and the Company expects to recognise the amount as revenue for all reporting periods presented before the first MFRS reporting period, at 1 January 2018.

(v) First time application of MFRS 9

The Group and the Company elected the short-term exemption on first-time application of MFRS 9 in accordance with MFRS 1. The comparative information in the Group's and Company's first MFRS financial statements in respect of items within the scope of MFRS 9 are accounted for based on the requirements of FRS 139 'Financial Instruments: Recognition and Measurement'. Accordingly, the comparative information in the Group's and the Company's first MFRS financial statements in respect of these items have not been restated to comply with the requirements of MFRS 9. See Note 59 MFRS 9 "Financial Instruments" on change in accounting policy of the Group and of the Company arising from this short-term exemption.

(vi) Designation of previously recognised financial instruments

MFRS 1 permits a previously recognised financial instrument to be designated at fair value through profit or loss or fair value through other comprehensive income on the basis of the facts and circumstances that exist at beginning of the first MFRS reporting period provided the criteria in MFRS 9 are met. The Group and the Company elected to designate certain equity instruments at fair value through profit or loss at beginning of the first MFRS reporting period, at 1 January 2018.

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

FIRST TIME ADOPTION OF MFRS FRAMEWORK, MFRS 9 AND MFRS 15 (CONTINUED)

MFRS 9 “Financial Instruments”

The Group and the Company have adopted MFRS 9, which resulted in changes in accounting policies and adjustments to the financial position. The main changes are as follows.

(a) Classification and measurement of financial assets

Until 31 December 2017, financial assets were classified in the following categories: financial assets at fair value through profit or loss (‘FVTPL’), loans and receivables, and available-for-sale (‘AFS’) financial assets. From 1 January 2018, the Group and the Company apply the following MFRS 9’s classification approach to all types of financial assets:

- Investments in debt instruments: There are 3 subsequent measurement categories: amortised cost, fair value with changes either recognised through other comprehensive income (‘FVOCI’) or through profit or loss (‘FVTPL’).
- Investments in equity instruments: These instruments are always measured at fair value with changes in fair value presented in profit or loss unless the Group and the Company have made an irrevocable choice to present changes in fair value in other comprehensive income (‘OCI’) for investments that are not held for trading.

To reflect this change in accounting policies, the Group and the Company have made certain reclassification from AFS to FVTPL.

(b) Impairment

Until 31 December 2017, the Group and Company assessed the impairment of loan and receivables and AFS financial assets based on the incurred impairment loss model. From 1 January 2018, the Group and the Company apply expected credit loss (‘ECL’) model to determine impairment on investment in debt instruments that are measured at amortised cost and at FVOCI and financial guarantee contracts.

(i) Trade receivables and contract assets that do not contain significant financing components

For all trade receivables and contract assets that do not contain significant financing components, the Group and the Company apply the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. However, this did not result in the recognition of additional loss allowances for trade receivables and contract assets on 1 January 2018.

(ii) Other receivables

Other receivables that are repayable on demand and interest-free are classified as amortised cost in the Group’s and the Company’s financial statements because the Group’s and the Company’s business model is to hold and collect the contractual cash flows and those cash flows represent SPPI. The Group and the Company applied the general 3-stage approach when determining ECL for these other receivables.

No additional loss allowance is recognised on these other receivables upon adoption of MFRS 9 as all strategies indicate that the Group and the Company could fully recover the outstanding other receivable balance.

(iii) Amounts due from subsidiaries, joint ventures and associates

Amounts due from subsidiaries, joint ventures and associates that are repayable on demand and interest-free are classified as amortised cost in the Group’s and Company’s financial statements because the Group’s and Company’s business model is to hold and collect the contractual cash flows and those cash flows represent SPPI. The Group and Company applied the general 3-stage approach when determining ECL for these balances.

No additional loss allowance is recognised on these balances upon adoption of MFRS 9 as all strategies indicate that the Group and the Company could fully recover these outstanding balances.

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

FIRST TIME ADOPTION OF MFRS FRAMEWORK, MFRS 9 AND MFRS 15 (CONTINUED)

MFRS 15 "Revenue from Contracts with Customers"

The adoption of MFRS 15 on the Group's and the Company's recognition of revenue and costs of sales affected its property development activities and construction contracts, whereby:

(a) The Group and the Company had deferred the recognition of revenue from sales of development properties where the Group and the Company were not able to determine the probability that the Group and the Company would be able to collect the consideration to which the Group and the Company will be entitled and if the Group and the Company do not have an enforceable right to payment for performance completed to date;

(b) The Group and the Company had identified separate performance obligations arising from the property development activities and have deferred revenue for performance obligations that are only satisfied on delivery to its customers;

(c) The Group and the Company view liquidated ascertained damages (LAD) payable when the Group and the Company fail to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the statement of comprehensive income over the tenure of the respective property development activities and construction contracts instead of being accounted for as a direct charge to the statement of comprehensive income when the obligation arises;

(d) Expenses attributable to securing contracts with customers for property development activities and construction contracts had been capitalised and expensed by reference to the progress towards complete satisfaction of that performance obligation; and

(e) Amounts due from customers on contracts and accrued billings in advance were classified as contract assets. Amounts due to customers on contracts and progress billings in advance were classified as contract liabilities.

The adoption had resulted in the change in the accounting policy (Note 2.21), which had been applied retrospectively and resulted in the restatements of the financial statements for prior financial years, which can be summarised below:

	As at 31.12.2017 RM'000	**As at 1.1.2017 RM'000**
Net reversal or recognition of revenue from FRS to MFRS, based on transfer of controls over the assets and when it was probable that the considerations will be collected	(29,379)	(7,467)
Net adjustment to transaction price for legal fee previously expensed	6,537	3,732
Net adjustment to expenses due to capitalisation of expenses attributable to securing contracts with customers for property development activities	14,882	3,034
	(7,960)	(701)
Tax effects of the adjustments	1,060	(537)
Impact of MFRS 15 on the results of the Group	(6,900)	(1,238)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

FIRST TIME ADOPTION OF MFRS FRAMEWORK, MFRS 9 AND MFRS 15 (CONTINUED)

The following tables show the adjustments recognized for each individual line item. Line items that were not affected by the changes have not been included. As a results, the sub-totals and totals disclosed cannot be recalculated from the numbers provide. The financial effects arising from the Group's and the Company's first time adoption of MFRS framework are as follows:

Group		First Time Adoption of MFRS Framework			
RM'000	As previously reported	MFRS 1	MFRS 9	MFRS 15	As restated
At 1 January 2017					
Consolidated statement of financial position					
Assets					
Available for sale of financial assets	577	-	(577)	-	-
Deferred tax assets	96,588	-	-	(340)	96,248
Inventories	57,521	-	-	759,600	817,121
Property development costs	759,287	-	-	(759,287)	-
Trade and other receivables	1,334,888	-	-	(766,697)	568,191
Contract assets	-	-	-	765,735	765,735
Financial assets at fair value through profit or loss	2,255	-	577	-	2,832
Equities					
Retained earnings	344,311	28,090	-	(1,238)	371,163
Other reserves	65,080	(28,090)	-	-	36,990
Non-controlling interests	99,221	-	-	52	99,273
Liabilities					
Deferred tax liabilities	80,368	-	-	197	80,565
Contract liabilities	-	-	-	51,106	51,106
Trade and other payables	1,314,575	-	-	(51,106)	1,263,469
At 31 December 2017					
Consolidated statement of financial position					
Assets					
Available for sale of financial assets	577	-	(577)	-	-
Deferred tax assets	116,603	-	-	1,060	117,663
Inventories	154,491	-	-	746,612	901,103
Property development costs	696,941	-	-	(696,941)	-
Trade and other receivables	3,045,275	-	-	(803,279)	2,241,996
Contract assets	-	-	-	776,712	776,712
Financial assets at fair value through profit or loss	1,645	-	577	-	2,222
Equities					
Retained earnings	457,849	28,090	-	(6,900)	479,039
Other reserves	56,819	(28,090)	-	-	28,729
Non-controlling interests	104,498	-	-	(5)	104,493
Liabilities					
Contract liabilities	-	-	-	68,686	68,686
Trade and other payables	1,255,145	-	-	(37,618)	1,217,527

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

FIRST TIME ADOPTION OF MFRS FRAMEWORK, MFRS 9 AND MFRS 15 (CONTINUED)

Company		First Time Adoption of MFRS Framework			
RM'000	As previously reported	MFRS 1	MFRS 9	MFRS 15	As restated
At 1 January 2017					
Statement of financial position					
Assets					
Available for sale of financial assets	577	-	(577)	-	-
Trade and other receivables	237,361	-	-	(54,391)	182,970
Contract assets	-	-	-	54,391	54,391
Financial assets at fair value through profit or loss	2,255	-	577	-	2,832
Liabilities					
Contract liabilities	-	-	-	910	910
Trade and other payables	124,117	-	-	(910)	123,207
At 31 December 2017					
Statement of financial position					
Assets					
Available for sale of financial assets	577	-	(577)	-	-
Trade and other receivables	321,814	-	-	(78,525)	243,289
Contract assets	-	-	-	78,525	78,525
Financial assets at fair value through profit or loss	1,645	-	577	-	2,222
Liabilities					
Contract liabilities	-	-	-	8,659	8,859
Trade and other payables	159,233	-	-	(8,659)	150,574

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

Upon the completion of the Concession Termination as stated in Note 49(g), the Group has treated the infrastructure and concession business segment as discontinued operations.

The financial effects arising from the Group's first time adoption of MFRS framework and discontinued operations for the consolidated statements of comprehensive income are as follows:

Group **RM'000**	**As previously reported**	**First Time Adoption of MFRS 15**	**Discontinued operations**	**As restated**
Consolidated statements of comprehensive income 12 months ended 31 December 2017				
Revenue	2,823,651	(70,949)	(112,053)	2,640,649
Cost of sales	(2,295,282)	49,356	49,296	(2,196,630)
Gross profit	528,369	(21,593)	(62,757)	444,019
Other income	103,937	-	(201)	103,736
Selling and distribution costs	(65,817)	12,748	106	(52,963)
Administrative expenses	(200,706)	1,529	6,257	(192,920)
Other operating expenses	(52,912)	-	877	(52,035)
Finance income	25,549	-	(2,815)	22,734
Finance costs	(116,115)	-	87,721	(28,394)
Profit before tax	247,333	(7,316)	29,188	269,205
Income tax expenses	(65,525)	1,597	(4,850)	(68,778)
Profit for the financial year	181,808	(5,719)	24,338	200,427
Loss from discontinued operations	-	-	(24,338)	(24,338)
Total comprehensive income	178,606	(5,719)	-	172,887
Profit attributable to equity holders of the Company	167,575	(5,662)	-	161,913
Profit attributable to non-controlling interests	14,233	(57)	-	14,176
Total comprehensive income attributable to equity holders of the Company	164,300	(5,662)	-	158,638
Total comprehensive income attributable to non-controlling interests	14,306	(57)	-	14,249
Basic earnings per share (sen)				
- from continuing operations	6.56	0.72	-	7.28
- from discontinued operations	-	-	(0.95)	(0.95)
	6.56	0.72	(0.95)	6.33

There were no financial effects to the statements of comprehensive income arising from the Company's first time adoption of MFRS framework.

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

The cash flow effects arising from the Group's and the Company's first adoption of MFRS framework and discontinued operations are as follows:

Group RM'000	As previously reported	First Time Adoption of MFRS 15	Discontinued operations	As restated
Consolidated statement of cash flow for the financial year ended 31 December 2017				
Profit attributable to equity holders of the Company	167,575	(5,662)	24,338	186,251
Taxation	65,525	(1,597)	4,850	68,778
Non-controlling interests	14,233	(57)	-	14,176
Finance income	(25,549)	-	2,815	(22,734)
Share based payments	4,497	-	(85)	4,412
Finance costs	116,115	-	(87,721)	28,394
Write back of receivable	(527)	-	(12)	(539)
Property, plant and equipment				
- depreciation	20,743	-	(85)	20,658
- written off	40	-	(5)	35
Amortisation of intangible assets				
- service concession asset	41,968	-	(41,968)	-
- contract cost assets	-	4,313	-	4,313
Provision of post-employment benefits	1,190	-	(89)	1,101
Property development costs	17,774	(17,774)	-	-
Inventories	33,655	(31,583)	-	2,072
Receivables	(1,207,390)	(1,640)	72,677	(1,136,353)
Contract assets	-	10,977	-	10,977
Amount due from associates and joint ventures (net)	8,601	-	(30,268)	(21,667)
Payables	(7,841)	13,488	5,546	11,193
Contract liabilities	-	17,580	-	17,580
Interest income received	16,816	-	(1,083)	15,733
Tax refunded	5,072	-	(228)	4,844
Tax paid	(86,302)	-	1,894	(84,408)
Finance cost paid	(231,310)	-	73,932	(157,378)
Proceed from disposal of property, plant and equipment	242	-	(7)	235
Purchase of property, plant and equipment	(176,012)	-	24	(175,988)
Repayment of term loans	(2,863,577)	-	95,876	(2,767,701)
Repayment of inter-company advances to discontinued operations	-	-	(75,912)	(75,912)
Pledged of bank balances and fixed deposits as security for financing	(130,804)	-	(17,856)	(148,660)

52 FIRST TIME ADOPTION OF MFRS FRAMEWORK (CONTINUED)

Company RM'000	As previously reported	First Time Adoption of MFRS 15	As restated
Statement of cash flow for the financial year ended 31 December 2017			
Receivables	(45,565)	24,134	(21,431)
Contract assets	-	(24,134)	(24,134)
Payables	26,697	(7,750)	18,947
Contract liabilities	-	7,750	7,750

There above does not affect the net cash flow position of the Group and of the Company.

MALAYSIAN RESOURCES CORPORATION BERHAD
(7994-D)

Level 30, Menara Allianz Sentral
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia

Tel: 603 2786 8080 / 603 2859 7070
Fax: 603 2780 7988

www.mrcb.com