Annual Audited Accounts

ADVANCECON HOLDINGS BERHAD

Subject	Annual Audited Accounts - 31 Dec 2019

Please refer attachment below.

Attachments

AHB - AFS 2019_.pdf
1.5 MB

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
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ADVANCECON HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No: 199701011469 (426965 - M)

FINANCIAL REPORT

for the financial year ended 31 December 2019

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ADVANCECON HOLDINGS BERHAD
(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

DIRECTORS REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM	**The Company** RM
Profit after taxation for the financial year	10,825,180	4,480,510
Attributable to:-		
Owners of the Company	10,825,180	4,480,510

DIVIDENDS

Dividend paid by the Company since 31 December 2018 are as follows:-

	RM
<u>In respect of the financial year ended 31 December 2018</u>	
A first interim single-tier dividend of 1 sen per ordinary share, paid on 3 January 2019	4,017,260
<u>In respect of the financial year ended 31 December 2019</u>	
A first interim single-tier dividend of 0.6 sen per ordinary share, paid on 30 December 2019	2,416,602

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) The Company increased its issued and paid-up share capital from RM85,752,871 to RM86,584,921 by an issuance of 1,849,000 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme as disclosed in Note 16 to the financial statements which amounted to RM832,050.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

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

TREASURY SHARES

As at 31 December 2019, the Company held as treasury shares a total of 1,161,000 of its 403,928,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM339,077. The details of the treasury shares are disclosed in Note 17 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 18 January 2018. The ESOS is to be in force for a period of 5 years effective from 6 March 2018.

The details of the ESOS are disclosed in Note 18 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Dato' Phum Ang Kia
Lim Swee Chai
Ir. Yeo An Thai
Tung Kai Hung
Yeoh Chong Keat
Fathi Ridzuan bin Ahmad Fauzi
Mohd Zaky bin Othman

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

Phum Boon Lim
Teh Heng Wee

DIRECTORS' INTERESTS

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

	< ---------------------	Number of Ordinary Shares	----------------- >	
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
Direct Interests				
Dato' Phum Ang Kia	96,563,750	-	-	96,563,750
Lim Swee Chai	53,038,250	-	-	53,038,250
Ir. Yeo An Thai	14,875,250	-	-	14,875,250
Tung Kai Hung	12,875,250	-	4,000,000	8,875,250
Yeoh Chong Keat	25,000	-	-	25,000
Fathi Ridzuan bin Ahmad Fauzi	25,000	-	-	25,000

	< --------------------	Number of Options under ESOS	----------------- >	
	At 1.1.2019	Granted	Exercised	At 31.12.2019
The Company				
Direct Interests				
Dato' Phum Ang Kia	1,000,000	-	-	1,000,000
Lim Swee Chai	1,000,000	-	-	1,000,000
Ir. Yeo An Thai	900,000	-	-	900,000
Tung Kai Hung	900,000	-	-	900,000

By virtue of his shareholding in the Company, Dato' Phum Ang Kia is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other director holding office at the end of the financial year had no interest in shares, or options over unissued shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 35(b) to the financial statements.

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

DIRECTORS’ REMUNERATION

The details of the directors’ remunerationpaid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 34(a) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and a principal officer of the Group and of the Company were RM10,000,000 and RM17,500 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENT OCCURING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration aredisclosed in Note 30 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED **20 MAY 2020**

Dato' Phum Ang Kia

Lim Swee Chai

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

We, Dato Phum Ang Kiaand Lim Swee Chai, being two of the directors of Advancecon Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 15 to 112 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED **20 MAY 2020**

Dato Phum Ang Kia **Lim Swee Chai**

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

I, Teh Heng Wee, MIA Membership Number: 38286, being the Group Chief Financial Officer primarily responsible for the financial management of Advancecon Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 15 to 112 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Teh Heng Wee
at Kuala Lumpur
in the Federal Territory
on this
20 MAY 2020

Teh Heng Wee

Before me

Datin Hajah Raihela Wanchik (W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD
(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Advancecon Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 112.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *A□□□□□□ 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 Mala□sian Institute of Accountants (□B□-Laws□) and the International Ethics Standards Board for Accountants□*Code of Ethics for Professional Accountants* (□IESBA Code□),and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD (CONT’D)
(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

Key Audit Matters (Cont’d)

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

<table>
<tr><td colspan="2">Revenue Recognition for Construction Contracts
Refer to Note 29 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable.

We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.</td><td>Our procedures included, amongst others:-

▪ Read all key contracts and discussed with management to obtain an understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised;
▪ Tested costs incurred to date to supporting documentation such as contractors’ claim certificates;
▪ Assessed the management’s assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables;
▪ Assessed the reasonableness of percentage of completion by comparing to certification by external parties; and
▪ Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.</td></tr>
</table>

Key Audit Matters (Cont’d)

Impairment Assessment of Trade Receivables Refer to Note 10 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group carries significant trade receivables and is exposed to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.	Our procedures included, amongst others:- ▪ Obtained an understanding of:- • the Group’s control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. ▪ Reviewed the ageing analysis of receivables and testing the reliability thereof; ▪ Reviewed subsequent cash collections for major receivables and overdue amounts; ▪ Made inquiries of management regarding the action plans to recover overdue amounts; ▪ Compared and challenged management’s view on the recoverability of overdue amounts to historical patterns of collection; ▪ Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and ▪ Evaluating the reasonableness and adequacy of the allowance for impairment recognised.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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.

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 and 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 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 and the Company to cease to continue as a going concern.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

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

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

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

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Chin Kit Seong
03030/01/2021 J
Chartered Accountant

Kuala Lumpur
20 MAY 2020

ADVANCECON HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	12,864,297	11,209,389
Investment in an associate	6	167,182	-	225,000	30
Property, plant and equipment	7	140,344,831	151,196,756	7,843,283	6,869,174
Investment properties	8	38,661,602	39,222,108	-	-
Other investments		2,994	50,315	-	-
Deferred tax assets	19	160,149	160,149	160,149	160,149
Finance lease receivables	9	3,881,197	2,748,578	-	-
		183,217,955	193,377,906	21,092,729	18,238,742
CURRENT ASSETS					
Contract assets	11	98,904,425	79,097,980	-	-
Finance lease receivables	9	1,869,686	890,840	-	-
Trade receivables	10	63,533,958	66,928,323	-	-
Other receivables, deposits and prepayments	12	10,155,442	25,004,362	73,905	4,091,704
Amount owing by subsidiaries	13	-	-	80,001,052	79,274,972
Amount owing by an associate		116,426	5,288	37,876	3,788
Short-term investments	14	2,029,521	4,194,411	149,695	636,644
Current tax assets		1,357,655	1,509,428	15,865	24,541
Deposits with licensed banks	15	39,629,498	32,637,176	256,362	248,314
Cash and bank balances		9,165,984	7,708,889	1,230,607	276,477
		226,762,595	217,976,697	81,765,362	84,556,440
TOTAL ASSETS		409,980,550	411,354,603	102,858,091	102,795,182

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019 (CONT□D)

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	86,584,921	85,752,871	86,584,921	85,752,871
Treasury shares	17	(339,077)	(339,077)	(339,077)	(339,077)
Reserves	18	1,815,100	1,116,498	1,815,100	1,116,498
Retained profits		103,864,476	95,455,898	8,634,139	6,570,231
TOTAL EQUITY		191,925,420	181,986,190	96,695,083	93,100,523
NON-CURRENT LIABILITIES					
Deferred tax liabilities	19	3,792,025	4,909,076	-	-
Long-term borrowings	20	25,493,245	78,790,418	3,887,396	4,216,150
Lease liabilities	21	35,443,821	-	115,071	-
		64,729,091	83,699,494	4,002,467	4,216,150
CURRENT LIABILITIES					
Contract liabilities	11	11,196,440	20,679,138	-	-
Trade payables	24	48,096,523	49,147,250	15,808	15,808
Other payables and accruals	25	26,257,346	15,921,253	1,631,176	1,022,543
Amount owing to subsidiaries	13	-	-	114,664	110,883
Amount owing to an associate		205,799	-	-	-
Dividend payable	26	-	4,017,260	-	4,017,260
Current tax liabilities		-	272,022	-	-
Short-term borrowings	27	47,523,210	51,176,455	330,560	312,015
Lease liabilities	21	18,230,627	-	68,333	-
Bank overdrafts	28	1,816,094	4,455,541	-	-
		153,326,039	145,668,919	2,160,541	5,478,509
TOTAL LIABILITIES		218,055,130	229,368,413	6,163,008	9,694,659
TOTAL EQUITY AND LIABILITIES		409,980,550	411,354,603	102,858,091	102,795,182

ADVANCECON HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
REVENUE	29	302,337,446	272,860,464	9,305,393	7,941,089
COST OF SALES		(256,718,586)	(232,949,282)	(1,790)	(30,175)
GROSS PROFIT		45,618,860	39,911,182	9,303,603	7,910,914
OTHER INCOME		2,937,221	10,027,133	2,268,896	209,482
		48,556,081	49,938,315	11,572,499	8,120,396
ADMINISTRATIVE EXPENSES		(21,560,572)	(24,046,787)	(6,442,469)	(5,502,133)
OTHER EXPENSES		(3,576,642)	(2,260,533)	(430,249)	(166,838)
FINANCE COSTS		(7,080,650)	(7,762,518)	(213,757)	(177,906)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS		-	(443,050)	-	-
SHARE OF RESULT OF AN EQUITY ACCOUNTED ASSOCIATE	6	(57,788)	(30)	-	-
PROFIT BEFORE TAXATION	30	16,280,429	15,425,397	4,486,024	2,273,519
INCOME TAX EXPENSE	31	(5,455,249)	(4,807,258)	(5,514)	202,334
PROFIT AFTER TAXATION		10,825,180	10,618,139	4,480,510	2,475,853
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,825,180	10,618,139	4,480,510	2,475,853
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		10,825,180	10,618,139	4,480,510	2,475,853
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		10,825,180	10,618,139	4,480,510	2,475,853
Earnings per share (Sen)					
- Basic	38	2.69	2.64		
- Diluted	38	2.68	2.64		

ADVANCECON HOLDINGS BERHAD
(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital RM	Treasury Shares RM	Non-distributable Employee Share Option Reserve RM	Distributable Retained Profits RM	Total RM
The Group						
Balance at 1.1.2018		85,752,871	-	-	88,855,019	174,607,890
Profit after taxation/Total comprehensive income for the financial year		-	-	-	10,618,139	10,618,139
Contribution by and distributions to owners of the Company:						
- Purchase of treasury shares	17	-	(339,077)	-	-	(339,077)
- Recognition of share option expenses	18	-	-	1,116,498	-	1,116,498
- Dividend	32	-	-	-	(4,017,260)	(4,017,260)
Balance at 31.12.2018/1.1.2019		85,752,871	(339,077)	1,116,498	95,455,898	181,986,190
Profit after taxation/Total comprehensive income for the financial year		-	-	-	10,825,180	10,825,180
Contribution by and distributions to owners of the Company:						
- Recognition of share option expenses	18	-	-	883,502	-	883,502
- Emplo□ees□share options exercised	18	832,050	-	(184,900)	-	647,150
- Dividend	32	-	-	-	(2,416,602)	(2,416,602)
Balance at 31.12.2019		86,584,921	(339,077)	1,815,100	103,864,476	191,925,420

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	Share Capital RM	Treasury Shares RM	Non-distributable Employee Share Option Reserve RM	Distributable Retained Profits RM	Total RM
The Company						
Balance at 1.1.2018		85,752,871	-	-	8,111,638	93,864,509
Profit after taxation/Total comprehensive income for the financial year		-	-	-	2,475,853	2,475,853
Contribution by and distributions to owners of the Company:						
- Purchase of treasury shares	17	-	(339,077)	-	-	(339,077)
- Recognition of share option expenses	18	-	-	1,116,498	-	1,116,498
- Dividend	32	-	-	-	(4,017,260)	(4,017,260)
Balance at 31.12.2018/1.1.2019		85,752,871	(339,077)	1,116,498	6,570,231	93,100,523
Profit after taxation/Total comprehensive income for the financial year		-	-	-	4,480,510	4,480,510
Contribution by and distributions to owners of the Company:						
- Recognition of share option expenses	18	-	-	883,502	-	883,502
- Employees' share options exercised	18	832,050	-	(184,900)	-	647,150
- Dividend	32	-	-	-	(2,416,602)	(2,416,602)
Balance at 31.12.2019		86,584,921	(339,077)	1,815,100	8,634,139	96,695,083

ADVANCECON HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration No: 199701011469 (426965 - M)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM Restated	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	16,280,429	15,425,397	4,486,024	2,273,519
Adjustments for:-				
Allowance for impairment losses on trade receivables	-	443,050	-	-
Depreciation:				
- investment properties	572,006	527,363	-	-
- property, plant and equipment	25,954,303	25,042,509	431,616	190,062
Interest expense on lease liabilities	3,315,357	-	3,136	-
Interest expense	3,765,293	7,762,518	210,621	177,906
Gain on dissolution of subsidiaries	(1,934,379)	-	(1,934,379)	-
Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member's Voluntary Winding Up	161,331	231,417	-	-
Property, plant and equipment written off	273,105	6,003	425	61
Share of results of an equity accounted associate	57,788	30	-	-
Share option expenses	883,502	1,116,498	178,279	235,421
Dividend income	-	-	(6,000,000)	(6,700,000)
Dividend income from short-term investments	(135,110)	(82,601)	(13,051)	(36,644)
Loss/(Gain) on disposal of property, plant and equipment	610,230	(5,337,635)	-	(47,753)
Interest income:				
- deposits with licensed banks	(1,174,258)	(1,040,792)	(16,447)	(24,549)
- finance lease receivables	(303,635)	(113,018)	-	-
- others	(11,154)	(26,093)	-	-
Operating profit/(loss) before working capital changes	48,314,808	43,954,646	(2,653,776)	(3,931,977)
(Increase)/Decrease in contract assets	(19,806,445)	5,008,856	-	-
(Decrease)/Increase in contract liabilities	(9,482,698)	11,702,751	-	-
Decrease/(Increase) in trade and other receivables	7,700,682	(33,518,104)	4,017,799	(3,504,694)
(Decrease)/Increase in trade and other payables	(332,774)	311,861	608,633	(3,413,112)
Decrease in amount owing by subsidiaries	-	-	632,333	147,769
CASH FROM/(FOR) OPERATIONS CARRIED FORWARD	26,393,573	27,460,010	2,604,989	(10,702,014)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	The Group 2019 RM	The Group 2018 RM Restated	The Company 2019 RM	The Company 2018 RM
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		26,393,573	27,460,010	2,604,989	(10,702,014)
Interest paid		(7,080,650)	(7,762,518)	(213,757)	(177,906)
Income tax refund		2,153,928	866,578	28,000	-
Income tax paid		(8,848,077)	(6,654,840)	(24,838)	(147,711)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		12,618,774	13,909,230	2,394,394	(11,027,631)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Net cash flow from deconsolidation of subsidiaries under Member's Voluntary Winding Up	5	(177,358)	(1,943,359)	-	-
Proceeds from dissolution of subsidiaries		1,984,694	-	1,984,694	-
Investment in a subsidiary		-	-	(1,000,000)	-
Investment in an associate		(224,970)	(30)	(224,970)	(30)
Repayment from finance lease receivables		1,093,644	436,982	-	-
Advances to subsidiaries		-	-	(1,358,413)	(5,431,158)
Advances to an associate		(111,138)	(5,288)	(34,088)	(3,788)
Dividend received		-	-	6,000,000	6,700,000
Dividend received from short-term investments		135,110	82,601	13,051	36,644
Interest received		1,489,047	1,179,903	16,447	24,549
Proceeds from disposal of property, plant and equipment		13,493,570	2,926,643	1	49,013
Addition to investment properties		(11,500)	(1,514,189)	-	-
Purchase of property, plant and equipment	33(a)	(3,372,349)	(16,022,039)	(1,194,383)	(67,076)
Increase in deposits pledged with licensed banks		(6,992,322)	(14,921,885)	(8,048)	(7,213)
Withdrawal of deposit with tenure more than three months		-	4,600,000	-	4,600,000
NET CASH FROM/(FOR) INVESTING ACTIVITIES		7,306,428	(25,180,661)	4,194,291	5,900,941

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT□D)

	Note	The Group 2019 RM	The Group 2018 RM Restated	The Company 2019 RM	The Company 2018 RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid		(6,433,862)	-	(6,433,862)	-
Proceeds from exercise of ESOS		647,150	-	647,150	-
Purchase of treasury shares		-	(339,077)	-	(339,077)
Advances from/(Repayment to) subsidiaries		-	-	3,781	(139,176)
Advances from an associate company		205,799	-	-	-
Repayment of hire purchase obligations		-	(24,355,185)	-	-
Repayment of lease liabilities		(17,360,190)	-	(28,364)	-
Drawdown of term loans		-	13,751,244	-	4,166,276
Repayment of term loans		(8,436,791)	(5,277,200)	(310,209)	(222,635)
Net drawdown of bankers□ acceptances		2,293,349	8,011,000	-	-
Net drawdown of bank factoring		9,498,475	1,815,805	-	-
Net (repayment)/drawdown of invoice financing		(4,407,480)	12,139,018	-	-
Net drawdown/(repayment) of revolving credit		6,000,000	(11,000,000)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(17,993,550)	(5,254,395)	(6,121,504)	3,465,388
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,931,652	(16,525,826)	467,181	(1,661,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		7,447,759	23,973,585	913,121	2,574,423
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33(c)	9,379,411	7,447,759	1,380,302	913,121

1. GENERAL INFORMATION

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

Registered office	:	Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
Principal place of business	:	No. 16, 18 & 20, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 May 2020.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

3. BASIS OF PREPARATION (CONT□D)

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

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycles

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group□s financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. MFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. For a lessor, MFRS 16 continues to allow the lessor to classify its leases as either operating leases or finance leases and to account them differently. The impacts on the financial statements of the Company upon its initial application of MFRS 16 are disclosed in Note 43 to the financial statements.

3. BASIS OF PREPARATION (CONT□D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Investment in Subsidiaries and Investment Properties

The Group determines whether its investment in subsidiaries and investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investment in subsidiaries and investment properties as at the reporting date are disclosed in Notes 5 and 8 to the financial statements.

(b) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 10 and 11 to the financial statements.

(c) Revenue Recognition for Construction Contracts

The Company recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 11 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

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

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

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

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

(d) Share Based Payments

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT□D)

4.4 FINANCIAL INSTRUMENTS

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

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

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares (Cont'd)

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

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

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENTS IN SUBSIDIARIES

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

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

4.6 INVESTMENT IN AN ASSOCIATE

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

Investment in an associate is stated at cost in the statement of financial position of the Company, and is reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2019. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

<u>Owned assets</u>	
Buildings	2%
Leasehold land	Not applicable (2018 - over 86 to 95 years)
Plant and machinery	12%
Site equipment	10% - 20%
Office equipment	10% - 20%
Motor vehicles	12%
Renovation	20%
Furniture and fittings	15% - 20%
<u>Right-of-use assets</u>	
Leasehold land	Over the lease period of 86 to 95 years
Plant and machinery	12%
Motor vehicles	12%
Office building	33%
Leased land	52%

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT□D)

4.7 PROPERTY, PLANT AND EQUIPMENT (CONT□D)

Capital work-in-progress included in property is not depreciated as this asset is not yet available for use.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.8 INVESTMENT PROPERTIES

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

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are as follows:-

Buildings	2%
Leasehold land	Over the lease period of 86 to 93 years

Freehold land is stated at cost less impairment loss, if any, and is not depreciated.

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

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

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT□D)

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group presents right-of-use assets in property, plant and equipment, and investment properties, and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment, and investment properties.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT□D)

4.9 LEASES (CONT□D)

Accounting Policies Applied Until 31 December 2018

(a) Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease.

(i) Finance Leases

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, and investment properties.

(ii) Operating Leases

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT□D)

4.9 LEASES (CONT□D)

(b) Group as a Lessor

Finance Leases

Leases in which the Group transfer substantially all the risks and rewards of ownership of an asset are classified as finance leases. Upon initial recognition, the leased asset is presented as a receivable at an amount equal to the net investment in the lease.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the lessor□s netinvestment in the finance lease.

4.10 CONTRACT ASSET AND CONTRACT LIABILITY

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

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

4.11 CASH AND CASH EQUIVALENTS

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

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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

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

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

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

4.12 IMPAIRMENT (CONT’D)

(b) Impairment of Non-financial Assets (Cont’d)

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

4.13 PROVISIONS

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

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the construction costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group’s contributions to defined contribution plans æ recognised in profit or loss and included in the construction costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS (CONT'D)

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

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

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

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

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

4.15 INCOME TAXES

(a) Current Tax

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

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

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

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

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

4.16 CONTINGENT LIABILITIES

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

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

4.17 OPERATING SEGMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 EARNINGS PER ORDINARY SHARE

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

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

4.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

4.20 FAIR VALUE MEASUREMENTS

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

(a) Construction Services

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

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

(b) Hiring of Machinery

Revenue from providing hiring of machinery services is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT□D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT□D)

(c) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance.

Revenue from these sales is recognised based on the price specified in the contract and net of returns.

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

(d) Rendering of Services

Revenue from providing day work services is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(e) Rental Income from Investment Properties

Rental income from investment properties is accounted for on a straight-line method over the lease term.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Dividend Income

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

Dividend income from short-term investment is recognised on an accrual basis using the effective interest method.

(c) Management Fee

Management fee from providing managing services is recognised in the period in which the services are rendered.

(d) Rental income

Rental income is recognised on an accrual basis.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	**2018**
	RM	RM
Unquoted shares, at cost	11,277,997	10,328,312
Share options granted to employees of subsidiaries	1,586,300	881,077
	12,864,297	11,209,389

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019 %	2018 %	Principal Activities
Advancecon Infra Sdn. Bhd.	Malaysia	100	100	Providing earthworks and civil engineering services and sales of construction materials.
Advancecon Solar Sdn. Bhd.	Malaysia	100	100	Carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
Advancecon Machinery Sdn. Bhd.	Malaysia	100	100	Providing earth-moving machineries for hire and transportation agent.
Advancecon Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
^ SK-II Tipper & Truck Services Sdn. Bhd.	Malaysia	100	100	In the process of Member's Voluntary Winding Up.
^ Inspirasi Hebat Sdn. Bhd.	Malaysia	100	100	In the process of Member's Voluntary Winding Up.
^^ Advancecon Rock Sdn. Bhd.	Malaysia	-	100	Dissolved.
^^ Advancecon Trading Sdn. Bhd.	Malaysia	-	100	Dissolved.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

^ On 17 September 2019 and 23 September 2019, Special Resolutions were passed by the shareholders of Inspirasi Hebat Sdn. Bhd. and SK-II Tipper Truck Services Sdn. Bhd., respectively to initiate the process of Member's Voluntary Winding Up and accordingly, liquidators have been appointed. As a result, the Group has accounted these investments as deemed disposal and has deconsolidated the results of these subsidiaries from the Group.

^^ On 23 September 2019, the final meeting of these subsidiaries were held to conclude the winding up proceedings. Pursuant to Section 459(5) of the Companies Act 2016 in Malaysia, the subsidiaries were deemed dissolved on the expiration of three months after lodgement of the Return by the liquidators relating to the final meeting with the Companies Commission of Malaysia and Official Receiver.

The financial effects arising from this deemed disposal are summarised below:-

	The Group	
	2019	**2018**
	RM	RM
Other receivables, deposits and prepayments	3	(1,648,585)
Current tax assets	1,600	2,256
Short-term investments	-	1,781,758
Cash and bank balances	194,225	161,601
Other payables and accruals	(14,636)	(15,298)
Amount owing to holding company	(8,092)	-
Amount owing to a related company	(8,775)	-
Carrying amount of net assets disposed of	164,325	281,732
Loss on deemed disposal of subsidiaries	(161,331)	(231,417)
Transfer to other investment #	(2,994)	(50,315)
	-	-
Proceeds from deemed disposals	##	###
Less: Cash and bank balances of subsidiaries disposed of	(194,225)	(1,943,359)
Add: Repayment from subsidiaries	16,867	-
	(177,358)	(1,943,359)

This represent the initial cost of investments which is now, classified as other investment, pending the completion of the Member's Voluntary Winding Up.

The proceeds will only made known upon the winding up process is completed, which is expected to complete during the financial year 2020.

The total proceeds from the dissolution of Advancecon Rock Sdn. Bhd. and Advancecon Trading Sdn. Bhd. received during the financial year is RM1,984,694.

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Unquoted share, at cost	225,000	30	225,000	30
Share of post acquisition loss	(57,818)	(30)	-	-
	167,182	-	225,000	30

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %	Principal Activity
Advancecon (Sarawak) Sdn. Bhd.	Malaysia	30	30	Providing earthworks, civil engineering services and other related services.

(a) The associate was incorporated in the previous financial year.

(b) Summarised financial information has not been presented as the associate is not material to the Group.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	As Previously Reported (1.1.2019) RM	Initial Application of MFRS 16 (1.1.2019) RM	As Restated (1.1.2019) RM	Additions RM	Reclassifications RM	Transfer to Finance Lease Receivables RM	Disposals RM	Write-offs RM	Depreciation Charges RM	At 31.12.2019 RM
2019										
Carrying Amount										
Owned Assets										
Leasehold land	16,817,327	(16,817,327)	-	-	-	-	-	-	-	-
Buildings	3,038,027	-	3,038,027	-	-	-	-	-	(65,319)	2,972,708
Plant and machinery	117,550,085	(66,829,563)	50,720,522	114,399	396,617	(3,205,109)	(3,160,251)	(186,000)	(12,159,973)	32,520,205
Site equipment	1,841,682	-	1,841,682	580,136	6,263	-	(1,267)	-	(414,538)	2,012,276
Office equipment	465,838	-	465,838	409,079	-	-	(2,069)	(438)	(228,870)	643,540
Motor vehicles	11,188,479	(9,389,466)	1,799,013	33,480	-	-	(109,013)	(24,478)	(550,705)	1,148,297
Renovation	25,516	-	25,516	815,218	140,000	-	-	-	(205,802)	774,932
Furniture and fittings	41,392	-	41,392	651,435	-	-	-	-	(121,889)	570,938
Capital work-in-progress	228,410	-	228,410	646,678	(542,880)	-	-	-	-	332,208
Right-of-use Assets										
Leasehold land	-	16,817,327	16,817,327	-	-	-	-	-	(196,129)	16,621,198
Plant and machinery	-	66,829,563	66,829,563	17,515,000	-	-	(288,600)	-	(10,369,887)	73,686,076
Motor vehicles	-	9,389,466	9,389,466	1,089,700	-	-	-	(62,189)	(1,578,583)	8,838,394
Office building	-	-	-	211,768	-	-	-	-	(23,530)	188,238
Leased land	-	-	-	74,899	-	-	-	-	(39,078)	35,821
	151,196,756	-	151,196,756	22,141,792	-	(3,205,109)	(3,561,200)	(273,105)	(25,954,303)	140,344,831

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

The Group	At 1.1.2018 RM	Additions RM	Reclassifications RM	Transfer to Finance Lease Receivables RM	Disposals RM	Write-offs RM	Depreciation Charges RM	At 31.12.2018 RM
2018								
Carrying Amount								
Leasehold land	9,098,013	13,346,621	-	-	(5,430,796)	-	(196,511)	16,817,327
Buildings	9,536,877	-	(5,307,647)	-	(1,106,638)	-	(84,565)	3,038,027
Plant and machinery	120,869,159	21,876,886	-	(1,985,370)	(1,025,136)	-	(22,185,454)	117,550,085
Site equipment	1,527,327	687,734	-	-	(2)	(2,783)	(370,594)	1,841,682
Office equipment	464,231	173,894	-	-	-	(1,088)	(171,199)	465,838
Motor vehicles	9,678,277	3,937,709	-	-	(422,907)	(987)	(2,003,613)	11,188,479
Renovation	44,333	-	-	-	-	-	(18,817)	25,516
Furniture and fittings	53,045	1,249	-	-	(1)	(1,145)	(11,756)	41,392
Capital work-in-progress	96,628	277,910	-	-	(146,128)	-	-	228,410
	151,367,890	40,302,003	(5,307,647)	(1,985,370)	(8,131,608)	(6,003)	(25,042,509)	151,196,756

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Owned Assets			
Buildings	3,265,939	(293,231)	2,972,708
Plant and machinery	91,451,496	(58,931,291)	32,520,205
Site equipment	3,671,677	(1,659,401)	2,012,276
Office equipment	1,714,700	(1,071,160)	643,540
Motor vehicles	4,448,405	(3,300,108)	1,148,297
Renovation	1,178,200	(403,268)	774,932
Furniture and fittings	737,375	(166,437)	570,938
Capital work-in-progress	332,208	-	332,208
Right-of-use Assets			
Leasehold land	17,031,145	(409,947)	16,621,198
Plant and machinery	99,125,311	(25,439,235)	73,686,076
Motor vehicles	13,523,204	(4,684,810)	8,838,394
Office building	459,649	(271,411)	188,238
Leased land	74,899	(39,078)	35,821
	237,014,208	(96,669,377)	140,344,831
2018			
Leasehold land	17,031,145	(213,818)	16,817,327
Buildings	3,265,939	(227,912)	3,038,027
Plant and machinery	188,507,545	(70,957,460)	117,550,085
Site equipment	3,426,234	(1,584,552)	1,841,682
Office equipment	1,361,383	(895,545)	465,838
Motor vehicles	17,485,075	(6,296,596)	11,188,479
Renovation	222,982	(197,466)	25,516
Furniture and fittings	110,806	(69,414)	41,392
Capital work-in-progress	228,410	-	228,410
	231,639,519	(80,442,763)	151,196,756

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

	< ---------------- 1.1.2019	--------------- >							
The Company	As Previously Reported RM	Initial Application Of MFRS 16 RM	At Restated RM	Additions RM	Reclassifications RM	Disposal RM	Write-off RM	Depreciation Charges RM	At 31.12.2019 RM
2019									
Carrying Amount									
Owned Assets									
Leasehold land	3,587,212	(3,587,212)	-	-	-	-	-	-	-
Buildings	3,038,027	-	3,038,027	-	-	-	-	(65,319)	2,972,708
Plant and machinery	1,791	-	1,791	-	-	(1)	-	(1,790)	-
Office equipment	67,715	-	67,715	78,000	-	-	(425)	(25,743)	119,547
Motor vehicles	8,914	-	8,914	-	-	-	-	(8,910)	4
Renovation	25,515	-	25,515	803,218	140,000	-	-	(203,402)	765,331
Furniture and fittings	-	-	-	313,165	-	-	-	(62,133)	251,032
Capital work-in-progress	140,000	-	140,000	-	(140,000)	-	-	-	-
Right-of-use Assets									
Leasehold land	-	3,587,212	3,587,212	-	-	-	-	(40,789)	3,546,423
Office building	-	-	-	211,768	-	-	-	(23,530)	188,238
	6,869,174	-	6,869,174	1,406,151	-	(1)	(425)	(431,616)	7,843,283

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

	At 1.1.2018 RM	Additions RM	Disposal RM	Write-off RM	Depreciation Charges RM	At 31.12.2018 RM
The Company						
2018						
Carrying Amount						
Leasehold land	3,628,002	-	-	-	(40,790)	3,587,212
Buildings	3,103,346	-	-	-	(65,319)	3,038,027
Plant and machinery	-	25,076	-	-	(23,285)	1,791
Office equipment	85,840	-	-	(61)	(18,064)	67,715
Motor vehicles	33,961	-	(1,260)	-	(23,787)	8,914
Renovation	44,332	-	-	-	(18,817)	25,515
Capital work-in-progress	-	140,000	-	-	-	140,000
	6,895,481	165,076	(1,260)	(61)	(190,062)	6,869,174

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Owned Assets			
Buildings	3,265,939	(293,231)	2,972,708
Plant and machinery	8,000	(8,000)	-
Site equipment	103,099	(103,099)	-
Office equipment	286,738	(167,191)	119,547
Motor vehicles	106,138	(106,134)	4
Renovation	1,042,837	(277,506)	765,331
Furniture and fittings	318,375	(67,343)	251,032
Right-of-use Assets			
Leasehold land	3,684,524	(138,101)	3,546,423
Office building	211,768	(23,530)	188,238
	9,027,418	(1,184,135)	7,843,283
2018			
Leasehold land	3,684,524	(97,312)	3,587,212
Buildings	3,265,939	(227,912)	3,038,027
Plant and machinery	211,000	(209,209)	1,791
Site equipment	103,099	(103,099)	-
Office equipment	210,993	(143,278)	67,715
Motor vehicles	106,138	(97,224)	8,914
Renovation	99,619	(74,104)	25,515
Furniture and fittings	5,210	(5,210)	-
Capital work-in-progress	140,000	-	140,000
	7,826,522	(957,348)	6,869,174

The comparative information of the right-of-use assets is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

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

(a) Capital work-in-progress represents assets under construction which are not ready for commercial use at the end of the reporting period.

(b) Included in the carrying amounts of property, plant and equipment of the Group at the end of the previous reporting period were the following assets acquired under hire purchase terms:-

	The Group 2018 RM
Plant and machinery	59,511,993
Motor vehicles	9,123,125
	68,635,118

(c) The carrying amounts of the following property, plant and equipment of the Group and of the Company which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 23 and 27 to the financial statements are as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Buildings	2,972,708	3,038,027	2,972,708	3,038,027
Leasehold land	16,621,198	16,817,327	3,546,423	3,587,212
	19,593,906	19,855,354	6,519,131	6,625,239

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

(d) The Group leases certain assets of which the leasing activities are summarised below:-

(i)	Leasehold land	The Group has entered into 4 non-cancellable operating lease agreements for the use of land. The leases are for periods between 86 to 95 years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
(ii)	Leased land	The Group has leased a piece of vacant land as a workshop for 2 years, with an option to renew the lease after that date. The Group is allowed to sublease the land with the consent of the lessor.
(iii)	Office building	The Group has leased an office building that runs for 3 years, with an option to renew the lease after that date. The Group is allowed to sublease the office building.
(iv)	Plant and machineries and motor vehicles	The Group has leased certain plant and machineries and motor vehicles under hire purchase arrangements with lease terms of 5 (2018 - 5) years. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The leases bear effective interest rates ranging from 3.67% to 12.05% (2018 - 3.67% to 8.45%) and are secured by the leased assets.

8. INVESTMENT PROPERTIES

	The Group	
	2019	**2018**
	RM	RM
Cost		
At 1 January	40,790,739	33,897,178
Addition during the financial year	11,500	1,514,189
Transfer from property, plant and equipment to investment properties (Note 7)	-	5,379,372
At 31 December	40,802,239	40,790,739
Accumulated depreciation		
At 1 January	(1,568,631)	(969,543)
Depreciation during the financial year	(572,006)	(527,363)
Transfer from property, plant and equipment to investment properties (Note 7)	-	(71,725)
At 31 December	(2,140,637)	(1,568,631)
Net carrying value	38,661,602	39,222,108
Represented by:-		
Leasehold land	6,228,907	6,305,258
Freehold land	1,926,680	1,926,680
Buildings	30,506,015	30,990,170
	38,661,602	39,222,108

(a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 3 years and an option that is exercisable by the customers to extend their leases for an average of 2 years.

The undiscounted operating lease payments receivable are as follows:-

	2019
	RM
Within 1 year	258,300
Between 1 and 2 years	136,800
Later than 2 years	6,753
	401,853

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

8. INVESTMENT PROPERTIES (CONT'D)

(b) Investment properties of the Group with a total carrying value of RM37,947,677 (2018 - RM38,469,357) have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Notes 23 and 27 to the financial statements.

(c) The fair values of the investment properties of the Group as at the reporting date are estimated at RM43,168,536 (2018 - RM43,168,536) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

9. FINANCE LEASE RECEIVABLES

	The Group	
	2019	**2018**
	RM	RM
Gross receivables from finance leases:		
- not later than 1 year	2,421,120	1,056,000
- later than 1 year and not later than 5 years	4,271,999	2,950,960
	6,693,119	4,006,960
Less: Unearned future finance income	(942,236)	(367,542)
Net investment in finance leases	5,750,883	3,639,418
Analysed by:-		
Current assets	1,869,686	890,840
Non-current assets	3,881,197	2,748,578
	5,750,883	3,639,418

(a) The Group entered into finance lease arrangements for certain of its earth-moving heavy equipment. All leases are denominated in RM. The average terms of finance leases entered into are ranging from 3 to 5 (2018 - 4 to 5) years.

(b) The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rates contracted range from 4.55% to 18.27% (2018 - 4.55% to 9.49%).

(c) The finance lease receivables at the end of the reporting period are neither past due nor impaired.

10. TRADE RECEIVABLES

	The Group	
	2019	**2018**
	RM	RM
Trade receivables	63,977,008	67,381,641
Allowance for impairment losses	(443,050)	(453,318)
	63,533,958	66,928,323
Allowance for impairment losses:-		
At 1 January	453,318	10,268
Addition during the financial year	-	443,050
Written off during the financial year	(10,268)	-
At 31 December	443,050	453,318

The Group's normal trade credit terms range from 5 to 60 (2018 - 5 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

11. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2019	**2018**
	RM	RM
Contract assets:-		
Contract assets relating to construction contracts	98,904,425	79,097,980
Contract liabilities:-		
Contract liabilities relating to construction contracts	(11,196,440)	(20,679,138)

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 1 to 2 ½ (2018 - 1) years.

Included in contract assets are retention sum receivables totalling RM36,249,842 (2018 - RM41,085,297). The retention sums are expected to be collected within the periods ranging from 1 to 4 (2018 - 1 to 4) years.

(b) The contract liabilities primarily relate to advance considerations received from few customers for construction services of which the revenue will be recognised over the remaining contract term of specific contract it relates to, ranging from 2 to 18 (2018 - 6 to 24) months.

11. CONTRACT ASSETS/(LIABILITIES) (CONT□D)

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

	The Group	
	2019	**2018**
	RM	RM
At 1 January	58,418,842	75,130,449
Revenue recognised in profit or loss during the financial year	276,527,129	249,256,331
Billings to customers during the financial year	(261,400,005)	(264,269,409)
Movement in accrual income	18,997,474	(8,200,072)
Movement in retention sum	(4,835,455)	6,501,543
At 31 December	87,707,985	58,418,842
Represented by:-		
Contract assets	98,904,425	79,097,980
Contract liabilities	(11,196,440)	(20,679,138)
	87,707,985	58,418,842

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Other receivables	3,024,901	19,426,053	1,812	4,019,139
Deposits	2,831,411	2,295,920	46,020	45,040
Prepayments	2,880,216	1,850,693	12,710	14,162
Goods and services tax recoverable	1,418,914	1,431,696	13,363	13,363
	10,155,442	25,004,362	73,905	4,091,704

Included in other receivables of the Group at the end of the previous reporting period was a total amount of RM10,542,600 being the remaining proceeds from the disposal of a piece of leasehold land and a unit of freehold building in the previous financial year for a total consideration of RM10,970,000. The amount has been collected during the financial year.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2019	**2018**
	RM	RM
Amount owing by:-		
Trade balances	238	632,571
Non-trade balances	80,000,814	78,642,401
	80,001,052	79,274,972
Amount owing to:-		
Non-trade balances	(114,664)	(110,883)

(a) The trade balances are subject to a normal trade credit term of 30 (2018 - 30) days.

(b) The non-trade balances are unsecured, interest-free and repayable on demand.

(c) The amounts owing are to be settled in cash.

14. SHORT-TERM INVESTMENTS

Investments in fixed income trust funds represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

15. DEPOSITS WITH LICENSED BANKS

Included in the deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM39,629,498 and RM256,362 (2018 - RM32,637,176 and RM248,314) which has been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 23, 27, and 28 to the financial statements.

The effective interest rates of the deposits at the end of the reporting period were as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	%	%	%	%
Effective interest rates	2.70 to 3.50	2.90 to 3.50	3.00	3.25

The maturity periods of the deposits were as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Maturity period (days)	30 to 365	30 to 365	365	365

16. SHARE CAPITAL

	The Group/The Company			
	2019	**2018**	**2019**	**2018**
	Number of shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1 January	402,079,000	402,079,000	85,752,871	85,752,871
New shares issued under ESOS for cash (Note 18)	1,849,000	-	832,050	-
At 31 December	403,928,000	402,079,000	86,584,921	85,752,871

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

17. TREASURY SHARES

During the financial year, the Company has not purchased its issued ordinary shares from the open market.

In the previous financial year, the Company purchased 1,161,000 of its issued ordinary shares from the open market at an average price of RM0.29 per share between the months of October to December. The total consideration paid for the purchase was RM339,077 including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 403,928,000 (2018 - 402,079,000) issued and fully paid-up ordinary shares at the end of the reporting period, 1,161,000 (2018 - 1,161,000) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

18. RESERVES

Employee Share Option Reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 18 January 2018. The ESOS is to be in force for a period of 5 years effective from 6 March 2018.

The main features of the ESOS are as follows:-

(a) Eligible persons are employees and executive directors of the Company and its subsidiary companies which are not dormant, who have been confirmed in service/has served for at least 1 year before the date of the offer.

(b) Where the executive director or employee is under an employment contract, the contract is for a duration of at least two (2) years and shall have not expired within six (6) months from the date of offer.

(c) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.

(d) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.

(e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

18. RESERVES (CONT□D)

Employee Share Option Reserve (Cont□d)

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

Date of Offer	Exercise Price	Contractual Life of Options	<------Number of Options over Ordinary Share------> At 1 January 2019	Re-offered	Exercised	At 31 December 2019
20 September 2018	RM0.35	2 Years	19,620,000	380,000	(1,849,000)	18,151,000

The options which were forfeited in the last financial year due to resignation of employees were re-offered to other eligible persons during the financial year.

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

In the previous financial year, the Company has granted 20,000,000 share options under the ESOS. These options expire on 19 March 2021 and are exercisable if the employee remains in service from the date of grant.

In the last financial year, the fair values of the share options granted were estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	Granted on 20.9.2018
Fair value of share options at the grant date (RM)	0.10
Weighted average ordinary share price (RM)	0.38
Exercise price of share option (RM)	0.35
Expected volatility (%)	30.43
Expected life (years)	2
Risk-free rate (%)	3.77
Expected dividend yield (%)	-

19. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
At 1 January	(4,748,927)	(6,624,084)	160,149	(20,724)
Recognised in profit or loss (Note 31)	1,117,051	1,875,157	-	180,873
At 31 December	(3,631,876)	(4,748,927)	160,149	160,149

The deferred tax assets/(liabilities) recognised at the end of the reporting period and after appropriate offsetting are as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Deferred tax assets:-				
Unused tax losses	171,529	171,529	171,529	171,529
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	(4,031,955)	(5,060,611)	(11,380)	(11,380)
Others	228,550	140,155	-	-
	(3,631,876)	(4,748,927)	160,149	160,149

20. LONG-TERM BORROWINGS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Hire purchase payables (Note 22)	-	45,947,568	-	-
Term loans (Note 23)	25,493,245	32,842,850	3,887,396	4,216,150
	25,493,245	78,790,418	3,887,396	4,216,150

21. LEASE LIABILITIES

	The Group 2019 RM	The Company 2019 RM
At 1 January:		
- as previously reported	-	-
- initial application of MFRS 16	61,897,971	-
- as restated	61,897,971	-
Acquisition of new leases	1,782,467	211,768
Reclassification of other payables to lease liabilities	7,354,200	-
Interest expense recognised in profit or loss (Note 30)	3,315,357	3,136
Repayment of principal	(17,360,190)	(28,364)
Repayment of interest expense	(3,315,357)	(3,136)
At 31 December	53,674,448	183,404
Analysed by:-		
Current liabilities	18,230,627	68,333
Non-current liabilities	35,443,821	115,071
	53,674,448	183,404

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

22. HIRE PURCHASE PAYABLES

	The Group 2018 RM
Minimum hire purchase payments:	
- not later than 1 year	18,959,609
- later than 1 year and not later than 5 years	49,533,979
	68,493,588
Less: Future finance charges	(6,595,617)
Present value of hire purchase payables	61,897,971
Analysed by:-	
Current liabilities (Note 27)	15,950,403
Non-current liabilities (Note 20)	45,947,568
	61,897,971

The hire purchase payables have been represented as lease liabilities as shown in Note 21 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

23. TERM LOANS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current liabilities (Note 27)	1,119,713	2,206,899	330,560	312,015
Non-current liabilities (Note 20)	25,493,245	32,842,850	3,887,396	4,216,150
	26,612,958	35,049,749	4,217,956	4,528,165

23. TERM LOANS (CONT□D)

Details of the repayment terms are as follows:-

Term Loan	Monthly Instalment RM	Number of Monthly Instalments	Date of Commencement of Repayment	The Group Amount Outstanding 2019 RM	The Group Amount Outstanding 2018 RM	The Company Amount Outstanding 2019 RM	The Company Amount Outstanding 2018 RM
1	10,000	120	November 2012	344,524	464,524	344,524	464,524
2	2,587	300	January 2016	414,833	426,520	-	-
3	1,995	300	January 2016	319,814	328,824	-	-
4	2,431	300	January 2016	389,856	400,840	-	-
5	2,452	300	January 2016	384,369	398,460	-	-
6	28,833	240	July 2017	4,172,135	4,339,040	-	-
7	3,209	168	February 2016	309,850	334,862	-	-
8	6,172	180	February 2017	591,660	621,169	-	-
9	4,662	180	February 2017	446,757	469,046	-	-
10	8,967	240	February 2018	1,319,651	1,363,046	-	-
11	5,147	240	April 2017	736,498	762,139	-	-
12	5,567	240	August 2017	795,800	822,880	-	-
13	9,320	240	July 2018	1,394,645	1,438,698	-	-
14	8,580	240	July 2018	1,284,758	1,325,273	-	-
15	7,600	240	August 2016	1,047,582	1,087,259	-	-
16	30,337	120	February 2017	-	2,935,421	-	-
17	2,593	300	January 2018	435,306	446,191	-	-
18	2,904	300	January 2018	487,430	499,624	-	-
19	23,809	84	February 2017	-	1,452,385	-	-
20	47,619	84	February 2017	-	2,904,771	-	-
21	31,870	180	June 2018	3,873,432	4,063,641	3,873,432	4,063,641
22	36,990	180	December 2018	3,728,563	3,871,372	-	-
23	41,020	180	December 2018	4,135,495	4,293,764	-	-
				26,612,958	35,049,749	4,217,956	4,528,165

23. TERM LOANS (CONT□D)

(a) Term loan 1 is secured by:-

(i) a legal charge over a piece of leasehold land and building of the Company; and
(ii) the deposit with a licensed bank of the Company.

(b) Term loans 2, 3, 4 and 5 are secured by:-

(i) a facility agreement for loan amounts of RM458,400, RM353,400, RM430,800 and RM434,400 respectively;
(ii) a deed of assignment and a power of attorney over 4 units of terrace house of a subsidiary;
(iii) a corporate guarantee of the Company; and
(iv) a joint and several guarantee of two of the directors of the Company.

(c) Term loan 6 is secured by:-

(i) a facility agreement for the sum of RM4,557,500;
(ii) a deed of assignment and a power of attorney over a unit of office of a subsidiary;
(iii) a corporate guarantee of the Company; and
(iv) a joint and several guarantee of two of the directors of the Company.

(d) Term loan 7 is secured by:-

(i) a facility agreement for the sum of RM396,540;
(ii) a deed of assignment and a power of attorney over a serviced apartment of a subsidiary; and
(iii) a joint and several guarantee of two of the directors of the Company.

(e) Term loan 8 is secured by:-

(i) a facility agreement for the sum of RM672,000;
(ii) a deed of assignment and a power of attorney over a piece of vacant bungalow land of a subsidiary;
(iii) a corporate guarantee of the Company; and
(iv) a joint and several guarantee of two of the directors of the Company.

(f) Term loan 9 is secured by:-

(i) a facility agreement for the sum of RM507,600;
(ii) a deed of assignment and a power of attorney over a piece of vacant bungalow land of a subsidiary;
(iii) a corporate guarantee of the Company; and
(iv) a joint and several guarantee of two of the directors of the Company.

23. TERM LOANS (CONT□D)

(g) Term loan 10 is secured by:-

- (i) a facility agreement for the sum of RM1,399,400;
- (ii) a deed of assignment and a power of attorney over a unit of office suite of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds over a unit of office suite of a subsidiary.

(h) Term loan 11 is secured by:-

- (i) a facility agreement for the sum of RM803,280;
- (ii) a deed of assignment and a power of attorney over a unit of double storey terrace house of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of two of the directors of the Company.

(i) Term loan 12 is secured by:-

- (i) a facility agreement for the sum of RM868,800;
- (ii) a deed of assignment and a power of attorney over a unit of double storey semi-detached house of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds created over a unit of double storey semi-detached house of a subsidiary.

(j) Term loan 13 is secured by:-

- (i) a facility agreement for the sum of RM1,453,200;
- (ii) a deed of assignment and power attorney over a unit of double storey semi-detached house of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds created over a unit of double storey semi-detached house of a subsidiary.

(k) Term loan 14 is secured by:-

- (i) a facility agreement for the sum of RM1,338,600;
- (ii) a deed of assignment and power attorney over a unit of double storey semi-detached house of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds created over a unit of double storey semi-detached house of a subsidiary.

23. TERM LOANS (CONT□D)

(l) Term loan 15 is secured by:-

(i) a facility agreement for the sum of RM1,175,915;
(ii) a legal charge over a unit of double storey zero-lot bungalow of a subsidiary;
(iii) a corporate guarantee of the Company;
(iv) a joint and several guarantee of two of the directors of the Company; and
(v) an assignment of rental proceeds created over a unit of double storey zero-lot bungalow of a subsidiary.

(m) Term loan 16 was secured by:-

(i) a facility agreement for the sum of RM4,000,000;
(ii) a legal charge over a piece of leasehold land of a subsidiary which has been disposed off in the previous financial year;
(iii) a corporate guarantee of the Company;
(iv) a corporate guarantee of a subsidiary; and
(v) a joint and several guarantee of two of the directors of the Company.

The term loan was fully repaid during the financial year.

(n) Term loans 17 and 18 are secured by:-

(i) a facility agreement for loan amounts of RM456,600 and RM511,200 respectively;
(ii) a deed of assignment and a power of attorney over 2 units of serviced apartments of a subsidiary;
(iii) a corporate guarantee of the Company; and
(iv) a joint and several guarantee of the directors of the Company.

(o) Term loans 19 and 20 were secured by:-

(i) a corporate guarantee of the Company; and
(ii) the deposits with a licensed bank of a subsidiary.

The term loans were fully repaid during the financial year.

(p) Term loan 21 is secured by:-

(i) a facility agreement for loan amount of RM4,160,000;
(ii) a registered open all monies 1st party charge stamped nominally over a piece of leasehold land and building of the Company; and
(iii) a basic building debenture over the property.

(q) Term loan 22 is secured by:-

(i) a facility agreement for the sum of RM3,877,000;
(ii) a corporate guarantee of the Company; and
(iii) a registered open all monies 1st party charge stamped nominally over a piece of leasehold land of a subsidiary.

23. TERM LOANS (CONT□D)

(r) Term loan 23 is secured by:-

(i) facility agreement for the sum of RM4,300,000;
(ii) a corporate guarantee of the Company; and
(iii) a registered open all monies 1st party charge stamped nominally over a piece of leasehold land of a subsidiary.

24. TRADE PAYABLES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Trade payables	36,909,605	38,929,299	15,808	15,808
Retention sums	11,186,918	10,217,951	-	-
	48,096,523	49,147,250	15,808	15,808

(a) The normal trade credit terms granted to the Group and the Company range from 14 to 60 (2018 - 14 to 60) days.

(b) The retention sums are unsecured, interest-free and expected to be paid within a period of 1 to 4 (2018 - 1 to 4) years.

25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Other payables	18,292,065	9,632,295	182,361	337,671
Accruals	7,965,281	6,288,958	1,448,815	684,872
	26,257,346	15,921,253	1,631,176	1,022,543

Included in other payables of the Group at the end of the reporting period is a total amount of approximately RM15,000,000 (2018 - RM7,600,000) outstanding on purchase of plant and machineries.

26. DIVIDEND PAYABLE

	The Group/The Company	
	2019	**2018**
	RM	RM
In respect of the financial year ended 31 December 2018:		
- First interim single-tier dividend of 1 sen per ordinary share	-	4,017,260

27. SHORT-TERM BORROWINGS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Hire purchase payables (Note 22)	-	15,950,403	-	-
Term loans (Note 23)	1,119,713	2,206,899	330,560	312,015
Bankers' acceptances	14,340,349	12,047,000	-	-
Bank factoring	11,314,280	1,815,805	-	-
Invoice financing	11,748,868	16,156,348	-	-
Revolving credit	9,000,000	3,000,000	-	-
	47,523,210	51,176,455	330,560	312,015

The bankers' acceptances, invoice financing, revolving credit and bank factoring are secured by:-

(a) the deposits with licensed banks of certain subsidiaries;

(b) a joint and several guarantee of two of the directors of the Company;

(c) a corporate guarantee of the Company;

(d) a legal charge over a few buildings and a piece of leasehold land of a subsidiary;

(e) a deed of assignment of certain contract proceeds of a subsidiary;

(f) an assignment of life insurance policy by two of the directors of the Company; and

(g) subordination of loans and advances of RM30,000,000 of the Company.

28. BANK OVERDRAFTS

The bank overdrafts are secured by:-

(a) a corporate guarantee of the Company;

(b) the deposit with a licensed bank of a subsidiary;

(c) subordination of loans and advances of RM30,000,000 of the Company.

29. REVENUE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Revenue from Contract with Customers				
Contract revenue	276,527,129	249,256,331	-	-
Sale of goods	22,987,623	19,473,770	-	-
Hiring of machinery	1,334,270	1,271,727	-	12,000
Day work revenue	844,607	2,513,094	-	-
Rental income from investment properties	642,445	344,131	-	-
Cabin living quarters rental	1,372	1,411	-	-
Revenue from Other Sources				
Dividend income	-	-	6,000,000	6,700,000
Management fee	-	-	3,305,393	1,229,089
	302,337,446	272,860,464	9,305,393	7,941,089

(a) The disaggregation of revenue is presented under "Operating Segments" in Note 39 to the financial statements.

(b) The transaction price allocated to the remaining performance obligation that is unsatisfied or partially unsatisfied as at the end of the reporting period are summarised below (other than contracts for original periods of one year or lesser):-

	The Group	
	2019	**2018**
	RM	RM
Within 1 year	383,415,539	245,817,454
Between 1 and 3 years	358,559,080	500,458,610
	741,974,619	746,276,064

30. PROFIT BEFORE TAXATION

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/ (crediting):-				
Allowance for impairment losses on trade receivables	-	443,050	-	-
Auditors' remuneration:				
- statutory audit	167,000	167,000	40,000	38,000
- non-statutory audit	5,000	5,000	5,000	5,000
Depreciation:				
- investment properties	572,006	527,363	-	-
- property, plant and equipment	25,954,303	25,042,509	431,616	190,062
Direct operating expenses on investment properties:				
- income generating investment properties	140,203	79,531	-	-
- non-income generating investment properties	155,125	210,233	-	-
Directors' remuneration (Note 34(a))	4,943,358	4,045,027	4,283,883	3,503,420
Interest expense:				
- bank factoring	40,899	89,717	-	-
- bank overdrafts	623,190	521,479	6,691	14,475
- bankers' acceptances	556,604	416,330	-	-
- hire purchase	-	3,604,389	-	-
- invoice financing	653,547	988,493	-	-
- revolving credit	228,058	510,561	-	-
- term loans	1,662,995	1,631,549	203,930	163,431
- lease liabilities	3,315,357	-	3,136	-
Property, plant and equipment written off	273,105	6,003	425	61
Share of results of an equity accounted associate	57,788	30	-	-
Staff costs (including other key management personnel as disclosed in Note 34(b)):				
- salaries, bonuses, allowances and wages	41,691,783	38,367,349	1,019,410	911,630
- defined contribution plan	3,407,516	3,090,287	123,507	110,438
- share option expenses	718,527	900,255	53,307	70,393
- other benefits	2,519,070	2,619,230	63,651	70,682
Dividend income from short-term investments	(135,110)	(82,601)	(13,051)	(36,644)

30. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member's Voluntary Winding Up	161,131	231,417	-	-
Gain on dissolution of subsidiaries	(1,934,379)	-	(1,934,379)	-
Loss/(Gain) on disposal of property, plant and equipment	610,230	(5,337,635)	-	(47,753)
Interest income:				
- deposits with licensed banks	(1,174,258)	(1,040,792)	(16,447)	(24,549)
- finance lease receivables	(303,635)	(113,018)	-	-
- others	(11,154)	(26,093)	-	-

31. INCOME TAX EXPENSE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Current tax:				
- current financial year	6,548,819	6,512,697	-	-
- under/(over)provision in the previous financial year	59,140	112,718	5,514	(21,461)
(Reversal)/Recognition of real property gains tax	(35,659)	57,000	-	-
	6,572,300	6,682,415	5,514	(21,461)
Deferred tax (Note 19):				
- reversal of temporary differences	(2,202,005)	(940,798)	-	(180,873)
- under/(over)provision in the previous financial year	1,084,954	(934,359)	-	-
	(1,117,051)	(1,875,157)	-	(180,873)
	5,455,249	4,807,258	5,514	(202,334)

31. INCOME TAX EXPENSE (CONT□D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Profit before taxation	16,280,429	15,425,397	4,486,024	2,273,519
Tax at the statutory tax rate of 24%	3,907,303	3,702,095	1,076,646	545,645
Tax effects of:-				
Non-deductible expenses	2,772,696	2,612,534	828,561	890,277
Non-taxable income	(2,366,562)	(652,765)	(1,907,388)	(1,616,795)
Real property gains tax	(35,659)	57,000	-	-
Deferred tax assets not recognised during the financial year	33,377	4,351	2,181	-
Under/(Over)provision in the previous financial year:				
- current tax	59,140	112,718	5,514	(21,461)
- deferred tax	1,084,954	(934,359)	-	-
Differential in tax rates	-	(94,316)	-	-
Income tax expense for the financial year	5,455,249	4,807,258	5,514	(202,334)

The amounts of temporary differences for which no deferred tax asset has been recognised in the statements of financial position are as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Unused tax losses	128,484	-	-	-
Unabsorbed capital allowances	9,688	-	9,088	-
Accelerated depreciation over capital allowances	900	-	-	-
	139,072	-	9,088	-

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

32. DIVIDEND

	The Group/The Company	
	2019	**2018**
	RM	RM
In respect of the financial year ended 31 December 2019:		
- First interim dividend of 0.6 sen per ordinary share	2,416,602	-
In respect of the financial year ended 31 December 2018:		
- First interim dividend of 1 sen per ordinary share	-	4,017,260
	2,416,602	4,017,260

33. CASH FLOW INFORMATION

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	22,141,792	40,302,003	1,406,151	165,076
Amount financed through hire purchase (Note 33(b))	-	(16,265,666)	-	-
Acquisition of new leases	(1,782,467)	-	(211,768)	-
Other payables	(16,986,976)	(8,014,298)	-	(98,000)
Cash disbursed for purchase of property, plant and equipment	3,372,349	16,022,039	1,194,383	67,076

33. CASH FLOW INFORMATION (CONT□D)

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

	Hire Purchase Payables RM	Lease Liabilities RM	Term Loans RM	Bankers□ Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
The Group								
2019								
At 1 January:								
- as previously reported	61,897,971	-	35,049,749	12,047,000	16,156,348	3,000,000	1,815,805	129,966,873
- initial application of MFRS 16	(61,897,971)	61,897,971	-	-	-	-	-	-
- as restated	-	61,897,971	35,049,749	12,047,000	16,156,348	3,000,000	1,815,805	129,966,873
Changes in Financing Cash Flows								
Proceeds from drawdown	-	-	-	45,196,036	31,042,107	31,500,000	75,913,828	183,651,971
Repayment of principal	-	(17,360,190)	(8,436,791)	(42,902,687)	(35,449,587)	(25,500,000)	(66,415,353)	(196,064,608)
Repayment of interests	-	(3,315,357)	(1,662,995)	(556,604)	(653,547)	(228,058)	(40,899)	(6,457,460)
Non-cash Changes								
Acquisition of new leases (Note 33(a))	-	1,782,467	-	-	-	-	-	1,782,467
Reclassification of other payables to lease liabilities	-	7,354,200	-	-	-	-	-	7,354,200
Interest expense recognised in profit or loss	-	3,315,357	1,662,995	556,604	653,547	228,058	40,899	6,457,460
At 31 December	-	53,674,448	26,612,958	14,340,349	11,748,868	9,000,000	11,314,280	126,690,903

33. CASH FLOW INFORMATION (CONT□D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont□d)-

The Group 2018	Hire Purchase Payables RM	Term Loans RM	Bankers□ Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
At 1 January	56,673,431	26,575,705	4,036,000	4,017,330	14,000,000	-	105,302,466
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	-	13,751,244	30,148,791	45,387,294	26,000,000	57,637,362	172,924,691
Repayment of principal	(24,355,185)	(5,277,200)	(22,137,791)	(33,248,276)	(37,000,000)	(55,821,557)	(177,840,009)
Repayment of interests	(3,604,389)	(1,631,549)	(416,330)	(988,493)	(510,561)	(89,717)	(7,241,039)
<u>Non-cash Changes</u>							
New hire purchase (Note 33(a))	16,265,666	-	-	-	-	-	16,265,666
Reclassification of other payables to hire purchase payables	13,314,059	-	-	-	-	-	13,314,059
Interest expense recognised in profit or loss	3,604,389	1,631,549	416,330	988,493	510,561	89,717	7,241,039
At 31 December	61,897,971	35,049,749	12,047,000	16,156,348	3,000,000	1,815,805	129,966,873

33. CASH FLOW INFORMATION (CONT’D)

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

	Amount Owing to Subsidiaries RM	Term Loans RM	Lease Liabilities RM	Total RM
The Company				
2019				
At January	-	4,528,165	-	4,528,165
<u>Changes in Financing Cash Flows</u>				
Advance from	47,245,000	-	-	47,245,000
Repayment to	(47,245,000)	-	-	(47,245,000)
Repayment of principal	-	(310,209)	(28,364)	(338,573)
Repayment of interests	-	(203,930)	(3,136)	(207,066)
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	211,768	211,768
Interest expense recognised in profit or loss	-	203,930	3,136	207,066
At 31 December	-	4,217,956	183,404	4,401,360

33. CASH FLOW INFORMATION (CONT□D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont□d)-

	Term Loans RM
The Company	
2018	
At 1 January	584,524
Changes in Financing Cash Flows	
Proceeds from drawdown	4,166,276
Repayment of principal	(222,635)
Repayment of interests	(163,431)
Non-cash Changes	
Interest expense recognised in profit or loss	163,431
At 31 December	4,528,165

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM	**2018** RM	**2019** RM	**2018** RM
Deposits with licensed banks	39,629,498	32,637,176	256,362	248,314
Short-term investments	2,029,521	4,194,411	149,695	636,644
Cash and bank balances	9,165,984	7,708,889	1,230,607	276,477
Bank overdrafts	(1,816,094)	(4,455,541)	-	-
	49,008,909	40,084,935	1,636,664	1,161,435
Less: Deposits pledged to licensed banks	(39,629,498)	(32,637,176)	(256,362)	(248,314)
	9,379,411	7,447,759	1,380,302	913,121

34. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	224,400	214,200	224,400	214,200
- salaries, bonuses and other benefits	4,205,823	3,342,632	3,652,723	2,901,392
	4,430,223	3,556,832	3,877,123	3,115,592
Defined contribution plan	348,160	271,952	281,788	222,800
Share option expenses	164,975	216,243	124,972	165,028
Total directors remuneration (Note 30)	4,943,358	4,045,027	4,283,883	3,503,420

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM85,438 and RM67,940 (2018 - RM94,633 and RM79,950) respectively.

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
(b) Other Key Management Personnel				
Short-term employee benefits	1,874,575	1,484,308	456,924	488,239
Share option expenses	109,646	181,531	34,475	45,525
Defined contribution plan	218,496	176,880	54,720	58,404
Total compensation for other key management personnel (Note 30)	2,202,717	1,842,719	546,119	592,168

35. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Entity Related to the Group				
Received or receivable:-				
Contract revenue	5,128,271	-	-	-
Proceeds from disposal of plant, property and equipment	2,070	-	-	-
Payment on behalf of	354,064	5,318	128,246	3,818
Advances to	100,000	-	100,000	-
Paid or payable:-				
Investment in an associate	224,970	30	224,970	30
Secondment fees	322,225	-	-	-
Payment made by	6,214	-	-	-
Subsidiaries				
Received or receivable:-				
Dividend income	-	-	6,000,000	6,700,000
Management fee	-	-	3,305,393	1,229,089
Rental income:				
- premises	-	-	305,000	96,000
- hiring of machinery	-	-	-	12,000
Proceeds from disposal of plant, property and equipment	-	-	1	15
Payment on behalf of	-	-	833,101	43,395
Advances to	-	-	19,805,000	23,872,000
Paid or payable:-				
Management fee	-	-	189,627	110,883
Payment made by	-	-	15,787	-
Advances from	-	-	47,245,000	-
Investment in a subsidiary	-	-	1,000,000	-
Director				
Paid and payable:-				
Rental of premises	70,000	66,000	70,000	66,000

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

36. CAPITAL COMMITMENTS

	The Group	
	2019	**2018**
	RM	RM
Approved and contracted for:-		
Purchase of property, plant and equipment	6,490,493	2,565,000

37. OPERATING LEASE COMMITMENT

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 "Leases":

Leases as Lessee

The Group leases a number of plant and machineries under non-cancellable operating leases. The future minimum lease payment under the non-cancellable operating leases as at the end of the previous reporting period is as follows:-

	The Group
	2018
	RM
Not later than 1 year	420,000

38. EARNINGS PER SHARE

	The Group	
	2019	**2018**
Profit after taxation (RM)	10,825,180	10,618,139
Weighted average number of ordinary shares:-		
Ordinary shares at 1 January	400,918,000	402,079,000
Effect of treasury shares held	-	(157,600)
Effect of ordinary shares issued	773,655	-
Weighted average number of ordinary shares in issue	401,691,655	401,921,400
Basic earnings per share (Sen)	2.69	2.64

38. EARNINGS PER SHARE (CONT□D)

	The Group	
	2019	**2018**
Weighted average number of ordinary shares for basic earnings per share	401,691,655	401,921,400
Shares deemed to be issued for no consideration: - employee share options in issue	2,063,173	65,478
Weighted average number of ordinary shares for diluted earnings per share computation	403,754,828	401,986,878
Diluted earnings per ordinary share (Sen)	2.68	2.64

39. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their services provided.

The Group is organised into 3 main reportable segments as follows:-

(a) Construction and Support Services - involved in earthworks and civil engineering services;

(b) Property Investments - involved in sales of investment properties for capital gain and rental of investment properties; and

(c) New Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly current tax assets, current tax liabilities, goods and services tax recoverable, deferred tax assets and deferred tax liabilities.

39. OPERATING SEGMENTS (CONT□D)

39.1 BUSINESS SEGMENTS

The Group **31 December 2019**	**Construction and Support Services** RM	**Property Investment** RM	**Consolidation Adjustments** RM	**Total** RM
Revenue				
External revenue	301,695,001	642,445	-	302,337,446
Inter-segment revenue	75,751,235	1,600	(75,752,835)	-
Consolidated revenue	377,446,236	644,045		302,337,446
Represented by:-				
Revenue recognised at a point in time				
Sale of goods	22,987,623	-	-	22,987,623
Hiring of machinery	67,765,742	-	(66,431,472)	1,334,270
Day work revenue	844,607	-	-	844,607
Cabin living quarters rental	1,372	-	-	1,372
Revenue recognised over time				
Contract revenue	276,541,499	-	(14,370)	276,527,129
Rental income from investment properties	-	644,045	(1,600)	642,445
Revenue from other sources				
Dividend income	6,000,000	-	(6,000,000)	-
Management fee	3,305,393	-	(3,305,393)	-
	377,446,236	644,045		302,337,446

Results	
Segment results	21,794,710
Interest income	1,489,047
Dividend income from short-term investments	135,110
	23,418,867
Finance costs	(7,080,650)
Share of result of an equity accounted associate	(57,788)
Consolidated profit before taxation	16,280,429
Income tax expense	(5,455,249)
Consolidated profit after taxation	10,825,180

39. OPERATING SEGMENTS (CONT□D)

39.1 BUSINESS SEGMENTS (CONT□D)

The Group 31 December 2019	Construction and Support Services RM	Property Investment RM	New Energy RM	Consolidation Adjustments RM	Total RM
Assets					
Segment assets	477,595,267	42,831,174	870,671	(114,253,280)	407,043,832
Deferred tax assets					160,149
Goods and services tax recoverable					1,418,914
Current tax assets					1,357,655
Consolidated total assets					409,980,550
Liabilities					
Segment liabilities	269,182,225	45,790,603	22,800	(100,732,523)	214,263,105
Deferred tax liabilities					3,792,025
Consolidated total liabilities					218,055,130
Other segment items:					
Capital expenditure:					
- investment properties	-	11,500	-	-	11,500
- property, plant and equipment	23,586,282	-	-	(1,444,490)	22,141,792
Depreciation:					
- investment properties	-	572,006	-	-	572,006
- property, plant and equipment	26,202,184	-	-	(247,881)	25,954,303
Direct operating expenses on Investment properties:					
- income generating Investment properties	-	140,203	-	-	140,203
- non-income generating investment properties	-	155,125	-	-	155,125

39. OPERATING SEGMENTS (CONT□D)

39.1 BUSINESS SEGMENTS (CONT□D)

The Group **31 December 2019**	**Construction and Support Services** RM	**Property Investment** RM	**New Energy** RM	**Consolidation Adjustments** RM	**Total** RM
Other segment items (Cont□d)					
Interest expense	3,012,513	752,780	-	-	3,765,293
Interest expense on lease liabilities	3,369,253	-	-	(53,896)	3,315,357
Property, plant and equipment written off	273,105	-	-	-	273,105
Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member□s Voluntar□ Winding Up	-	-	-	161,331	161,331
Gain on dissolution of subsidiaries	(1,934,379)	-	-	-	(1,934,379)
Loss on disposal of property, plant and equipment	610,230	-	-	-	610,230
Share of results of an equity accounted associate	-	-	-	57,788	57,788
Share option expenses	883,502	-	-	-	883,502
Interest income:					
- deposits with licensed banks	(1,174,258)	-	-	-	(1,174,258)
- finance lease receivables	(303,635)	-	-	-	(303,635)
- others	(7,275)	(3,879)	-	-	(11,154)
Dividend income from short-term investments	(126,781)	-	(8,329)	-	(135,110)

39. OPERATING SEGMENTS (CONT□D)

39.1 BUSINESS SEGMENTS (CONT□D)

The Group **31 December 2018**	**Construction and Support Services** RM	**Property Investment** RM	**Consolidation Adjustments** RM	**Total** RM
Revenue				
External revenue	272,516,333	344,131	-	272,860,464
Inter-segment revenue	74,744,573	-	(74,744,573)	-
Consolidated revenue	347,260,906	344,131		272,860,464
Represented by:-				
Revenue recognised at a point in time				
Sale of goods	19,473,770	-	-	19,473,770
Hiring of machinery	66,837,238	-	(65,565,511)	1,271,727
Day work revenue	2,513,094	-	-	2,513,094
Cabin living quarters rental	1,411	-	-	1,411
Revenue recognised over time				
Contract revenue	250,506,304	-	(1,249,973)	249,256,331
Rental income from investment properties	-	344,131	-	344,131
Revenue from other sources				
Dividend income	6,700,000	-	(6,700,000)	-
Management fee	1,229,089	-	(1,229,089)	-
	347,260,906	344,131		272,860,464
Results				
Segment results				21,925,441
Interest income				1,179,903
Dividend income from short-term investments				82,601
				23,187,945
Finance costs				(7,762,518)
Share of result of an equity accounted associate				(30)
Consolidated profit before taxation				15,425,397
Income tax expense				(4,807,258)
Consolidated profit after taxation				10,618,139

39. OPERATING SEGMENTS (CONT□D)

39.1 BUSINESS SEGMENTS (CONT□D)

The Group **31 December 2018**	**Construction and Support Services** RM	**Property Investment** RM	**Consolidation Adjustments** RM	**Total** RM
Assets				
Segment assets	468,073,413	48,654,065	(108,474,148)	408,253,330
Deferred tax assets				160,149
Goods and services tax recoverable				1,431,696
Current tax assets				1,509,428
Consolidated total assets				411,354,603
Liabilities				
Segment liabilities	272,419,365	50,148,610	(98,380,660)	224,187,315
Deferred tax liabilities				4,909,076
Current tax liabilities				272,022
Consolidated total liabilities				229,368,413
Other segment items:				
Capital expenditure:				
- investment properties	-	1,563,711	(49,522)	1,514,189
- property, plant and equipment	40,391,163	-	(89,160)	40,302,003
Depreciation:				
- investment properties	-	566,578	(39,215)	527,363
- property, plant and equipment	25,003,294	-	39,215	25,042,509
Direct operating expenses on investment properties:				
- income generating investment properties	-	79,531	-	79,531
- non-income generating investment properties	-	474,015	(263,782)	210,233

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

The Group **31 December 2018**	**Construction and Support Services** RM	**Property Investment** RM	**Consolidation Adjustments** RM	**Total** RM
Other segment items (Cont'd)				
Interest expense	6,854,688	907,830	-	7,762,518
Property, plant and equipment written off	6,003	-	-	6,003
Allowance for impairment losses on trade receivables	443,050	-	-	443,050
Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member's Voluntary Winding Up	-	-	231,417	231,417
Gain on disposal of property, plant and equipment	(1,844,614)	-	(3,493,021)	(5,337,635)
Gain on disposal of an investment property	-	(3,493,076)	3,493,076	-
Share of results of an equity accounted associate	-	-	30	30
Share option expenses	1,116,498	-	-	1,116,498
Interest income:				
- deposits with licensed banks	(1,040,792)	-	-	(1,040,792)
- finance lease receivables	(113,018)	-	-	(113,018)
- others	(15,238)	(10,855)	-	(26,093)
Dividend income from short-term investments	(82,601)	-	-	(82,601)

39. OPERATING SEGMENTS (CONT'D)

39.2 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

The Group	Revenue RM	Segment
2019		
Customer A	95,803,886	Construction and Support Services
Customer B	55,353,183	Construction and Support Services
Customer C	31,281,851	Construction and Support Services
2018		
Customer A	52,144,535	Construction and Support Services
Customer C	48,797,626	Construction and Support Services
Customer D	35,005,935	Construction and Support Services

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

40. FINANCIAL INSTRUMENTS (CONT□D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT□D)

The Group□s policies in respect of the major areas of treasury activity are as follows (Cont□d):-

(a) Market Risk (Cont□d)

(ii) Interest Rate Risk (Cont□d)

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

The Group□s exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Floating Rate Instruments				
Financial Liabilities				
Term loans	26,612,958	35,049,749	4,217,956	4,528,165
Bankers□ acceptances	14,340,349	12,047,000	-	-
Bank factoring	11,314,280	1,815,805	-	-
Invoice financing	11,748,868	16,156,348	-	-
Revolving credit	9,000,000	3,000,000	-	-
Bank overdrafts	1,816,094	4,455,541	-	-
	74,832,549	72,524,443	4,217,956	4,528,165

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Effects on Profit After Taxation				
Increase of 100 basis points	(568,727)	(551,186)	(32,056)	(34,414)
Decrease of 100 basis points	568,727	551,186	32,056	34,414

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows (Cont'd):-

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by a customer which constituted approximately 51% of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

40. FINANCIAL INSTRUMENTS (CONT□D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT□D)

(b) Credit Risk (Cont□d)

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

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

Trade Receivables and Contract Assets

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

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

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than a year overdue are deemed credit impaired and assess for their risk of loss individually.

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

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

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

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

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Trade receivables				
Current (not past due)	45,880,252	-	(121,089)	45,759,163
Past due:				
- less than 2 months	10,578,383	-	(39,236)	10,539,147
- 2 to 4 months	4,533,462	-	(26,697)	4,506,765
- over 4 months	816,539	-	(21,881)	794,658
- more than 1 year	1,965,931	-	(31,706)	1,934,225
Credit impaired	202,441	(202,441)	-	-
Trade receivables	63,977,008	(202,441)	(240,609)	63,533,958
Contract assets	98,904,425	-	-	98,904,425
	162,881,433	(202,441)	(240,609)	162,438,383

40. FINANCIAL INSTRUMENTS (CONT’D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT’D)

(b) Credit Risk (Cont’d)

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

Trade Receivables and Contract Assets (Cont’d)

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2018				
<u>Trade receivables</u>				
Current (not past due)	27,653,802	-	-	27,653,802
Past due:				
- less than 2 months	19,058,778	-	-	19,058,778
- 2 to 4 months	13,876,772	-	(15,129)	13,861,643
- over 4 months	6,259,513	-	(212,388)	6,047,125
- more than 1 year	320,067	-	(13,092)	306,975
Credit impaired	212,709	(212,709)	-	-
Trade receivables	67,381,641	(212,709)	(240,609)	66,928,323
Contract assets	79,097,980	-	-	79,097,980
	146,479,621	(212,709)	(240,609)	146,026,303

The movements in the loss allowances in respect of trade receivables is disclosed in Note 10 to the financial statements.

Finance Lease Receivables, Other Receivables and Amount Owing By An Associate

Finance lease receivables, other receivables and amount owing by an associate are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the 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's considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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

The identified impairment loss was immaterial and hence, is not provided for.

Financial Guarantee Contracts

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

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2019						
Non-derivative Financial Liabilities						
Trade payables		48,096,523	48,096,523	48,096,523	-	-
Other payables and accruals		26,257,346	26,257,346	26,257,346	-	-
Amount owing to an associate		205,799	205,799	205,799	-	-
Lease liabilities	3.67 - 12.05	53,674,448	58,159,554	20,651,147	37,508,407	-
Term loans	4.49 - 7.72	26,612,958	39,816,730	2,688,900	10,454,382	26,673,448
Bankers' acceptances	4.56 - 5.11	14,340,349	14,340,349	14,340,349	-	-
Bank factoring	7.57 - 7.67	11,314,280	11,314,280	11,314,280	-	-
Invoice financing	4.98 - 7.67	11,748,868	11,748,868	11,748,868	-	-
Revolving credit	4.67 - 5.83	9,000,000	9,000,000	9,000,000	-	-
Bank overdrafts	7.74	1,816,094	1,816,094	1,816,094	-	-
		203,066,665	220,755,543	146,119,306	47,962,789	26,673,448

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2018						
Non-derivative Financial Liabilities						
Trade payables	-	49,147,250	49,147,250	49,147,250	-	-
Other payables and accruals	-	15,921,253	15,921,253	15,921,253	-	-
Dividend payable	-	4,017,260	4,017,260	4,017,260	-	-
Hire purchase payables	3.67 - 8.45	61,897,971	68,493,588	18,959,609	49,533,979	-
Term loans	4.64 - 7.97	35,049,749	52,406,599	4,310,276	16,334,188	31,762,135
Bankers' acceptances	4.12 - 5.51	12,047,000	12,047,000	12,047,000	-	-
Bank factoring	7.92	1,815,805	1,815,805	1,815,805	-	-
Invoice financing	5.36 - 8.32	16,156,348	16,156,348	16,156,348	-	-
Revolving credit	5.90	3,000,000	3,000,000	3,000,000	-	-
Bank overdrafts	7.82 - 7.99	4,455,541	4,455,541	4,455,541	-	-
		203,508,177	227,460,644	129,830,342	65,868,167	31,762,135

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2019						
Non-derivative Financial Liabilities						
Trade payables	-	15,808	15,808	15,808	-	-
Other payables and accruals	-	1,631,176	1,631,176	1,631,176	-	-
Amount owing to subsidiaries	-	114,664	114,664	114,664	-	-
Lease liabilities	4.77	183,404	195,300	75,600	119,700	-
Term loans	4.52 - 4.86	4,217,956	5,586,622	516,556	1,765,006	3,305,060
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	118,403,142	118,403,142	-	-
		6,163,008	125,946,712	120,756,946	1,884,706	3,305,060
2018						
Non-derivative Financial Liabilities						
Trade payables	-	15,808	15,808	15,808	-	-
Other payables and accruals	-	1,022,543	1,022,543	1,022,543	-	-
Amount owing to subsidiaries	-	110,883	110,883	110,883	-	-
Dividend payable	-	4,017,260	4,017,260	4,017,260	-	-
Term loans	4.77 - 5.11	4,528,165	6,225,577	523,307	1,900,475	3,801,795
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	122,738,266	122,738,266	-	-
		9,694,659	134,130,337	128,428,067	1,900,475	3,801,795

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

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting year was as follows:-

	The Group		**The Company**	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Lease liabilities	53,674,448	-	183,404	-
Hire purchase payables	-	61,897,971	-	-
Term loans	26,612,958	35,049,749	4,217,956	4,528,165
Bankers' acceptances	14,340,349	12,047,000	-	-
Bank factoring	11,314,280	1,815,805	-	-
Invoice financing	11,748,868	16,156,348	-	-
Revolving credit	9,000,000	3,000,000	-	-
Bank overdrafts	1,816,094	4,455,541	-	-
	128,506,997	134,422,414	4,401,360	4,528,165
Less:				
- Deposits with licensed banks	(39,629,498)	(32,637,176)	(256,362)	(248,314)
- Short-term investments	(2,029,521)	(4,194,411)	(149,695)	(636,644)
- Cash and bank balances	(9,165,984)	(7,708,889)	(1,230,607)	(276,477)
Net debt/(surplus) of cash and cash equivalents	77,681,994	89,881,938	2,764,696	3,366,730
Total equity	191,925,420	181,986,190	96,695,083	93,100,523
Debt-to-equity ratio	0.40	0.49	0.03	0.04

There was no change in the Group's approach to capital management during the financial year.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Financial Assets				
Mandatory at Fair Value Through Profit of Loss				
Short-term investments	2,029,521	4,194,411	149,695	636,644
Amortised Cost				
Finance lease receivables	5,750,883	3,639,418	-	-
Trade receivables	63,533,958	66,928,323	-	-
Other receivables	3,024,901	19,426,053	1,812	4,019,139
Amount owing by subsidiaries	-	-	80,001,052	79,274,972
Amount owing by an associate	116,426	5,288	37,876	3,788
Deposits with licensed banks	39,629,498	32,637,176	256,362	248,314
Cash and bank balances	9,165,984	7,708,889	1,230,607	276,477
	121,221,650	130,345,147	81,527,709	83,822,690
Financial Liabilities				
Amortised Cost				
Trade payables	48,096,523	49,147,250	15,808	15,808
Other payables and accruals	26,257,346	15,921,253	1,631,176	1,022,543
Amount owing to subsidiaries	-	-	114,664	110,883
Amount owing to an associate	205,799	-	-	-
Dividend payable	-	4,017,260	-	4,017,260
Lease liabilities	53,674,448	-	183,404	-
Hire purchase payables	-	61,897,971	-	-
Term loans	26,612,958	35,049,749	4,217,956	4,528,165
Bankers' acceptances	14,340,349	12,047,000	-	-
Bank factoring	11,314,280	1,815,805	-	-
Invoice financing	11,748,868	16,156,348	-	-
Revolving credit	9,000,000	3,000,000	-	-
Bank overdrafts	1,816,094	4,455,541	-	-
	203,066,665	203,508,177	6,163,008	9,694,659

40. FINANCIAL INSTRUMENTS (CONT□D)

40.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	135,110	82,601	13,051	36,644
Amortised Cost				
Net gains recognised in profit or loss	1,489,047	736,853	16,447	24,549
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(7,080,650)	(7,762,518)	(213,757)	(177,906)

40. FINANCIAL INSTRUMENTS (CONT□D)

40.5 FAIR VALUE INFORMATION

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

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Group	RM	RM	RM	RM	RM	RM	RM	RM
2019								
Financial Assets								
Finance lease receivables	-	-	-	-	6,180,690	-	6,180,690	5,750,883
Short-term investments	2,029,521	-	-	-	-	-	2,029,521	2,029,521
Financial Liability								
Term loans	-	-	-	-	26,612,958	-	26,612,958	26,612,958
2018								
Financial Assets								
Finance lease receivables	-	-	-	-	3,596,534	-	3,596,534	3,639,418
Short-term investments	4,194,411	-	-	-	-	-	4,194,411	4,194,411
Financial Liabilities								
Hire purchase payables	-	-	-	-	61,866,543	-	61,866,543	61,897,971
Term loans	-	-	-	-	35,049,749	-	35,049,749	35,049,749

40. FINANCIAL INSTRUMENTS (CONT□D)

40.5 FAIR VALUE INFORMATION (CONT□D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Company	RM	RM	RM	RM	RM	RM	RM	RM
2019								
Financial Asset								
Short-term investment	149,695	-	-	-	-	-	149,695	149,695
Financial Liability								
Term loans	-	-	-	-	4,217,956	-	4,217,956	4,217,956
2018								
Financial Asset								
Short-term investment	636,644	-	-	-	-	-	636,644	636,644
Financial Liability								
Term loans	-	-	-	-	4,528,165	-	4,528,165	4,528,165

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values of the Group's and the Company's short-term investments are determined using their quoted closing prices at the end of the reporting period.

(ii) There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

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

(i) The fair values of the Group and the Company's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair values of the Group's and the Company's finance lease receivables and hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2019	**2018**
	%	%
Financial lease receivables	6.20 to 6.26	6.20 to 6.23
Hire purchase payables	-	3.22 to 6.36

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 26 March 2019, the Company entered into a Memorandum of Understanding with Kumpulan Semesta Sdn. Bhd. to collaborate and to explore opportunities in the solar energy industry in Malaysia, particularly in respect of the proposed Large Scale Solar Project 3 by the Energy Commission (Suruhanjaya Tenaga). Consequent to the above, on the same day of 26 March 2019, the Company had incorporated a new subsidiary known as Advancecon Solar Sdn. Bhd. with an issued share capital of RM100 comprising 100 ordinary shares.

(b) On 17 September 2019, Special Resolution was passed by the shareholder of Inspirasi Hebat Sdn. Bhd. to initiate the process of Member's Voluntary Winding Up and accordingly, liquidators have been appointed.

(c) On 23 September 2019, Special Resolution was passed by the shareholder of SK-II Tipper Truck Services Sdn. Bhd. to initiate the process of Member's Voluntary Winding Up and accordingly, liquidators have been appointed.

(d) On 23 September 2019, the final meeting of Advancecon Rock Sdn. Bhd. and Advancecon Trading Sdn. Bhd. was held to conclude the winding up proceedings. Pursuant to Section 459(5) of the Companies Act 2016 in Malaysia, the subsidiaries were deemed dissolved on the expiration of three months after lodgement of the Return by the liquidator relating to the final meeting with the Companies Commission of Malaysia and Official Receiver.

42. SIGNIFICANT EVENT OCCURING AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group and hence, may impact its performance and financial position in the future. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements could not be reasonably quantified at this juncture.

43. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application, if any, is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

43. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate applicable. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

(b) Lessor Accounting

MFRS 16 does not change substantially how a lessor accounts for leases. The Group continues to classify leases as either finance leases or operating leases and account them differently. However, MFRS 16 has changed and expanded the disclosures required in particular regarding how the Group manages the risks arising from its residual interest in the leased assets as disclosed in Note 8 to the financial statements.

There were no financial impacts to the Group's retained earnings as at 1 January 2019.

43. INITIAL APPLICATION OF MFRS 16 (CONT□D)

(c) Financial Impacts

The main impacts resulting from the adoption of MFRS 16 at 1 January 2019 are summarised below:-

	<----------------1 January 2019 ---------------->		
	As Previously Reported RM	MFRS 16 Adjustments RM	As Restated RM
Property, plant and equipment (Note 7)			
- owned assets	151,196,756	(93,036,356)	58,160,400
- right-of-use assets	-	93,036,356	93,036,356
Lease liabilities (Note 21)			
- current liabilities	-	15,950,403	15,950,403
- non-current liabilities	-	45,947,568	45,947,568
Hire purchase payables (Note 22)			
- current liabilities	15,950,403	(15,950,403)	-
- non-current liabilities	45,947,568	(45,947,568)	-

44. COMPARATIVE FIGURES

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

	The Group	
	As Previously Reported RM	As Restated RM
Statement of Cash Flows (Extract):-		
Net cash from operating activities	3,366,630	13,909,230
Net cash for investing activities	(14,638,061)	(25,180,661)