Part 4

Other Highlights

Corporate Diary 2018

The towering 40-feet Christmas Tree at Naim Street Mall, Bintulu


Fun day for children

Naim Christmas Charity Bazaar Raises More Than RM67,000 For Charity 15-23 December 2018

In the spirit of Christmas and good will, Naim kicked-off its Christmas Charity Bazaar at Naim Bintulu Paragon integrated development, amidst a beautifully decorated Naim Street Mall adorned with magnificent festive ornaments including a spectacular 40-feet Christmas tree.

Organised with the aim to raise funds for designated charities in Bintulu, the Bazaar featured 30 stalls offering a wide array of Christmas-related goodies, handicrafts and delicious food, with part of proceeds going to charity, and also various activities including the 'Giving Tree Campaign' to procure donations of back-to-school supplies, carolling sessions, baking demos, Zumba workouts and many more.

One of the major highlights is the benefit live concerts by Nading Rhapsody, Jerry Kamit and Zee Avi in the evenings of 22 December and 23 December 2018, where donations raised were channelled to deserving charities as well.

With a total of RM67,000 raised, it was indeed a fun and meaningful time for all!

Launch of Naim Christmas Charity Bazaar at Naim Street Mall, Bintulu

Christina Wong handing over contribution to Lembaga Kebajikan Anak-Anak Yatim Bintulu

Zee Avi's benefit live concert in progress


Let's talk health - Zumba session in progress

Datuk Amar Hamed, Datuk Hasmi Hasnan and the Board Members at the launch of "L.O.A.F." campaign in Bintulu

Launch of the "L.O.A.F." campaign in Miri

L.O.A.F.

for our brighter future!

Naim Launches "L.O.A.F" Campaign 30 August 2018

As part of Naim's efforts to inculcate good work values, the Group launched the "L.O.A.F." campaign, short for "Loving and Living Ownership, Accountability and Follow-Through".

The campaign was launched at Naim 'The Peak' Condominium Homes, Bintulu by the Group's Chairman, Datuk Amar Abdul Hamed Bin Haji Sepawi and Group Managing Director, Datuk Hasmi Hasnan. The launch event was also broadcasted 'live' to team Naim at Kuching and Miri too.

In his speech, Datuk Hasmi Hasnan emphasized on the importance of putting these values to practice so that Team Naim can achieve more together and remain resilient.

The campaign also saw a series of activities being carried out such as daily motivational digital 'pop-ups' contributed by staff, competition for "L.O.A.F." ambassadors and many others.

Bintulu's launch of "L.O.A.F." campaign in progress

Wong Ching Sen, the Regional General Manager for Kuching sharing his thoughts during the launch of "L.O.A.F." campaign in Kuching

Thumbs up for the "L.O.A.F." campaign by the Kuching team

Naim In The News

Naim to build 20,000 affordable houses in the next 10 years

Naim returns to the black in Q3 with RM30 mln net profit

KUALA LUMPUR: Naim Holdings Bhd (Naim) returned to the black with a net profit of RM30.32 million in the third quarter (Q3) ended Sept 30, 2018 after having chalked up a net loss of RM95.03 million in the same period last year.

Revenue jumped to RM178.76 million from RM53.65 million previously.

The strong third quarter results were mainly contributed by the property and construction divisions, where higher work progress was achieved at site, as well as higher new property sales.

...with Bursa Malaysia yesterday.

On the construction segment, Naim said it would focus on completing the current outstanding order book in the construction segment at a decent margin and within scheduled timeline.

"At the same time, we are cautious and selective in our project tendering. We focus particularly on those projects where we have proven track records and experience, and supported by our current project management resources," it said.

Naim also said property investments and trading operations were expected to continue

Naim's inaugural Christmas Charity Bazaar raises RM67,000

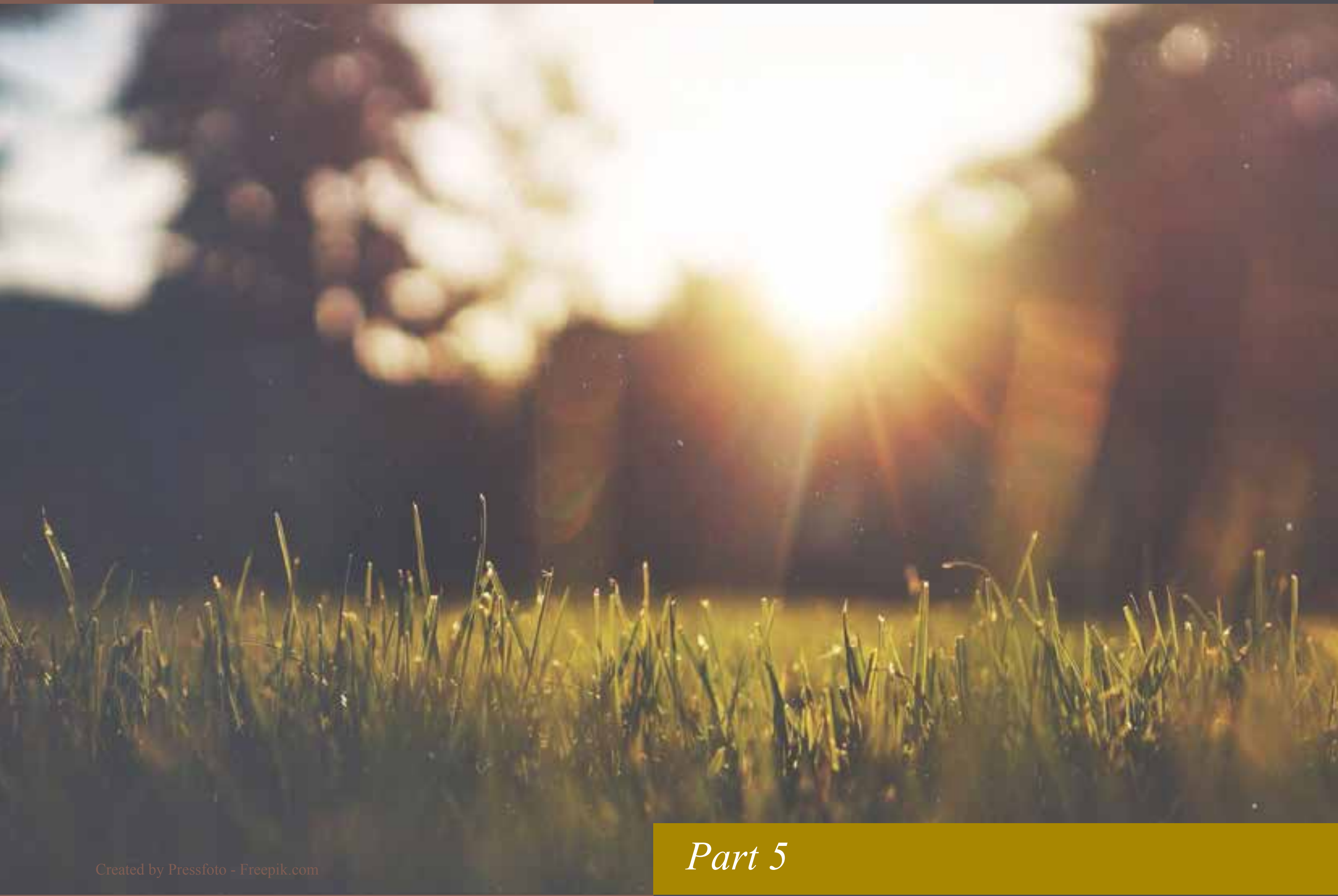
Naim on track with proposed rights issue

"We believe we have weathered the worst storm in our group's existence."

SITE INSPECTION

Naim gives RM50,000 to LAKMM


Created by Pressfoto - Freepik.com
SHEDA PROPERTY EXPO 20
6-8 JULY
Naim walks away with SHEDA's Best Booth Award
Naim wins fifth consecutive environmental award
Final call for Naim Street Mall's leasing mega deals
Naim Steel Mall anjur Bazar Amal Krismas
Naim extends quest for greener environment



Part 5

Corporate Governance

Corporate Governance Overview Statement

A Note on Terminology: Naim Holdings Berhad is the ultimate holding company for Naim Land Sdn Bhd, Naim Engineering Sdn. Bhd. and other subsidiary companies, both direct and indirect. As the principles and practices of good corporate governance apply not only to the ultimate holding company but also to all of its subsidiaries, we have chosen to forgo the use of the term "Company" in this statement, and instead use the term "Group", which encompasses all companies operating under the control of Naim Holdings Berhad.

The Board is pleased to present this Corporate Governance ("CG") Overview Statement ("Statement") to the shareholders and investors with an overview on the application of CG practices of the Group during the financial year 2018. The Corporate Governance Overview Statement sets out the principal features of the Group corporate governance.

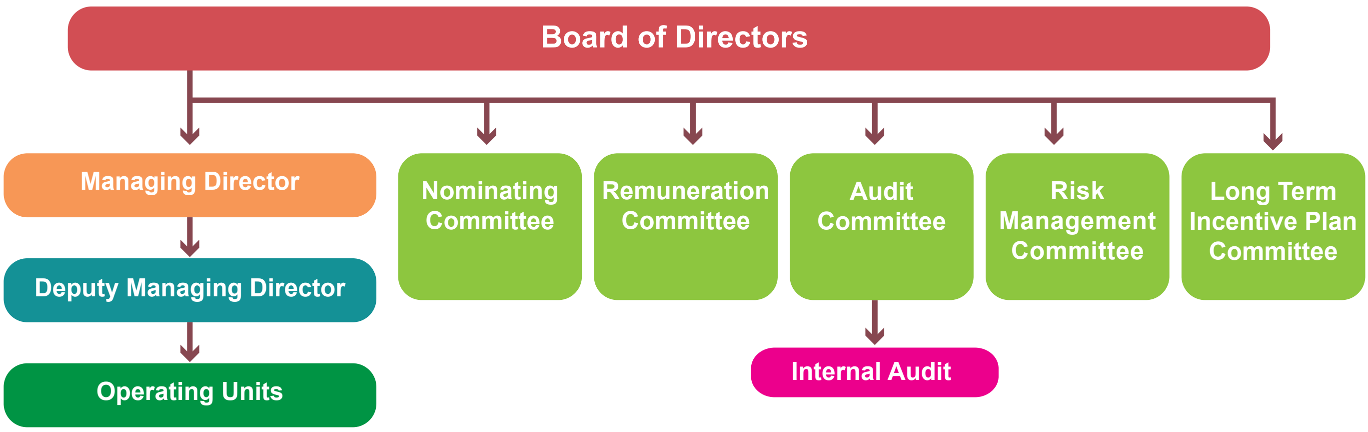
This statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it shall be read together with the Corporate Governance Report ("CG Report") of the Company for financial year ended 31 December 2018. The CG Report provides details on how the Company has applied each of the practices as set out in the Malaysian Code of Corporate Governance ("MCCG"). The CG Report is available on the Company's website: HYPERLINK "*http://www.naim.com.my*" as well as via an announcement on the website of Bursa Malaysia.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board's Roles and Responsibilities

The Board of Directors is committed in ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the performance of the Group. The Board believes that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

The Board is responsible for the corporate governance practices of the Group. The Board has established a governance framework where specific powers of the Board are delegated to the Board Committees and the management as depicted below:



The Board, together with the Management, is committed to promoting good CG culture within the organisation which reinforces ethical, prudent and professional behavior.

There is a clear division of roles and responsibilities of the Board and Management. The Board is responsible for the strategic objectives and policies of the Group. The Board is also responsible for the oversight and overall management of the Company.

The Managing Director and Deputy Managing Director are responsible for the day-to-day running of the business operations of the Group. They are supported by a team of Management staff. The Management performance is monitored on a quarterly basis by the Board. The Board conducts quarterly review of the performance targets set by the Board against the actual performance achieved to date, and at the same time reviews and deliberates on the appropriate action plans to manage the performance of the Group.

Corporate Governance Overview Statement (continued)

The Board Committees are established to assist the Board in the execution of its duties, to allow detailed consideration of complex issues and to ensure diversity of opinions, suggestions and recommendations. Each Board Committee comprises members of the Board of Directors, and is mandated to carry out specified functions, programmes or projects assigned by the Board. Each Committee is given a written charter with specific roles and responsibilities, composition, structure, membership requirements, and the manner in which the Committee is to operate. The Committees are to ensure effective Board processes, structures and roles. Annual assessments of the performance of the Board, Board Committee and Board of Directors are carried out by the Nominating Committee. All matters determined by the Committees are promptly reported to the Board, through their respective Chairpersons, as opinions and/or recommendations for Board's endorsement and/or decision.

Membership of each Committee shall be determined by the Board, acting on the recommendation of the Nominating Committee. It is the view of the Board that the size of each Committee and the blend of skills and experience of its members are sufficient to enable the Committee to discharge its responsibilities in accordance with the charter. Members of each Committee are drawn from the Board, based on their respective skills, responsibilities and areas of expertise.

The Nominating Committee conducts yearly review of the Board Committees. The Chairman of each Committee will develop the agenda for each meeting and will determine the frequency of the meetings.

The summary of committee memberships is as follows:

Name of Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Long Term Incentive Plan Committee
Datuk Amar Abdul Hamed Bin Haji Sepawi		√ (Chairman)		√	
Datuk Hasmi Bin Hasnan			√		
Dato Ir. Abang Jemat Bin Abang Bujang	√		√ (Chairman)		√
Datin Mary Sa'diah Bin Zainuddin		√	√	√ (Chairman)	√
Emeritus Professor Dato' Abang Abdullah Bin Abang Mohamad Alli					√ (Chairman)
Chin Chee Kong	√				√
Tan Chuan Dyi	√ (Chairman)				
Sulaihah Binti Maimunni (appointed on 1 August 2018)		√		√	
Total No. of members	**3**	**3**	**3**	**3**	**4**

Board Meetings

The Board meets at least five (5) times annually, with additional meetings being convened as and when necessary.

The Board met seven (7) times during the financial year 2018. All Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05 (3)(c) of the MMLR as follows:

Current Directors	Scheduled meetings	
	Attendance	%
Datuk Amar Abdul Hamed Bin Haji Sepawi Chairman	7/7	100
Datuk Hasmi Bin Hasnan Managing Director	7/7	100
Ms. Wong Ping Eng Deputy Managing Director	7/7	100
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis Senior Independent Non-Executive Director Resigned on 28 May 2018	2/2	100
Dato Ir. Abang Jemat Bin Abang Bujang Independent Non-Executive Director	7/7	100
Emeritus Prof. Dato' Abang Abdullah Bin Abang Mohamad Alli Independent Non-Executive Director	6/7	86
Datin Mary Sa'diah Binti Zainuddin Independent Non-Executive Director	6/7	86
Mr. Chin Chee Kong Non-Executive Director	7/7	100
Mr. Tan Chuan Dyi Independent Non-Executive Director	7/7	100
Cik Sulaihah Binti Maimunni Independent Non-Executive Director *Appointed to the Board on 1 August 2018*	4/4	100

Directors who are unable to attend the Board meetings in person, may attend meetings via telephone, video conferencing or any other form of electronic or instantaneous communication as permitted by the Company's Constitution. Directors who intend to participate in the meetings through video conferencing should give prior notice to the Company to arrange for the setting up of the facilities.

The Board meets at least once every quarter for the purpose of reviewing the Group's past quarterly financial performance against its annual operating plan, budget, future strategy and business plans. On top of the quarterly meetings, the Board holds an additional meeting to approve the annual audited financial results. These statutory board meetings were scheduled before the end of the preceding financial year, to allow Directors to plan ahead and block meeting dates in advance in their calendar.

All Directors have full, free and unrestricted access to the Senior Management, Accountants, Internal and External Auditors and Company Secretaries.

The Board Charter of the Company documented the governance and structure of the Board, authority, major responsibilities and Terms of References of the Board and Board Committees. The Board Charter was last reviewed and approved by the Board in April 2018. The Board Charter can be viewed at the Company's website www.naim.com.my.

Board Composition

The number of Directors shall be determined by the Board within the limits as prescribed in the Constitution of the Company of not more than fifteen (15), taking into consideration the size and breadth of the business and the need for Board diversity.

During the year, Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis, an independent non-executive Director resigned on 28 May 2018 after having served more than 12 years in the Company and Cik Sulaihah Binti Maimunni was appointed in place thereof.

The Board's current composition is as follows:

Category	No. of directors	%
Executive Director	2	22
Non-Executive Director	2	22
Independent Non-Executive Director	5	56
Total	**9**	**100**

Notes:
Paragraph 15.02, MMLR requires 1/3 of the Board to comprise Independent Directors. If the number of Directors is not three (3) or a multiple of three (3), then the number nearest 1/3 shall be used.

The Board is served by nine (9) Board Members of which 22% are Executive Directors, 22% Non-Executive Director and the balance of 56% Independent Non-Executive Directors.

The MCCG recommends that at least half of the Board comprises independent directors. The Company complies with the aforesaid recommendation. In addition thereto, the Company also complies with Paragraph 15.02 which requires at least two (2) directors or 1/3 of the Board to be independent directors.

The Board is made up of a diverse group of individuals with broad experiences and accomplishments in audit, finance, property, construction, project management, engineering, oil and gas, timber, energy, public service, banking and education. All Members have demonstrated their ability to exercise sound business judgment.

The Non-Executive Directors do not participate in the routine operations and they bring unbiased guidance to the Group. They constructively challenge and at the same time contribute to the development of strategies. Being independent of management and free of any business or other relationship, they are therefore able to promote arm's-length oversight and at the same time bring independent thinking, views and judgments to bear in decision making. The Board monitors the independence of each Director on a half yearly basis, in respect of their interests disclosed by them. The segregation of duties between Executive and Non-Executive Directors is to ensure an appropriate balance of role and accountability at the Board level.

Board Diversity

The Board acknowledges the importance of diversity in the Board, including gender, age, ethnicity, experience and skills. The current board composition in terms of experience, skills, ethnic, gender and age is as follows:

	Experience & Skills										Ethnic		Gender		Age	
	Property	Construction	Timber	Plantation	Energy / Oil & Gas	Audit/Accounting/Finance	Electrical/Telecommunication	Public Service / Education	Civil Engineering / Technology /Research / Education	Banking / Finance	Bumiputra	Non-Bumiputra	Male	Female	Below 60	Above 60
Datuk Amar Abdul Hamed Bin Haji Sepawi	√	√	√	√	√						√		√			√
Datuk Hasmi Bin Hasnan	√	√									√		√			√
Ms. Wong Ping Eng	√	√				√						√		√	√	
Dato Ir. Abang Jemat Bin Abang Bujang							√				√		√			√
Emeritus Prof. Dato' Abang Abdullah Bin Abang Mohamad Alli								√			√		√			√
Datin Mary Sa'diah Binti Zainuddin					√						√			√		√
Mr. Chin Chee Kong						√				√		√	√			√
Mr. Tan Chuan Dyi										√		√	√		√	
Cik Sulaihah Binti Maimunni (appointed on 1st August 2018)		√							√		√			√		√

The Board currently comprises six (6) male directors, representing 67% of the Board, and three (3) female directors, representing 33% of the Board.

The Board will also take initiative steps to achieve ethnic diversity and culture as an attribute of a well-functioning board. The Board believes that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance.

Retirement of Directors

All Directors, including the Managing Director, shall retire by rotation once every three years in accordance with Article 85 of the Constitution of the Company. The directors to retire shall be those longest in service since their last appointment. Retiring Directors may offer themselves for re-election to the Board at the Annual General Meeting.

In addition, any newly appointed Director will submit himself/herself for retirement and re-election at the Annual General Meeting immediately following his/her appointment pursuant to Article 92 of the Constitution of the Company. Thereafter he/she shall be subject to the one-third rotation retirement rule.

The Nominating Committee is entrusted to review the retirement of Directors.

Directors' Training

Directors' training is an on-going process to develop, update and enhance the directors' knowledge on related developments in the financial industry and business landscape, both domestically and internationally to harness their skills and benefit for the Group. During the financial year under review, Directors attended the following external seminars and internally facilitated sessions:

Name of Director	Programme Title	Date(s)
Datuk Amar Abdul Hamed Bin Haji Sepawi	• Digital Economy And Capital Market Series: AMLA & Prevention of Financial Fraud in Digital Economy	11 April 2018
Datuk Hasmi Bin Hasnan	• Post GE 14: Malaysia Capital Market Outlook and Direction	7 December 2018
Ms. Wong Ping Eng	• Malaysia Institute of Accountants (MIA) Members' Gathering 2018: A New Year with the President • Non-Financials: Does It Matter (Bursa)	5 January 2018 5 December 2018
Dato Ir. Abang Jemat Bin Abang Bujang	• Post GE 14: Malaysia Capital Market Outlook and Direction • 1MDB: Its Impact on Malaysia Economy • MFRS 16 by KPMG	7 December 2018 14 December 2018 9 November 2018
Emeritus Prof. Dato' Abang Abdullah Bin Abang Mohamad Alli	• National Engineering & Technology Colloquium (NETC2018) • Malaysian Board of Technologist (MBOT) Workshop on Future Development of Technology Profession • Key Amendments to Listing Requirements- Arising from Companies Act 2016	7 April 2018 17 April 2018 6 December 2018
Datin Mary Sa'diah Binti Zainuddin	• AMLA, Financial Services & Prevention of Market Misconduct in Digital Economy	18 December 2018

Name of Director	Programme Title	Date(s)
Mr. Chin Chee Kong	● Financial Institutions Directors' Education (FIDE) Core Module A - Iclif	5 – 8 February 2018
	● Financial Institutions Directors' Education (FIDE) Core Module B - Iclif	5 – 8 March 2018
	● Judicial Management & AMLA update by ICBC	26 October 2018
	● MFRS 16 by KPMG	9 November 2018
	● KPMG Tax Seminar	14 November 2018
Mr. Tan Chuan Dyi	● The Malaysian Code on Corporate Governance Implications to the Board, Board Committees, Individual Directors, Management, Companies Secretaries & Auditors	31 October 2018
Ms. Sulaihah Binti Maimunni	● Companies Act 2016- New & Revised Practices & Procedures, Case Studies in Corporate Compliance Requirements	17 December 2018

The Directors will continue to pursue relevant seminars and trainings from time to time as they consider necessary to equip themselves to enable them to discharge their duties effectively.

Succession Planning

Succession planning is a process for identifying and developing internal people with the potential to fill key business leadership positions in the company. Business continuity relies on succession planning.

Succession for various key positions have been planned and lined up in the organization to ensure continued sequence of qualified people to move up and take over when the current generation of key staff retire or resign. The Group is seriously looking into the succession planning to ensure continuity of business.

In the event that there is no suitable candidate with the "right fit" available from the existing pool, an executive search may be launched to identify an appropriate candidate from external source.

Nominating Committee

The Nominating Committee comprises exclusively non-executive directors, of whom a majority is independent. The Nominating Committee is chaired by a non-independent and non-executive Director.

Disclosure of Interests in Contracts/Conflict of Interest

Section 221 of the Companies Act 2016 requires every director of the company, who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Group, shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the directors of the Company.

The directors update the list of companies which they have interests in, on a half year basis and accordingly the list of their respective interests are tabled to the Board for notation. In the same document, the directors also confirmed the number of directorships he/she holds in listed entities. None of the directors holds more than five (5) directorships in listed entities.

In addition to the half yearly confirmation/disclosure, members of the Board are also required to declare or disclose their interest in any transactions involving Naim Group as and when a potential conflict of interest arises. Where the directors are deemed as interested and/or having a conflict of interest in a transaction, they would excuse themselves from the discussion and leave the meeting room.

Related Party Transactions

The related party transactions in the Group as reported in Page 157 of the Annual Report comprises 3 portions as follows:

a. Transactions with associates and joint venture

The related parties are representatives of Naim on the board of associates. This group of related parties has no other interested relationships except for common directorships and the related parties do not own shares in the transacting parties other than via the Group. These transactions are not deemed related party transactions pursuant to paragraph 10.08(11) of MMLR.

b. Transactions with other related parties

This category of related party transactions are those involved in rental of properties of not more than 3 years and the terms of which are supported by independent valuation.

This transactions are not deemed related party transactions by virtue of Paragraph 10.08(11)(h) of MMLR.

c. Transaction with key management personnel

This transaction relates to the sale of 1 unit of Sapphire condominium to the Managing Director of the Company for a consideration of RM779,000. The Sapphire condominium is one of the properties developed by the Naim Group, hence the transaction was undertaken in the ordinary course of business of the Naim Group. Pursuant to Paragraph 10.08 of the MMLR, an announcement was made to Bursa Malaysia on 30 August 2018 in respect of the said transaction.

Directors have a duty to declare to the Board, should they be interested in any transaction to be entered into directly or indirectly by the Group. Related party transactions are reviewed and deliberated at Audit Committee Meetings and if deemed in the best interest of the Group, fair, reasonable and on normal commercial terms not detrimental to the interest of minority shareholders, the Audit Committee would recommend them to the Board for approval.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Board is responsible for the Group's internal control, the overall purpose of which is to protect shareholders' investments and the Group's assets. The Board is assisted by the Audit Committee, in monitoring the Group's internal control system, internal audit process, related party transactions, conflict of interest situations, accounting policies, financial reporting and overseeing the performance, independence and objectivity of the external auditors and the quality of the audit. The Chairman of the Audit Committee is to inform the Directors during Board meetings of any salient matters noted by the Audit Committee arising from audit findings that may require the Board's attention or direction.

The performance of the Audit Committee and each of its members were reviewed annually by the Nominating Committee pursuant to Paragraph and 15.20 MMLR and recommendations were submitted to the Board for its endorsement.

The Chairman of the Audit Committee is Mr. Tan Chuan Dyi and he is not the Chairman of the Board. All members of the Audit Committee are financially literate.

The roles of the Audit Committee are explained in pages 78 to 81 of this Annual Report.

Risk Management and Internal Control Framework

The Board is responsible for the Group's system of risk management and internal control. The Group has a system of risk management and internal control to identify the risks and put controls in place to counter the risks. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against the occurrence of any material misstatement or loss.

The Group has established policies and framework for the oversight and management of material business risks. The Group Risk Management Department consolidates the Corporate Risk Profile from the respective business units/ divisions/ departments risk registers outlining the risks, controls and risk mitigation plans that the management has taken in mitigating the risks for submission to the Risk Management Committee on quarterly basis. The identified high risks areas including risk mitigation plans were reported and deliberated at Board Meetings.

Further information on the Group's risk management and internal framework is made available on the Statement of Risk Management and Internal Control on pages 82 to 85 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company ensures that its communication with shareholders and other stakeholders is timely and transparent. The Company provides equitable dissemination of information to shareholders and stakeholders. The Company aims to engage with shareholders transparently and regularly in order to build a mutual understanding of respective objectives. The other communication modes include Annual report, General Meetings, Circulars, quarterly results announcements and corporate disclosures via Bursa LINK, press releases, information on the Company's website and other investor relation activities.

The Group abides by the following main principles in its investor relations:

- thoughtful analysis of our market value relative to estimates of our intrinsic value, that is, the present value of our Group based on a series of future expected net cash flows
- ensuring that all information disclosed to our investors is consistent with our strategies, plans and actual performance
- providing transparency on our operations and performance

Corporate Website

The Company also maintain a website at www.naim.com.my that allows shareholders and investors to gain access to information about the Group as well as to direct their queries and feedback to the Board of Directors/or Management through the email, investorrelations@naim.com.my posted at the aforesaid website.

Conduct of General Meetings

Annual/Extraordinary General Meetings have been the main forum for dialogue with shareholders. Ample opportunities are given to shareholders to raise questions and/or seek clarification on the Group's business and performance.

During the year under review, 2 General Meetings were held as follows:

a. Annual General Meeting ("AGM") held on 28 May 2018
b. Extraordinary General Meeting ("EGM") held on 13 November 2018 for the purpose of considering and if thought fit, pass the following resolutions:

    i. Ordinary Resolution 1
    Proposed Renounceable Rights Issue of up to 355,416,000 new ordinary shares in Naim Holdings Berhad ("Rights Shares") at the Issue Price of RM0.45 per rights share, on the basis of three (3) Rights Shares for Every two (2) Existing ordinary shares in Naim held by the entittled shareholders ("Proposed Rights Issue")

    ii. Ordinary Resolution 2
    Proposed Exemption under Paragraph 4.08(1)(B) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions to Datuk Amar Abdul Hamed Bin Haji Sepawi ("Datuk Amar"), Datuk Hasmi Bin Hasnan ("Datuk Hasmi") and persons acting in concert with them ("PACS") from the obligation to undertake a mandatory offer for the remaining Naim shares not already owned by them arising from the subscription by Datuk Amar, Datuk Hasmi and their PACS for the Rights Shares pursuant to the Undertakings ("Proposed Exemption")

    All the resolutions put forward at the 2 General Meetings were voted on by poll in accordance with paragraph 8.29A of the MMLR.

    The Company had appointed share registrar, Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to oversee the polling processes at the 2 General Meetings. All ordinary resolutions were passed by a majority of votes by members present either in person or by proxy.

    At the AGM held on 28 May 2018, the external auditors, Messrs KPMG PLT were invited to attend the AGM pursuant to Section 285 Companies Act 2016, so as to respond to any question which may be raised in respect of the audit of the financial statements.

    At the EGM held on 13 November 2018, slides presentations were projected on the screen and explained by the respective advisers and management personnel in respect of the Proposed Rights Issue and Proposed Exemption.

This Corporate Governance Overview Statement was approved by the Board of Directors on 11 April 2019

Statement of Directors' Responsibility in preparing the Financial Statements

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

Management Discussion and Analysis of the Group's Business Operations and Performance

The management discussion and analysis of the Group's business operations and performance are addressed in the Letter to Shareholders from page 31 to 36 and Performance Overview from page 37 to 43.

Additional Compliance Information

1. **Utilisation of Proceeds**
   During the financial year, there were no proceeds raised from any corporate proposal.

2. **Audit and Non-Audit Fees**
   The amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group in the financial year ended 31 December 2018 were as follows:

Item	Nature of services rendered	Company RM'000	Group RM'000
A	Audit Fees	130	429
B	Non-Audit Fees	112	355
	Total	**242**	**784**

The non-audit fees comprised the following:

Item	Nature of services rendered	RM'000
a.	Tax fee	241
b.	Other advisory fees	114
	Total	**355**

3. **Material Contracts involving interests of Directors/Chief Executive/Major Shareholders**
   There were no material contracts entered into by the Company or its subsidiaries involving Directors, Chief Executive who is not a Director or Major Shareholders still subsisting at the end of the financial year ended 31 December 2018.

4. **Employee Share Scheme - Long Term Incentive Plan ("LTIP")**
   During the financial year ended 31 December 2018, no grants were issued.

   No grants were issued since the LTIP was approved for implementation in May 2015.

Audit Committee Report

Members

The Audit Committee comprises the following:

Mr. Tan Chuan Dyi – Chairman
(appointed as Chairman of the Audit Committee on 28 May 2018)
Independent Non-Executive Director

Dato Ir. Abang Jemat Bin Abang Bujang – Member
Independent Non-Executive Director

Mr. Chin Chee Kong – Member
Non-Independent Non-Executive Director

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
(resigned as Senior Independent Non-Executive Director and ceased to be a chairman of the Audit Committee on 28 May 2018)

The Audit Committee is the Board's primary tool for exercising guardianship of shareholder value and imposing the highest standards of ethical behaviour. It is responsible for assessing the risks, overseeing financial reporting, evaluating the internal and external audit processes and reviewing conflict of interest situations and related party transactions.

The composition of the Audit Committee is as follows:

Category	No. of Director(s)	Percentage
Independent Non-Executive Director	2	66.67%
Non-Independent Non-Executive Director	1	33.33%
Total	**3**	**100%**

One (1) of its members, Mr. Chin Chee Kong is member of the Malaysian Institute of Accountants.

The Chairman of the Audit Committee is not the Chairman of the Board.

ATTENDANCE OF MEETINGS

The Audit Committee met seven (7) times during the year 2018 and the details of attendance are as follows:

Audit Committee Members	No. of Meetings attended	Attendance (%)
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis[1]	4/4	100
Mr. Tan Chuan Dyi	7/7	100
Dato Ir. Abang Jemat Bin Abang Bujang	7/7	100
Mr. Chin Chee Kong	7/7	100

Note
[1]*Resigned on 28 May 2018*

External auditors, internal auditors and relevant management staff are invited, when deemed necessary to attend the Audit Committee meetings to, *inter alia*, discuss the results of the Group, the internal and external audit findings and financial reporting issues.

The members of the Audit Committee also met twice during the year in independent sessions with the external auditors without the presence of management.

The Terms of Reference of the Audit Committee can also be found on the corporate website at *HYPERLINK "http://www.naim.com.my".*

1. **SUMMARY OF ACTIVITIES**

During the year, the Audit Committee carried out the following activities in the discharge of its functions and duties:

1.1 **Financial Reporting**

- Reviewed the quarterly results and year end financial statements before approval by the Board of Directors, focusing on
  i. changes in or implementation of new or revised accounting standards,
  ii. significant matters including financial reporting issues and how they were being addressed
  iii. compliance with accounting standards and other legal requirements.
- Reviewed and recommended for Board's approval the quarterly results and annual audited financial statements.
- Reviewed the internal control aspects of the Statement on Risk Management and Internal Control for recommendation to the Board for its consideration.

1.2 **Related Party Transactions**

- Reviewed the related party transactions that arose within the Group, on a quarterly basis, to ensure that the transactions were fair and reasonable, not detrimental to the minority shareholders and were in the best interest of the Group.

1.3 **Internal Audit**

- Reviewed and approved the annual audit plan proposed by the Internal Audit Department to ensure the adequacy of scope and coverage over the activities of the Group.
- Reviewed the internal audit reports issued by the Internal Audit Department on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- Reviewed the adequacy and effectiveness of agreed corrective actions taken by the Management on audit issues raised.
- Reviewed the effectiveness and adequacy of audit process, resource requirements and assessed the performance of the internal audit team.
- Reviewed and endorsed the changes to the Internal Audit Policies.

1.4 **External Audit**

- Reviewed and deliberated on the External Auditors' presentation of their terms, areas of responsibilities, audit plan and approach, areas of audit emphasis, financial reporting changes and requirements, proposed fee, key accounting and audit judgements and unadjusted differences identified during the audit.
- Reviewed and deliberated on the External Auditors' reports in relation to the statutory audit, major audit findings and the Management's responses arising from the audit.
- Assessed the independence and suitability of External Auditors.
- Ensured that the audit partners on the engagement are rotated every five years, with a two year cooling-off period.
- Considered and recommended to the Board for approval, the re-appointment of External Auditors, as well as their remuneration.
- Met up with External Auditors twice, in the absence of management.
- Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors.

2. **INTERNAL AUDIT FUNCTION**

The Group is served by an in-house Internal Audit Function, whose primary function is to assist the Audit Committee in discharging its duties and responsibilities. The Internal Audit Department reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover high risks areas and entities across all levels of operations within the Group, other than associates and joint ventures. The Internal Audit role and responsibilities are defined in the Internal Audit Charter with the mission to provide independent, objective assurance and consulting services to add value and improve the organization's operations.

Their role is to provide the Committee with independence and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other enforced compliance requirements.

The department is headed by a Chartered Accountant, Madam Denise Yong, who has more than 17 years of work experience. The internal audit staff comprise those that possess tertiary qualifications in the field of Accountancy, Business Admin, Computing, Construction Management and Engineering. The Department is made up of a total of six internal auditors.

2.1 **Authority**
To accomplish its primary objectives in examining and evaluating whether the Group's internal control and governance process is adequate and functioning properly, the internal auditors are authorised to have full, free and unrestricted access to Group's operations, activities, information, functions, records, properties and personnel relevant to the performance of internal audit at any time.

2.2 **Independence**
The Internal Audit Function is independent of the activities audited and performs with impartiality and due professional care. The Internal Audit Function reports directly to the Audit Committee. In addition, the Audit Committee assesses the performance of the Head of Internal Audit.

2.3 **Duties and Responsibilities**
Each year the Internal Audit Department will develop an audit plan detailing engagements to be conducted during the year and submit the same to the Audit Committee for approval before carrying out the planned assignments. Reports on the internal audit activities will be submitted to the Audit Committee every quarter.

The report will include the status and results of the annual audit plan on the activities being reviewed.

Cases of fraud which demand urgent attention, shall be reported to the Audit Committee and the Managing Director immediately upon discovery by the audit staff.

2.4 **Internal Audit Functions and Activities**
The Internal Audit Department has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2018, the internal audit activities carried out included, *inter alia*, the following:

a. Evaluated the system of internal controls and key operating process based on the approved annual plan.
b. Evaluated the efficiency of process, function and current practices and provided suitable recommendation to the Audit Committee.
c. Provided assurance on compliance with statutory requirements, laws, Group policies and guidelines.
d. Evaluated the risk management framework and recommended improvements on the adequacy and effectiveness of management's risk processes.
e. Recommended appropriate controls to overcome deficiencies and enhance operations.
f. Carried out investigations and special reviews at the request of the Audit Committee, the Board of Directors and management.

Follow-up audits were also conducted and the status of implementation on the agreed corrective actions were highlighted to the Audit Committee. Such regular monitoring is essential to ensure the integrity and effectiveness of the Group's system of internal control.

A total cost of RM 519,565 was incurred by the internal audit department in respect of the financial year under review.

TRAINING

Internal audit's training is an on-going process to develop, update and enhance the internal auditors' knowledge and skill to continually keep abreast with developments in the profession and industry. The internal auditors attended the following external seminars and internally facilitated sessions as follows:

Date	Description of Training
01 Mar 2018	Audit Test and Sampling conducted in-house
05 Apr 2018	Guidelines to Process and Procedures in Contract Department conducted in-house
17 Apr 2018	The Roles and Purpose of Risk Management conducted in-house
27 Apr 2018	Networking Session: From Difficult Auditees to Supporting Auditees by Institute of Internal Auditors Malaysia (IIAM)
14 May 2018	Internal Audit Objective and Approach conducted in-house
24 - 27 May 2018	Beginning Auditor Tools and Techniques by Institute of Internal Auditors Malaysia (IIAM)
12 Oct 2018	JDE Subcontract Management Training conducted in-house
15-16 Oct 2018	Microsoft Excel - Functions & Formulas by Sarawak Information Systems Sdn Bhd (SAINS)
15-16 Oct 2018	Implementing an Effective ERM Process by Institute of Internal Auditors Malaysia (IIAM)
22 Oct 2018	Enhancing Pivot Tables by Sarawak Information Systems Sdn Bhd (SAINS)
12-13 Nov 2018	The Art of Investigative Interviewing by Malaysian Institute of Accountants (MIA)
12-13 Dec 2018	Project Management Auditing by Malaysian Institute of Accountants (MIA)

Statement On Risk Management And Internal Control

Introduction

This Statement on Risk Management and Internal Control by the Board of Directors is made pursuant to Bursa Malaysia Listing Requirements with regard to the Group's compliance with the principles and best practices for internal control as provided in the Malaysian Code of Corporate Governance (MCCG 2017).

The Board of Naim believes in good corporate governance and managing the affairs of the Group in accordance with the MCCG 2017. In addition, the Board believes that it is very much the voluntary good behaviour and credibility of the Board which will create a good governance culture for the entire organization and its business partners.

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Responsibility

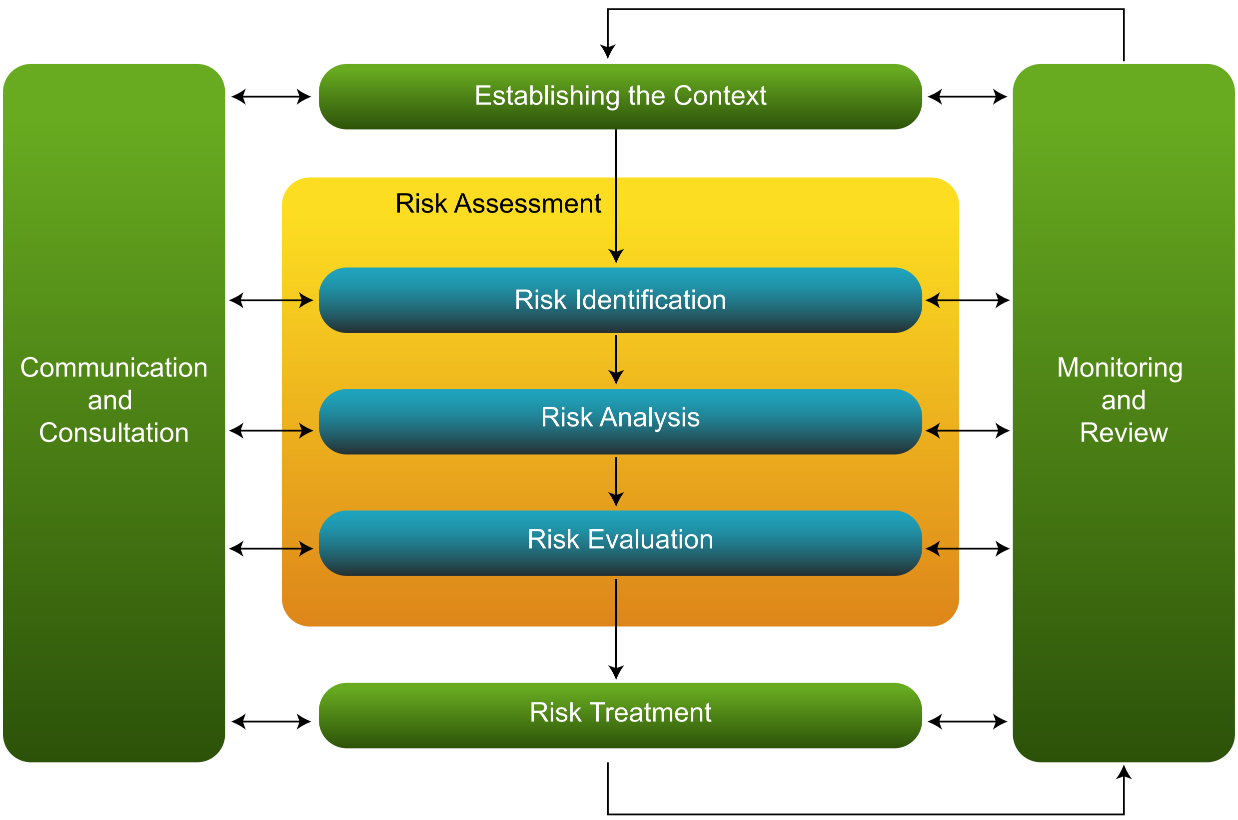
The Board acknowledges its responsibilities for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and integrity of the system. In discharge of these responsibilities, the Board has put in place a process at all levels of the organization to provide reasonable assurance that the Group's business objectives will be achieved. The system covers *inter alia* financial, operational and compliance system controls, as well as risk management. Due to the limitations that are inherent in any system of risk management and internal control, it is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

The Board acknowledges that the Group's activities involve certain degree of risks and is committed to ensure that it has an effective risk management framework which allows the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives and strategies within defined risk tolerance in a timely and effective manner.

The Risk Management Committee is chaired by an Independent Non-Executive Director, and comprises mostly Independent Non-Executive Directors. The Committee is supported by an independent Group Risk Management Department (GRMD) to assist in the coordination of the Group's risk management activities and in establishing and communicating the framework, policies, processes and reporting requirement to the business units, divisions and departments; to coordinate Group-wide review of risks and risks profile and to promote risk awareness within the Group.

The Group's Risk Management Framework is continuously improved to ensure the relevance of the framework and conform to the current environment and business operations. The Group has adopted an ERM process, in line with the Principles and Guideline of ISO 31000: 2010 MS Risk Management.



MS ISO 31000: 2010 Risk Management Process

The management of each business unit in the Group is responsible for identifying, assessing, monitoring and documenting all the possible risks that can affect the achievement of their objectives after considering the effectiveness of all the current control and implementing appropriate risk mitigation plan. The GRMD facilitates the risk assessment process by providing independent enquiry on risk identification, analysing and updating the key Group Risk Profiles collated from the respective business unit's risk register to the Risk Management Committee on a quarterly basis. The Risk Management Committee, after reviewing the same, escalate them to the Board.

Key Processes of Internal Control

The key processes of Internal Control include the following and will be revised regularly and updated when necessary:

- An organisational structure that lays down clear lines of responsibility and reporting.
- Real-time budgetary control, where actual performance is regularly monitored against budgets.
- The Group Procedures and Financial Authority Limit (FAL), which sets out the operating control procedures pertaining to finance, accounting, credit control, human resources, procurements and inventory. The control procedures, *inter alia*, include setting limits for approving expenditure and procurements. These procedures and FAL are updated when necessary.
- The Group uses JDE system which comprises Supply Chain Management, Financial, Sub Contracting and Job Costing to improve efficiency.
- The Group uses an eProcurement & Approval (ePA) system to improve transparency and efficiency.
- The Staff Handbook, which sets out general employment terms and the Group's corporate code of ethics.
- A quality management system requiring the management and staff of the Group's principal operating subsidiary, Naim Land Sdn. Bhd. (accredited with ISO 9001 version 2015 certification since 2000), to adhere to a set of well-established standard operating procedures covering all major critical processes. In continual pursuit for process excellence for Quality, Health, Safety & Environment, the management system integrates Quality, Environmental and Occupational, Health & Safety management System (certified with Integrated management System, ISO 9001, ISO 14001 and OHSAS 18001 since year 2009) into one coherent system so as to enable the optimal achievement of its business objectives. Surveillance audits are conducted yearly to ensure compliance with the system.
- An Anti-Fraud Policy setting out the Group's policy on fraud and providing guidelines in dealing with fraud in an appropriate manner. If fraud is suspected or uncovered, appropriate and timely actions in accordance with the Fraud Response Plan will be taken.
- A performance management system whereby business objectives are clearly defined and targets are set for each employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectation.

The process of risk management and internal control of the Group covers the holding company and its subsidiaries only and does not extend to associates and joint ventures. In respect of joint ventures entered into by the Group, represented by executives seconded thereto, the Group's role is limited to overseeing the administration, performance and executive management of the joint venture.

Internal Audit
The Group has established a formal structure for its internal audit function that clearly defines the roles and responsibilities of the persons involved in the internal audit. As an integral part of the audit process, key areas of importance pertaining to internal control, risk assessment, risk mitigation and proper governance processes are identified. Focusing its review and audit on these key areas, the internal audit provides independent assurance on the efficiency and effectiveness of the internal control system implemented by management. The internal audit reports to the audit committee on at least a quarterly basis, and more frequently where appropriate. The chairman of the audit committee in turn presents summaries of the internal audit reports (including management's responses to audit findings and recommendations) at Board meetings.

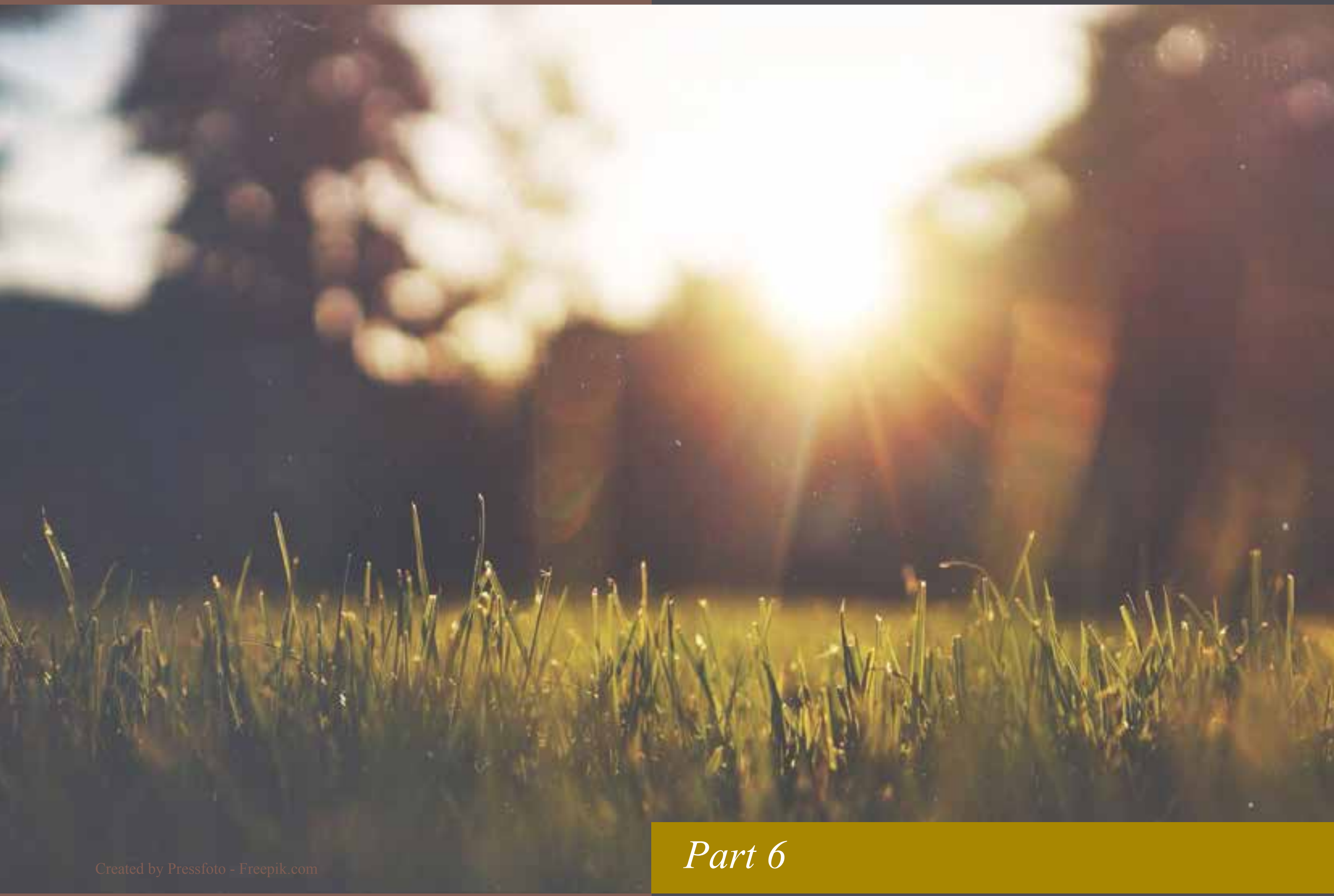
Assurance to the Board
The Board has received assurance from the Group Managing Director and Group Deputy Managing Director that the Group's risk management and internal controls are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Review of the Statement by External Auditors
The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b. is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with a resolution of the Board of Directors dated 11 April 2019.



Part 6

Economic Outlook

Economic Outlook

Outlook for Malaysia

Malaysian Institute of Economic Research (MIER)
https://www.mier.org.my/outlook/

Domestic demand is expected to grow by 5.1%, underpinned by a robust albeit slower growth in private consumption at 6.4%. Consumers are most likely to go for cautious spending due to the concern of the so-called "high cost of living", although prices are under control and household debt burden is declining. The average headline inflation for 2018 was tamed at 1.0%, below the earlier expectation. The 2019 headline inflation however, is expected to be higher at the average rate of 2.0% due to expansionary policy to support domestic demand and a weak ringgit foreign exchange.

The World Bank (as reported in the New Straits Times newspaper)
https://www.nst.com.my/business/2019/01/448742/malaysias-economy-grow-47pc-rm148-trillion-2019

The World Bank forecasted Malaysia's RM1.41 trillion economy to grow at 4.7 per cent this year and to slow down to 4.6 per cent for next year.

In its January 2019 Global Economic Prospects report titled 'Darkening Skies', the World Bank said Malaysia's lower public investment is weighing on growth, reflecting the completion of several infrastructure projects and a more prudent approach toward new ones.

The bank said in contrast to the regional trend, import growth in Malaysia has been weak, reflecting weak demand for capital goods imports combined with lower imports of intermediate goods.

The report also highlighted Malaysia had pockets of vulnerabilities, including high levels of public and private debt, external debt, foreign participation in local-currency sovereign bond markets.

THE STAR
Malaysian economy: Glass half full or half empty
https://www.thestar.com.my/business/business-news/2018/12/22/malaysian-economy-glass-half-full-or-half-empty/

22 December 2018
The Malaysian economy is expected to face another tumultuous year in 2019 as it is being challenged by on-going domestic adjustments and rising external headwinds, particularly lingering uncertainties about the state of the US-China trade disputes and further tightening of the US interest rates. Other global pressure points developing are the UK's Brexit deal; the erratic movements of global oil prices, geopolitical and political risks.

Malaysia's economic growth momentum has slowed to an annual rate of 4.4% in the third quarter of 2018, the slowest pace in almost two years. The drag on growth came from multi-faceted factors (weakening exports, declines in mining and agriculture output, a sharp contraction in public investment and moderate private investment growth).

The key driver of 2019's economic growth, which we estimate to grow by 4.5%-4.7% (estimated 4.6%-4.8% in 2018) would be domestic demand-driven, largely underpinned by private sector spending. Public sector expenditure will continue to consolidate and rationalise, focusing on essential sectors such as socio-economic projects, education and the on-going public infrastructure projects (LRT, MRT and highways).


A beautiful aerial night view of the Kuching city

Economic Outlook (continued)

Outlook for Sarawak

SARAWAK TRIBUNE
5 percent growth projected for 2019
https://www.newsarawaktribune.com.my/5-percent-growth-projected-for-2019/

6 November 2018
The state economy is projected to grow at 5 percent in 2019.

When tabling the State Budget 2019 at the State Legislative Assembly sitting yesterday, Chief Minister Datuk Patinggi Abang Johari Tun Openg said this was despite the volatility created by the trade tensions between China and the United States.

Abang Johari said the China-US trade war would affect Sarawak because its economy was strongly linked to the global market. He said Sarawak also took note of the federal government's decision to cut spending, which was likely to negatively affect the economic growth of the state.

However, the Chief Minister was intent on mitigating these downsides, saying the state government was ready to provide allocation to finance priority, high impact and people-centric projects.

He reasoned that with the injection of higher public investment, the state's economic growth would be kept on an even keel.

He said his projection of 5 percent growth took into consideration all this, including the positive showing in 2018 of critical sectors namely, services sector (6.4 percent), manufacturing (3.5 percent), mining (2.6 percent), agriculture (1.8 percent) and construction (5.1 percent).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Part 7

Financial Statements

Directors' Report For The Year Ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

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

Results	**Group RM'000**	**Company RM'000**
Profit/(Loss) for the year attributable to:		
Owners of the Company	64,983	(12,643)
Non-controlling interests	(1,560)	-
	63,423	(12,643)

Dividend

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review, except as disclosed in the financial statements.

Directors of the Company

Directors who served during the year and up to the date of this report are:

Datuk Amar Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Wong Ping Eng
Dato Ir. Abang Jemat Bin Abang Bujang
Emeritus Professor Dato' Abang Abdullah Bin Abang Mohamad Alli
Datin Mary Sa'diah Binti Zainuddin
Chin Chee Kong
Tan Chuan Dyi
Sulaihah Binti Maimunni (appointed on 1.8.2018)
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis (resigned on 28.5.2018)

Directors of the subsidiaries

The following is the list of directors of the subsidiaries (excluding those who are also directors of the Company as mentioned above) in office during the year and up to the date of this report:

Datu Haji Halmi Bin Ikhwan
Dato' Ir. Ha Tiing Tai
Dato' Ubull A/L Din Om
Hasmiah Binti Anthony Hasbi
Lau Kiu Huat (alternate to Datu Haji Halmi Bin Ikhwan)
Davidran A/L Somasundiram Prakasam
Ting Pin Sing
Lim Khong Guan
Abang Hasni Bin Abang Hasnan
Wong Ching Sen
Beh Boon Ewe
Alexander Manyin
Charles Arthur Bateman
Nona Zaharia Binti Fadzil
Lingoh Anak Gara
Siti Aishah Binti Othman
Yap Hon Kong
Sim Kwong Yong (appointed on 1.8.2018)
Laik Heng Juan (appointed on 1.8.2018)
Emily Hii San San (appointed on 1.9.2018)
Abang Mahathir Bin Mohamed (appointed on 1.9.2018)
Wong See Hing (appointed on 1.8.2018)
Robert Asing (resigned on 26.1.2018)
Lee Han Ming (appointed on 1.3.2018 and resigned on 31.7.2018)
Sivakumar A/L Ramasamy (resigned on 1.8.2018)

Directors' interests in shares

The interests and deemed interests of the Directors (including where applicable, the interests of their spouses or children who themselves are not directors of the Company), in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) during and at the end of the financial year as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**(Sold)**	**At 31.12.2018**
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	9,736,600	-	-	9,736,600
Datuk Hasmi Bin Hasnan	16,668,850	-	-	16,668,850
Wong Ping Eng	5,000	-	-	5,000
Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests				
The Company	40,455,500	-	-	40,455,500
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
NAIM GAMUDA (NAGA) JV SDN. BHD.	7,000,000	-	-	7,000,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Unique Composite Sdn. Bhd.	400,000	-	-	400,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited	999,999	-	-	999,999
Naim Quarry (Fiji) Limited	999,999	-	-	999,999
Naim Premix (Fiji) Limited	999,999	-	-	999,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70

Datuk Hasmi Bin Hasnan, by virtue of his interests in the ordinary shares of the Company, is also deemed interested in the shares of the subsidiaries to the extent the Company has an interest.

The other Directors holding office at 31 December 2018 did not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit [other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors (including remuneration received as a full-time employee, where applicable) as shown in the financial statements of the Company and/or of its related corporations disclosed as part of the key management personnel compensation (see Note 27)] 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, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 35 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were neither changes in the issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

No shares have been granted during the current year pursuant to the Long Term Incentive Plan, a share scheme which was approved by the shareholders of the Company in May 2015.

Indemnity and insurance costs for Officers and Auditors

a. Directors and officers

The Directors and officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the DOL Insurance effected for the Directors and officers of the Group was RM50 million in the aggregate.

The insurance premium for the DOL Insurance paid during the financial year amounted to RM59,000.

b. Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for its auditors during the year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i. all known bad debts have been written off and adequate provision made for doubtful debts, and

ii. any current assets which were unlikely to be realised in the ordinary course of business 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:

i. that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii. that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv. not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i. any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Other statutory information (continued)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event during the year

Proposed Renounceable Rights Issue

On 30 August 2018, the Company proposed to undertake a renounceable rights issue of up to 355,416,000 new ordinary shares ("Rights Share") at an issue price of RM0.45 per Rights Share, on the basis of three (3) Rights Shares for every two (2) existing shares held by the entitled shareholders whose names appear in the Record of Depositors of the Company ("Entitled Shareholders") on the Entitlement Date ("Proposed Rights Issue").

Key features of the Proposed Rights Issue were summarised as follows:

Proposed undertakings by major shareholders

The Company undertook the Proposed Rights Issue on a minimum subscription level basis where the Proposed Rights Issue would entail a minimum issuance of 222,222,222 Rights Shares to raise minimum gross proceeds of approximately RM100,000,000.

In order to meet the minimum subscription level, the Company had secured irrevocable and unconditional undertakings from its major shareholders, namely Datuk Amar Abdul Hamed Bin Haji Sepawi ("Datuk Amar"), Datuk Hasmi Bin Hasnan ("Datuk Hasmi") and persons acting in concert with them ("PACs") to subscribe for their respective entitlements based on their shareholdings as at the Entitlement Date, and at the same time apply for an additional 79,979,247 Rights Shares not taken up by the other Entitled Shareholders and/or their renouncee(s) by way of excess Rights Shares applications ("Proposed Undertakings").

Proposed exemption

As the Proposed Rights Issue was undertaken on a minimum subscription basis, which was premised on the minimum subscription level being fulfilled via the Proposed Undertakings, Datuk Amar, Datuk Hasmi and their PACs had submitted their applications to the Securities Commission ("SC") on 16 November 2018 for the grant of an exemption to undertake a Mandatory Offer upon completion of the Proposed Rights Issue. The SC approval was then secured on 30 November 2018.

Proposed utilisation of proceeds

Based on the issue price of RM0.45 for each Rights Share, the Company would raise gross proceeds of approximately RM100,000,000 under the minimum subscription level and up to approximately RM159,937,000 under the maximum subscription level. The proceeds arising from the Proposed Rights Issue will be used to finance the property development activities of the Group as well as partial repayment of borrowings of the Group.

On 25 January 2019, the Company completed the Proposed Rights Issue following the listing and quotation of 263,799,322 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad with a total Rights Issue proceeds of about RM118,709,000. Total issued and paid-up share capital of the Company, after the completion of the Right Issue and excluding treasury shares held, is RM454,801,000, comprising 500,743,000 ordinary shares.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Datuk Amar Abdul Hamed Bin Haji Sepawi

....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 11 April 2019

Statements Of Financial Position As At 31 December 2018

		Group			Company		
	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Assets							
Property, plant and equipment	3	128,618	103,648	89,130	5,247	5,470	5,815
Prepaid lease payments	4	2,313	2,342	2,370	-	-	-
Investment in subsidiaries	5	-	-	-	339,962	339,962	339,962
Investment in associates	6	408,428	350,815	421,618	158,530	158,530	130,815
Investment in joint ventures	7	4,387	5,543	4,906	-	-	-
Inventories - Land held for property development	8	373,407	384,646	398,772	-	-	-
Investment properties	9	85,161	87,382	87,667	-	-	-
Intangible asset	10	4,196	4,876	5,557	-	-	-
Deferred tax assets	11	12,081	16,201	29,466	-	-	-
Other investments	12	3,100	2,974	2,974	-	-	-
Trade and other receivables	13	65,563	73,372	82,324	-	-	-
Total non-current assets		1,087,254	1,031,799	1,124,784	503,739	503,962	476,592
Inventories	8	653,186	622,636	550,694	-	-	-
Contract costs	14	5,516	10,303	4,960	-	-	-
Contract assets	14	192,626	165,286	272,732	-	-	-
Trade and other receivables	13	157,525	170,318	148,935	80,188	65,185	54,633
Deposits and prepayments	15	9,154	29,236	29,343	32	28	27
Current tax recoverable		10,714	13,142	12,453	284	208	367
Cash and cash equivalents	16	148,070	76,261	64,055	8,600	7,836	5,027
		1,176,791	1,087,182	1,083,172	89,104	73,257	60,054
Assets classified as held for sale	17	595	651	757	-	-	-
Total current assets		1,177,386	1,087,833	1,083,929	89,104	73,257	60,054
Total assets		2,264,640	2,119,632	2,208,713	592,843	577,219	536,646
Equity							
Share capital	18	336,092	336,092	250,000	336,092	336,092	250,000
Share premium	19	-	-	86,092	-	-	86,092
Reserves	19	839,014	771,704	970,566	73,570	86,213	71,508
Total equity attributable to owners of the Company		1,175,106	1,107,796	1,306,658	409,662	422,305	407,600
Non-controlling interests	5	17,993	19,553	18,694	-	-	-
Total equity		1,193,099	1,127,349	1,325,352	409,662	422,305	407,600
Liabilities							
Loans and borrowings	20	171,881	159,684	123,619	35,315	19,855	-
Trade and other payables	21	3,524	6,874	10,057	-	-	-
Deferred tax liabilities	11	24,890	25,501	26,199	-	-	-
Total non-current liabilities		200,295	192,059	159,875	35,315	19,855	-
Loans and borrowings	20	385,858	385,720	355,216	132,000	133,000	128,000
Trade and other payables	21	445,577	372,260	335,609	15,866	2,059	1,046
Contract liabilities	14	26,805	29,358	32,293	-	-	-
Provisions	22	7,994	11,600	-	-	-	-
Current tax payable		5,012	1,286	368	-	-	-
Total current liabilities		871,246	800,224	723,486	147,866	135,059	129,046
Total liabilities		1,071,541	992,283	883,361	183,181	154,914	129,046
Total equity and liabilities		2,264,640	2,119,632	2,208,713	592,843	577,219	536,646

The notes on pages 100 to 166 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	23	605,426	374,228	3,687	30,139
Cost of sales		(501,503)	(435,114)	-	-
Gross profit/(loss)		103,923	(60,886)	3,687	30,139
Other operating income		4,125	17,376	89	24
Selling and promotional expenses		(7,661)	(8,925)	-	-
Administrative expenses		(24,779)	(28,791)	(10,894)	(10,768)
Other expenses		(14,204)	(10,872)	-	-
Results from operating activities	24	61,404	(92,098)	(7,118)	19,395
Finance income	25	8,567	8,902	3,557	3,001
Finance costs	25	(29,484)	(27,511)	(9,082)	(7,690)
Net finance costs		(20,917)	(18,609)	(5,525)	(4,689)
Other non-operating expense	26	-	(8,321)	-	-
Share of results (net of tax) of equity-accounted:					
- associates	6	36,641	(42,944)	-	-
- joint ventures	7	2,222	2,289	-	-
Profit/(Loss) before tax		79,350	(159,683)	(12,643)	14,706
Tax expense	28	(15,927)	(20,826)	-	(1)
Profit/(Loss) for the year		63,423	(180,509)	(12,643)	14,705
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")		126	-	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		223	1,783	-	-
Realisation of reserves from deemed disposal of an associate		-	(2,454)	-	-
Share of other comprehensive income of equity-accounted associates		1,978	(16,823)	-	-
Total other comprehensive income/(loss) for the year		2,327	(17,494)	-	-
Total comprehensive income/(loss) for the year		65,750	(198,003)	(12,643)	14,705
Profit/(Loss) attributable to:					
Owners of the Company		64,983	(181,368)	(12,643)	14,705
Non-controlling interests	5	(1,560)	859	-	-
Profit/(Loss) for the year		63,423	(180,509)	(12,643)	14,705
Total comprehensive income/(loss) attributable to:					
Owners of the Company		67,310	(198,862)	(12,643)	14,705
Non-controlling interests	5	(1,560)	859	-	-
Total comprehensive income/(loss) for the year		65,750	(198,003)	(12,643)	14,705
Basic and diluted earnings/(loss) per ordinary share (sen)	29	27.43	(76.54)		

The notes on pages 100 to 166 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2018

Group	Note	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company								
		Non-distributable					Distributable			
At 1 January 2017, ***as previously reported under FRS***		250,000	86,092	28,433	(34,748)	107	984,688	1,314,572	18,704	1,333,276
Adjustments on initial application of:										
- MFRS 15		-	-	-	-	-	(7,051)	(7,051)	(10)	(7,061)
- MFRS 9		-	-	-	-	-	(863)	(863)	-	(863)
At 1 January 2017, ***restated upon transition to MFRS***		250,000	86,092	28,433	(34,748)	107	976,774	1,306,658	18,694	1,325,352
Foreign currency translation differences for foreign operations		-	-	1,783	-	-	-	1,783	-	1,783
Realisation of reserves from deemed disposal of an associate		-	-	(2,444)	-	(10)	-	(2,454)	-	(2,454)
Share of other comprehensive income of associates		-	-	(16,855)	-	32	-	(16,823)	-	(16,823)
Total other comprehensive (loss)/ income for the year		-	-	(17,516)	-	22	-	(17,494)	-	(17,494)
(Loss)/Profit for the year		-	-	-	-	-	(181,368)	(181,368)	859	(180,509)
Total comprehensive (loss)/income for the year		-	-	(17,516)	-	22	(181,368)	(198,862)	859	(198,003)
Transfer in accordance with Section 618(2) of the Companies Act 2016	19.1	86,092	(86,092)	-	-	-	-	-	-	-
At 31 December 2017, restated		336,092	-	10,917	(34,748)	129	795,406	1,107,796	19,553	1,127,349
		(Note 18)	(Note 19.1)	(Note 19.2)	(Note 19.2)	(Note 19.2)	(Note 19.2)		(Note 5)	
At 1 January 2018, ***as previously reported under FRS***		336,092	-	10,917	(34,748)	129	815,835	1,128,225	19,602	1,147,827
Adjustments on initial application of:										
- MFRS 15		-	-	-	-	-	(14,837)	(14,837)	(49)	(14,886)
- MFRS 9		-	-	-	-	-	(5,592)	(5,592)	-	(5,592)
At 1 January 2018, ***restated upon transition to MFRS***		336,092	-	10,917	(34,748)	129	795,406	1,107,796	19,553	1,127,349
Foreign currency translation differences for foreign operations		-	-	223	-	-	-	223	-	223
Change in fair value of equity investments designated at FVOCI		-	-	-	-	126	-	126	-	126
Share of other comprehensive income/(loss) of associates		-	-	2,018	-	(40)	-	1,978	-	1,978
Total other comprehensive income for the year		-	-	2,241	-	86	-	2,327	-	2,327
Profit/(Loss) for the year		-	-	-	-	-	64,983	64,983	(1,560)	63,423
Total comprehensive income/(loss) for the year		-	-	2,241	-	86	64,983	67,310	(1,560)	65,750
At 31 December 2018		336,092	-	13,158	(34,748)	215	860,389	1,175,106	17,993	1,193,099
		(Note 18)	(Note 19.1)	(Note 19.2)	(Note 19.2)	(Note 19.2)	(Note 19.2)		(Note 5)	

The notes on pages 100 to 166 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2018

Company	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to owners of the Company				
		Non-distributable			Distributable	
At 1 January 2017		250,000	86,092	(34,748)	106,256	407,600
Transfer in accordance with Section 618(2) of the Companies Act 2016	19.1	86,092	(86,092)	-	-	-
Profit and total comprehensive income for the year		-	-	-	14,705	14,705
At 31 December 2017/1 January 2018		336,092	-	(34,748)	120,961	422,305
Loss and total comprehensive loss for the year		-	-	-	(12,643)	(12,643)
At 31 December 2018		336,092	-	(34,748)	108,318	409,662
		(Note 18)	(Note 19.1)	(Note 19.2)	(Note 19.2)	

The notes on pages 100 to 166 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 December 2018

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	79,350	(159,683)	(12,643)	14,706
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	680	681	-	-
- investment properties (Note 9)	2,221	2,119	-	-
- prepaid lease payments (Note 4)	29	28	-	-
Change in fair value of equity investments	(126)	-	-	-
Depreciation of property, plant and equipment (Note 3.3)	7,122	7,108	227	355
Dividend income	(4)	(65)	-	(27,715)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(263)	(161)	-	-
- assets held for sale	(785)	(322)	-	-
- associate (Note 26)	-	8,321	-	-
Finance costs (Note 25)	29,484	27,511	9,082	7,690
Finance income (Note 25)	(8,567)	(8,902)	(3,557)	(3,001)
Property, plant and equipment written off	56	109	-	-
Net change in impairment loss on financial assets and contract assets	9,579	(7,266)	-	-
Share of results of equity-accounted associates and joint ventures	(38,863)	40,655	-	-
Unrealised foreign exchange (gain)/loss	(61)	2,898	(89)	485
Operating profit/(loss) before changes in working capital	79,852	(86,969)	(6,980)	(7,480)
Changes in working capital:				
Inventories	(18,270)	(57,501)	-	-
Contract costs	4,787	(5,343)	-	-
Contract assets/liabilities	(29,893)	104,511	-	-
Trade and other receivables, deposits and prepayments	12,811	(3,130)	(13,510)	(7,567)
Trade and other payables	66,653	42,104	13,709	(14)
Cash generated from/(used in) operations	115,940	(6,328)	(6,781)	(15,061)
Tax (paid)/refunded	(6,966)	(8,776)	(76)	158
Net cash from/(used in) operating activities	108,974	(15,104)	(6,857)	(14,903)
Cash flows from investing activities				
Acquisition of:				
- property, plant and equipment (Note 3)	(33,853)	(26,240)	(4)	(10)
Proceeds from disposal of:				
- property, plant and equipment	323	281	-	-
- assets held for sale	841	989	-	-
Increase in investment in joint venture	-	(2,700)	-	-
Change in pledged deposits	(1,650)	(6,568)	-	(2,200)
Dividends received	4	65	-	-
Distribution of profits from a joint venture (Note 7)	4,080	5,100	-	-
Interest received	8,469	8,431	2,061	16
Net cash (used in)/from investing activities	(21,786)	(20,642)	2,057	(2,194)
Cash flows from financing activities				
Proceeds from loans and borrowings	57,359	107,089	32,460	39,855
Repayment of loans and borrowings	(45,000)	(40,478)	(18,000)	(15,000)
Repayment of finance lease liabilities	(24)	(42)	-	-
Interest paid	(29,453)	(24,700)	(8,985)	(6,664)
Net cash (used in)/from financing activities	(17,118)	41,869	5,475	18,191

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Net increase in cash and cash equivalents	70,070	6,123	675	1,094
Effect of exchange rate fluctuations on cash held	89	(485)	89	(485)
Cash and cash equivalents at beginning of year	63,294	57,656	5,636	5,027
Cash and cash equivalents at end of year [Note (i)]	133,453	63,294	6,400	5,636

Notes

i. ***Cash and cash equivalents***

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Deposits placed with licensed banks with maturities less than three months (excluding deposits pledged)	59,755	15,292	-	-
Cash in hand and at banks	72,786	47,853	6,400	5,636
Housing Development Accounts	912	149	-	-
Total cash and cash equivalents as shown in the statements of cash flows (also see Note 16)	133,453	63,294	6,400	5,636

ii. ***Reconciliation of liabilities arising from financing activities*** *(see Note 20)*

Group	Term loans RM'000	Revolving credits RM'000	Finance leases RM'000	Total RM'000
At 1 January 2017	139,720	339,000	115	478,835
Changes in financing cash flows	52,611	14,000	(42)	66,569
At 31 December 2017/1 January 2018	192,331	353,000	73	545,404
Changes in financing cash flows	23,359	(11,000)	(24)	12,335
At 31 December 2018	215,690	342,000	49	557,739
Company				
At 1 January 2017	-	128,000	-	128,000
Changes in financing cash flows	29,855	(5,000)	-	24,855
At 31 December 2017/1 January 2018	29,855	123,000	-	152,855
Changes in financing cash flows	22,460	(8,000)	-	14,460
At 31 December 2018	52,315	115,000	-	167,315

The notes on pages 100 to 166 are an integral part of these financial statements.

Notes to the financial statements

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office is 9th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.

The consolidated financial statements as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the year ended 31 December 2018 do not include other entities.

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 11 April 2019.

1. Basis of preparation

a. Statement of compliance

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

The financial statements for the year ended 31 December 2018 are the Group's and the Company's first financial statements in accordance with MFRS, and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied in the preparation of the financial statements.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on the transition to MFRS are disclosed in Note 40.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS / Amendment / Interpretation	Effective date
MFRS 16, *Leases*	1 January 2019
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 3, *Business Combinations (Annual Improvements to 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 112, *Income Taxes (Annual Improvements to 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 3, *Business Combinations - Definition of a Business*	1 January 2020
Amendments to MFRS 101, *Presentation of Financial Statement and* MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 10, *Consolidated Financial Statements and* MFRS 128*, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group and the Company plan to apply the above-mentioned accounting standards, interpretations and amendments:

a. from the annual period beginning on 1 January 2019 those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019.
b. from the annual period beginning on 1 January 2020 those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company, except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases,* IC Interpretation 4, *Determining whether an Arrangement contains a Lease,* IC Interpretation 115, *Operating Leases - Incentives and* IC Interpretation 127*, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to classify leases as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

1. **Basis of preparation** (continued)

b. Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

d. Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected thereby.

Key areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are disclosed in Note 2 and as follows:

- ***Revenue recognition from contracts with customers*** *[also see Note 2(s)(i) and Note 23]*

  Revenue is recognised as and when the control of the assets is transferred to the customers and it is probable that the Group will be entitled to recover the consideration in exchange for transferring the promised assets to the customers. If the amount of consideration varies due to discounts, rebates, penalties, incentives and other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value of the most likely outcome. If the contract with customers contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the assets.

  Timing of control of the assets transferred to customer may be over time or at a point in time, depending on the terms of contract.

  The Group recognises revenue from contracts over time if it creates an asset with no alternative use to the Group and the Group has enforceable right to payment for the performance completed to-date. Revenue is recognised over the period of contract by reference to the progress towards complete satisfaction of performance obligation, which is measured based on the proportion that costs incurred to-date as a percentage of the estimated total costs of contract.

  For the portion of performance obligations that is not satisfied over time, the revenue is recognised at the point in time at which the customer obtains controls of the promised assets.

  Significant judgement is required in determining the progress towards complete satisfaction of performance obligations, identification of performance obligations to be fulfilled under contract and estimated total costs to complete as well as the recoverability of the contracts. In making such estimations and judgements, the Group relies on, *inter alia,* past experiences and the assessment of its experienced team and experts.

- ***Recognition of deferred tax assets*** *(see Note 11)*

  The Group recognises deferred tax assets to the extent that the temporary deductible differences can be utilised against future taxable profits. The estimation of future taxable profits requires estimation and significant judgement.

- ***Impairment assessment of financial assets (including contract assets)*** *[see Note 32.3(a)]*

2. **Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position at 1 January 2017 (the transition date to MFRS framework), unless otherwise stated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has the 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

ii. Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisition on or after 1 January 2017

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisition on or before 1 January 2017

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2017.

iii. Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv. Acquisitions of entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquirees' financial statements without restatement. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

v. Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

2. **Significant accounting policies** (continued)

a. **Basis of consolidation** (continued)

vi. Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses [unless it is classified as held for sale or distribution]. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation, or has made, payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

vii. Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

viii. Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

ix. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. **Significant accounting policies** (continued)

b. **Foreign currency**

i. ***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period (reporting date) are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising from the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

ii. ***Operations denominated in functional currencies other than Ringgit Malaysia ("RM")***

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. **Financial instruments**

i. ***Recognition and initial measurement***

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

2. **Significant accounting policies** (continued)

c. **Financial instruments** (continued)

ii. ***Financial instrument categories and subsequent measurement***

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

a. Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(n)(i)] where the effective interest rate is applied to the amortised cost.

b. Fair value through other comprehensive income

Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(n)(i)] where the effective interest rate is applied to the amortised cost.

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

c. Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment [see Note 2(n)(i)].

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

a. Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. **Significant accounting policies** (continued)

c. **Financial instruments** (continued)

ii Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

a. Fair value through profit or loss (continued)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

a. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

b. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

c. if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

b. Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

iii. Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

iv. Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

2. **Significant accounting policies** (continued)

c. **Financial instruments** (continued)

iv. ***Regular way purchase or sale of financial assets*** (continued)

Trade date accounting refers to:

a. the recognition of an asset to be received and the liability to pay for it on the trade date, and

b. the derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

a. the recognition of an asset on the day it is received by the Group or the Company, and

b. the derecognition of an asset and the recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in fair value of the asset to be received during the period between the trade date and settlement date is accounted in the same way as it accounts for the acquired asset.

v. Derecognition

A financial asset or a part of thereof is derecognised when, and only when, the contractual rights to the cash flows from the financial assets expire or is transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of thereof is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

vi. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

d. **Property, plant and equipment**

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(t)].

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within “other operating income” or “administrative expenses” respectively in profit or loss.

2. **Significant accounting policies** (continued)

d. **Property, plant and equipment** (continued)

ii. Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value, if any. Significant component of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of assets for the current and comparative periods are as follows:

Leasehold land	over remaining lease terms of 49 years to 99 years
Buildings	5, 10 and 50 years
Furniture and fittings	6 to 10 years
Motor vehicles	5 years
Office and factory equipment	2 to 10 years
Plant and machinery	5 years and over quarry license period
Jetty and wharf	over quarry license period

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

e. **Leased assets**

i. Finance lease

Leases, in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, a 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 [see Note 2(d)].

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

ii. Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, other than property interest held under operating lease and prepaid lease payments, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using the fair value model.

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

Leasehold land, which in substance is an operating lease, is classified as prepaid lease payments.

2. **Significant accounting policies** (continued)

f. Intangible assets

i. Goodwill

Goodwill with an indefinite useful life arising from business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

ii. Other intangible asset

This comprises a stone quarry licence which has finite useful life. It is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

iii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill, is recognised in profit or loss as incurred.

iv. Amortisation

Goodwill with indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets, with finite useful lives, are based on the cost of an asset less any residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Stone quarry licence is amortised over the term of licence.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, as appropriate.

g. Investment properties

Investment properties (including investment property under construction) are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. This includes freehold land and leasehold land which in substance is a finance lease. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

i. Recognition and measurement

Investment properties, other than those comprising property interests held under an operating lease, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties comprising property interests held under an operating lease are stated at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

An investment property is derecognised on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

ii. Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of depreciable investment property. Buildings under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	over remaining lease terms of 60, 85 and 98 years
Buildings	50 years

2. **Significant accounting policies** (continued)

g. **Investment properties** (continued)

iii. Reclassification to/from investment property

When an item of property, plant and equipment or inventories is transferred to investment property or vice versa following a change in its use, the transfer do not change the carrying amount of the property transferred. No remeasurement of cost of property is required, as permitted under paragraph 59 of MFRS 140, *Investment Property.*

h. **Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

Inventories of the Group comprise the following:

i. Land held for property development

This comprise land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified as non-current portion of inventory.

When development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle, such land is transferred and included as part of property development costs (i.e. current portion of inventory).

Cost of land includes expenditure that are directly attributable to the acquisition of the land and any other costs directly attributable to bringing the land to working condition for its intended use.

ii. Property development costs

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

Property development costs are initially measured at cost and subsequently recognised as an expense to profit or loss when the control of the inventory is transferred to the customer, either over time or at a point in time.

When the development activities are completed, the associated property development costs for the unsold property is reclassified as completed development properties held for sale.

iii. Completed development properties held for sale

Cost of completed development properties consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

iv. Other inventories

Raw materials, consumables and manufactured/trading inventories (comprising building and construction materials) are measured based on the weighted average cost method.

i. **Receivables**

Trade and other receivables are categorised and measured as amortised costs in accordance with Note 2(c).

j. **Contract costs**

Contract costs comprise the following:

i. Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

ii. Costs to fulfil a contract

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

2. **Significant accounting policies** (continued)

j. **Contract costs** (continued)

ii. ***Costs to fulfil a contract*** (continued)

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

An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised has there been no impairment loss recognised previously.

k. **Contract asset/Contract liability**

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with the accounting policy on impairment of financial assets [see Note 2(n)(i)].

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.

l. **Non-current assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal groups are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification of non-current assets or disposal groups as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

m. **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents are categorised and measured as amortised costs in accordance with Note 2(c).

n. **Impairment**

i. ***Financial assets***

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

2. Significant accounting policies (continued)

n. Impairment (continued)

i. Financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised costs and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of the amounts due.

ii. Other assets

The carrying amounts of other assets [except for inventories, contract assets, deferred tax assets, assets arising from employee benefits, and non-current assets (or disposal groups) classified as held for sale] are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill with indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. **Significant accounting policies** (continued)

o. Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured subsequently.

i. Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

ii. Ordinary shares

Ordinary shares are classified as equity.

iii. Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the differences between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

p. Employee benefits

i. Short-term employee benefits

Short-term employee benefits obligations in respect of salaries and annual bonuses are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employees and the obligation can be estimated reliably.

ii. State plans

Contributions to statutory pension funds are charged to profit or loss in the year to which they relate.

q. Payables

Trade and other payables are categorised and measured as amortised costs in accordance with Note 2(c).

r. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

s. Revenue and other income

i. Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it satisfies a performance obligation and transfers a promised good or service to customer, i.e. when the customer obtains control of the goods or services.

A performance obligation under the contract may be satisfied at a point in time or over time, depending on the timing when the performance is performed and the controls of goods or services are passed to customers.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

a. the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

b. the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c. the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

2. **Significant accounting policies** (continued)

s. **Revenue and other income** (continued)

i. ***Revenue from contracts with customers*** (continued)

Sales of properties

Revenue from sales of properties is recognised as and when the controls of the properties is transferred to customer, either over time or at a point in time.

Controls of the assets are transferred over time when the Group is restricted contractually from directing the properties for alternative use as they are being developed and has an enforceable right to payment for performance completed to-date. Revenue is recognised over the contract period based on the progress towards completion of that performance obligation by using cost incurred method. Otherwise, the revenue is recognised at a point in time when the customer obtains control of the properties.

Revenue from sales of properties are measured at the fixed transaction prices under sale contract. The contracts may sometime include multiple promises to customers and therefore accounted for as separate performance obligations. The total consideration in a sale contract is allocated to all identified distinct performance obligations based on their relative stand-alone selling prices. When there is not directly observable price, the Group applies expected cost plus margin to derive stand-alone selling price.

Construction contracts

Construction revenue is recognised over time when a contract customer controls all of the works in progress as construction works take place. When the different elements of the construction contracts are not highly inter-related with, or dependent on, other contracting activities, the Group segregates each performance obligation for individual contract revenue recognition.

When one of the performance obligations in the construction contract is to arrange for the provision of goods or services by another party, the Group recognises such revenue on a net basis, in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Sales of goods

Revenue is recognised at a point in time when the goods are delivered and accepted by customers.

Services rendered

Revenue (comprising management fee income and property maintenance services) is recognised at a point in time when the services are rendered, at a rate as agreed with customer.

ii. ***Dividend income***

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

iii. ***Rental income***

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from sub-leased property, if any, is recognised as other income.

iv. ***Interest income***

Interest income is recognised as it accrues, using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of financing a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs [see Note 2(t)].

t. **Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation, if any.

2. Significant accounting policies (continued)

u. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced by the extent that it is no longer probable that the related tax benefit will be realised.

v. Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

w. 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. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

x. Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

y. Fair value measurements

Fair value of an asset or a liability, except for share-based payments and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3 : unobservable inputs for the assets or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land (unexpired lease term more than 50 years) RM'000	Leasehold land (unexpired lease term less than 50 years) RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and factory equipment RM'000	Plant and machinery RM'000	Jetty and wharf RM'000	Assets under construction RM'000	Total RM'000
Cost											
At 1 January 2017	667	2,701	882	55,779	10,846	19,265	22,040	36,009	1,952	19,810	169,951
Additions	-	189	-	47	3,452	-	5,397	938	-	16,217	26,240
Disposals/Write-offs	-	-	-	-	(157)	(199)	(355)	(100)	-	-	(811)
Reclassifications	-	45	-	(45)	-	-	-	-	-	-	-
Transfer to:											
- investment properties (Note 9)	-	-	-	(1,887)	-	-	-	-	-	-	(1,887)
- assets held for sale	-	-	-	(60)	-	(54)	(143)	(2,773)	-	-	(3,030)
At 31 December 2017/ 1 January 2018	667	2,935	882	53,834	14,141	19,012	26,939	34,074	1,952	36,027	190,463
Additions	80	-	478	3,665	1,454	-	627	227	-	27,322	33,853
Disposals/Write-offs	-	-	-	(5)	(196)	(2,243)	(416)	(1)	-	-	(2,861)
Reclassifications	-	-	-	-	4,726	-	(12)	-	-	(4,714)	-
At 31 December 2018	747	2,935	1,360	57,494	20,125	16,769	27,138	34,300	1,952	58,635	221,455
Depreciation											
At 1 January 2017	-	214	295	6,969	6,829	16,511	16,269	31,999	1,735	-	80,821
Depreciation for the year	-	(99)	16	1,639	2,343	1,315	2,350	1,396	130	-	9,090
Disposals/Write-offs	-	-	-	-	(56)	(181)	(344)	-	-	-	(581)
Reclassifications	-	-	-	-	7	-	(7)	-	-	-	-
Transfer to:											
- investment properties (Note 9)	-	-	-	(53)	-	-	-	-	-	-	(53)
- assets held for sale	-	-	-	(46)	-	(50)	(83)	(2,283)	-	-	(2,462)
At 31 December 2017/ 1 January 2018	-	115	311	8,509	9,123	17,595	18,185	31,112	1,865	-	86,815
Depreciation for the year	-	18	22	2,026	2,400	856	2,006	1,352	87	-	8,767
Disposals/Write-offs	-	-	-	(4)	(152)	(2,194)	(394)	(1)	-	-	(2,745)
At 31 December 2018	-	133	333	10,531	11,371	16,257	19,797	32,463	1,952	-	92,837
Carrying amounts											
At 1 January 2017	667	2,487	587	48,810	4,017	2,754	5,771	4,010	217	19,810	89,130
At 31 December 2017/ 1 January 2018	667	2,820	571	45,325	5,018	1,417	8,754	2,962	87	36,027	103,648
At 31 December 2018	747	2,802	1,027	46,963	8,754	512	7,341	1,837	-	58,635	128,618

3. **Property, plant and equipment** (continued)

Company	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost				
At 1 January 2017	5,952	1,127	354	7,433
Additions	-	-	10	10
Disposals/Write-offs	-	(4)	-	(4)
At 31 December 2017/1 January 2018	5,952	1,123	364	7,439
Additions	-	-	4	4
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2018	5,952	1,123	366	7,441
Depreciation				
At 1 January 2017	615	717	286	1,618
Depreciation for the year	119	201	35	355
Disposals/Write-offs	-	(4)	-	(4)
At 31 December 2017/1 January 2018	734	914	321	1,969
Depreciation for the year	119	89	19	227
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2018	853	1,003	338	2,194
Carrying amounts				
At 1 January 2017	5,337	410	68	5,815
At 31 December 2017/1 January 2018	5,218	209	43	5,470
At 31 December 2018	5,099	120	28	5,247

3.1 Titles to properties

Strata titles of certain buildings have yet to be issued by the relevant authority, analysed as follows:

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Carrying amount			
Buildings	72	74	76

3.2 Leased motor vehicles

As at 31 December 2018, the net carrying amount of leased motor vehicles is RM47,000 (31.12.2017: RM108,000; 1.1.2017 RM147,000).

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Recognised in profit or loss (Note 24)	7,122	7,108	227	355
Capitalised in:				
- contract costs	604	1,667	-	-
- inventory under property development costs	1,041	315	-	-
	8,767	9,090	227	355

3. Property, plant and equipment (continued)

3.4 Assets charged to banks as security for borrowings *(see also Note 20.1)*

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Land and buildings to be erected thereon	59,393	32,070	20,478
Freehold land	667	667	667
Motor vehicles	47	108	147
	60,107	32,845	21,292

4. Prepaid lease payments - Group

	Leasehold land (unexpired lease term more than 50 years) RM'000
Cost	
At 1 January 2017, 31 December 2017/1 January 2018 and 31 December 2018	3,056
Amortisation	
At 1 January 2017	686
Amortisation for the year (Note 24)	28
At 31 December 2017/1 January 2018	714
Amortisation for the year (Note 24)	29
At 31 December 2018	743
Carrying amounts	
At 1 January 2017	2,370
At 31 December 2017/1 January 2018	2,342
At 31 December 2018	2,313

5. Investment in subsidiaries

	Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Unquoted shares, at cost	339,962	339,962	339,962

Details of the subsidiaries, all of which the principal place of business and country of incorporation is in Malaysia except for Naim Engineering Construction (Fiji) Limited, Naim Quarry (Fiji) Limited and Naim Premix (Fiji) Limited, which were incorporated in Fiji and the Company's interests therein are as follows:

		Effective ownership interest and voting interest (%)		
Name of subsidiary	**Principal activities**	**31.12.2018**	**31.12.2017**	**1.1.2017**
Direct subsidiaries				
Naim Land Sdn. Bhd. ("NLSB")	Property developer and civil and building contractor	100.0	100.0	100.0
Naim Engineering Sdn. Bhd. ("NESB")	Civil, building and earthwork contractor	100.0	100.0	100.0
Naim Assets Sdn. Bhd. ("NASB")	Investment holding	100.0	100.0	100.0

5. Investment in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 31.12.2018	31.12.2017	1.1.2017
<u>Subsidiaries of NLSB</u>				
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0	60.0
Peranan Makmur Sdn. Bhd. ("PMSB")	Property developer	100.0	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0	100.0
Naim Supply & Logistic Sdn. Bhd.	Trading of construction materials	100.0	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0	100.0
Naim Human Capital Sdn. Bhd. (formerly known as Vista Megalink Sdn. Bhd.)	Provision of management services	100.0	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	70.0	70.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0	100.0
Naim Cendera Tujuh Sdn. Bhd.	Property investment	100.0	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0	100.0
Yakin Jelas Sdn. Bhd.	Property investment	100.0	100.0	100.0
Pavilion Quest Sdn. Bhd.**	Property investment	100.0	100.0	100.0
Solid Greenland Sdn. Bhd.**	Property investment	100.0	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Sale of ready mix piles	100.0	100.0	100.0
TR Green Sdn. Bhd.	Dormant	100.0	100.0	100.0
Naim Utilities Sdn. Bhd.	Dormant	100.0	100.0	100.0
Naim Incorporated Berhad	Dormant	100.0	100.0	100.0
Naim Academy Sdn. Bhd.	Dormant	100.0	100.0	100.0
Naim Oil & Gas Sdn. Bhd.	Dormant	100.0	100.0	100.0
Permyjaya Sino Education Sdn. Bhd.	Dormant	100.0	100.0	100.0
Kuching Paragon Sdn. Bhd.	Dormant	100.0	100.0	100.0
Miri Paragon Sdn. Bhd.	Dormant	100.0	100.0	100.0
Naim Data Sdn. Bhd. (formerly known as Bina Hartamas Sdn. Bhd.) **	Dormant	100.0	100.0	100.0
Lotus Paradigm Sdn. Bhd.	Dormant	70.0	70.0	70.0
Exclusive Paragon Sdn. Bhd.	Dormant	-	-@	100.0
Platinum Amber Sdn. Bhd.	Dormant	-	-@	100.0

5. **Investment in subsidiaries** (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 31.12.2018	31.12.2017	1.1.2017
Subsidiaries of NESB				
Naim Capital Sdn. Bhd. ("NCSB")	Investment holding	100.0	100.0	100.0
Naim Overseas Sdn. Bhd. ("NOSB")	Investment holding	100.0	100.0	100.0
NAIM GAMUDA (NAGA) JV SDN. BHD.	Civil contractor	70.0	70.0	70.0
Naim Binaan Sdn. Bhd.	Dormant. Previously engaged as civil contractor as well as sale of RC pile	100.0	100.0	100.0
Naim Premix Sdn. Bhd.	Manufacture and sale of asphalt. Become dormant during the year	100.0	100.0	100.0
Unique Composite Sdn. Bhd.	Manufacture and sale of asphalt. Become dormant during the year	80.0	80.0	80.0
Naim Equipment Sdn. Bhd.	Dormant	100.0	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd. **	Dormant	100.0	100.0	100.0
Equaflow Sdn. Bhd.	Dormant	-	-@	100.0
Subsidiaries of NASB				
Naim Property Services Sdn. Bhd. **	Provision of property management services	100.0	100.0	100.0
Naim Hotel Sdn. Bhd. **	Hotel operation	100.0	100.0	100.0
Bintulu Paragon Sdn. Bhd.	Dormant	100.0	100.0	100.0
Subsidiaries of NCSB				
Naim Capital Port Sdn. Bhd.	Civil contractor	100.0	100.0	100.0
Naim Capital Housing Sdn. Bhd.	Civil contractor	100.0	100.0	100.0
Subsidiary of PMSB				
Harmony Faber Sdn. Bhd.	Property investment	100.0	100.0	100.0
Subsidiaries of NOSB				
Naim Engineering Construction (Fiji) Limited #	Dormant	99.9	99.9	99.9
Naim Quarry (Fiji) Limited #	Dormant	99.9	99.9	99.9
Naim Premix (Fiji) Limited #	Dormant	99.9	99.9	99.9

** *Not audited by other member firms of KPMG International.*

Audited by other member firms of KPMG International.

@ *These subsidiaries were approved for strike off during the last financial year ended 31 December 2017 and were formally gazetted for deregistration from the Registrar of Company in August 2018 (see also Note 36).*

5. **Investment in subsidiaries** (continued)

Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

31.12.2018	**Desa Ilmu Sdn. Bhd. ("DISB") RM'000**	**NAIM GAMUDA (NAGA) JV SDN. BHD. ("NAGA") RM'000**	**Other subsidiaries with immaterial NCI RM'000**	**Total RM'000**
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	17,446	5,123	(4,576)	17,993
Profit/(Loss) allocated to NCI	314	1,298	(3,172)	(1,560)
	=========	=========	=========	=========

The following table summarises the financial information of the Group's material NCI in DISB and NAGA:

	DISB RM'000	**NAGA RM'000**
Summarised financial information before intra-group elimination		
As at 31 December 2018		
Non-current assets	1,350	-
Current assets	53,890	128,655
Current liabilities	(11,625)	(111,577)
Net assets	43,615	17,078
	=========	=========
Year ended 31 December 2018		
Revenue	1,202	261,461
Profit and total comprehensive income for the year	785	4,327
	=========	=========
Cash flows from:		
- operating activities	11,149	8,051
- investing activities	2,199	105
Net increase in cash and cash equivalents	13,348	8,156
	=========	=========

31.12.2017	**DISB RM'000**	**NAGA RM'000**	**Other subsidiaries with immaterial NCI RM'000**	**Total RM'000**
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	17,132	3,825	(1,404)	19,553
Profit/(Loss) allocated to NCI	397	726	(264)	859
	=========	=========	=========	=========

5. **Investment in subsidiaries** (continued)

Non-controlling interests ("NCI") in subsidiaries (continued)

	DISB RM'000	NAGA RM'000
Summarised financial information before intra-group elimination		
As at 31 December 2017		
Non-current assets	1,334	-
Current assets	52,349	55,812
Current liabilities	(10,853)	(43,062)
Net assets	42,830	12,750
Year ended 31 December 2017		
Revenue	938	145,697
Profit and total comprehensive income for the year	993	2,420
Cash flows (used in)/from:		
- operating activities	(2,194)	4,542
- investing activities	2,258	89
Net increase in cash and cash equivalents	64	4,631

1.1.2017	DISB RM'000	NAGA RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	16,735	3,099	(1,140)	18,694

The following table summarises the financial information of the Group's material NCI in DISB and NAGA:

	DISB RM'000	NAGA RM'000
Summarised financial information before intra-group elimination		
As at 1 January 2017		
Non-current assets	1,390	-
Current assets	49,243	26,425
Current liabilities	(8,797)	(16,095)
Net assets	41,836	10,330

No disclosure on financial information pertaining to revenue and profit is required at the date of transition to MFRS.

6. Investment in associates

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At cost						
Shares in Malaysia						
• unquoted	32,416	13,306	13,306	-	-	-
• quoted	158,530	158,530	130,815	158,530	158,530	130,815
Share of post-acquisition reserves	217,482	178,979	277,497	-	-	-
	408,428	350,815	421,618	158,530	158,530	130,815
Market value						
Quoted shares in Malaysia	154,595	198,752	249,824	154,595	198,752	249,824

During the current financial year, an associate of the Group allotted 44,100,000 redeemable preference shares ("RPS") at an issue price of RM1.00, 19,110,000 RPS out of which was subscribed by the Group. Having assessed the RPS terms, the Group determined that such RPS investment provides access to the returns associated to the underlying ownership interest therein and therefore, the RPS investment amounting to RM19,110,000 is accounted for using equity method and forms part of the investment in the said associate [see Note 37(i)].

Details of the material associates, all of which are incorporated in Malaysia, are as follows:

Name of entity	Nature of relationship	Effective ownership interest and voting interest (%) 31.12.2018	31.12.2017	1.1.2017
Dayang Enterprise Holdings Bhd. ("DEHB")	Provision of offshore topside maintenance services, minor fabrication works, offshore hook-up and commissioning works, chartering of marine vessels and equipment. This is one of the vehicles through which the Group has ventured into the oil and gas industry	26.42	26.42	29.06
Samalaju Properties Sdn. Bhd. ("SPSB") #	Property and township development, including providing temporary accommodation facilities, in line with Group's existing property segment operation	39.00	39.00	39.00
GAMUDA NAIM ENGINEERING AND CONSTRUCTION (GNEC) SDN. BHD. ("GNEC") ** @	One of civil contractors to the Group	35.00	35.00	35.00
Perdana Petroleum Berhad ("PPB")	Provision of marine support services for the oil & gas industry	9.89	9.89 ^	-
Kempas Sentosa Sdn. Bhd. **	One of civil contractors to the Group and hiring of plant and equipment to the Group	40.00	40.00	40.00
Miri Specialist Hospital Sdn. Bhd. #	Intended to operate a specialist hospital (which is currently under construction)	30.00	30.00	30.00

\# *Held through NLSB*
** *Held through NESB*
@ *Financial year end of 31 July*

^ *Pursuant to a dividend-in-specie ("DIS") distribution exercise by DEHB during the last financial year, the Group holds about 9.89% of the equity in PPB upon receiving the DIS distribution in last November 2017. This contributed to the increase in the investment in associate of the Group and of the Company by RM27,715,000 during the last financial year [also see Note 37(ii)].*

Although the Group's direct shareholding is less than 20% in PPB, the Directors have determined that the Group has significant influence, partly because it has 2 board representatives in PPB. On another note, the Group also owns about 26.42% in DEHB, who currently owns about 60.48% ownership interest in PPB and has control over PPB. The pro-forma group effective interest in PPB, if taking into accounts of the Group's share of the equity interest in PPB held through DEHB, is about 25.87%.

6. Investment in associates (continued)

All associates' financial year ends on 31 December, other than that marked with @. For the purpose of applying the equity method for associates with different financial year from the Group's, the last available audited financial statements and/or management accounts up to 31 December 2018 have been used.

The following table summarises the information of the Group's material associates, adjusted for any material differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Summary of financial information

	Group					
31.12.2018	DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	Total RM'000
As at 31 December						
Non-current assets	2,185,124	218,057	24,830	1,279,723		
Current assets	499,728	116,858	195,561	95,214		
Non-current liabilities	(100,529)	(104,816)	(1,266)	(3,437)		
Current liabilities	(1,279,210)	(202,007)	(197,950)	(910,659)		
Non-controlling interests	(176,738)	-	-	(136)		
Net assets	1,128,375	28,092	21,175	460,705		
Year ended 31 December						
Profit/(Loss) for the year	163,265	(12,095)	11,183	(45,069)		
Other comprehensive income	4,313	-	-	7,131		
Total comprehensive income/(loss) for the year	167,578	(12,095)	11,183	(37,938)		
Included in the total comprehensive income is:						
Revenue	937,641	22,194	287,877	189,653		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	298,290	30,066	7,411	45,562	8,815	390,144
Goodwill	21,462	-	-	-	-	21,462
Elimination of unrealised profit	-	-	-	-	(3,178)	(3,178)
Carrying amount in the statement of financial position	319,752	30,066	7,411	45,562	5,637	408,428
Group's share of results for the year ended 31 December						
Group's share of:						
- profit/(loss)	43,138	(4,723)	3,914	(4,457)	(1,231)	36,641
- other comprehensive income	1,273	-	-	705	-	1,978
Group's share of total comprehensive income/(loss)	44,411	(4,723)	3,914	(3,752)	(1,231)	38,619

Other information

No dividend was received during the current financial year.

6. **Investment in associates** (continued)

Summary of financial information (continued)

	Group					
31.12.2017	**DEHB RM'000**	**SPSB RM'000**	**GNEC RM'000**	**PPB RM'000**	**Other immaterial associates RM'000**	**Total RM'000**
As at 31 December						
Non-current assets	2,216,962	233,945	12,698	1,319,541		
Current assets	480,441	123,393	97,496	108,677		
Non-current liabilities	(428,666)	(91,844)	(763)	(116,858)		
Current liabilities	(1,118,356)	(225,306)	(99,438)	(812,581)		
Non-controlling interests	(201,118)	-	-	(136)		
Net assets	949,263	40,188	9,993	498,643		
Year ended 31 December						
(Loss)/Profit for the year	(144,320)	(8,060)	7,805	(181,948)		
Other comprehensive loss	(60,928)	-	-	(62,836)		
Total comprehensive (loss)/income for the year	(205,248)	(8,060)	7,805	(244,784)		
Included in the total comprehensive income is:						
Revenue	695,485	22,823	22,163	147,787		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	253,880	15,680	3,497	49,314	10,057	332,428
Goodwill	21,462	-	-	-	-	21,462
Elimination of unrealised profit	-	-	-	-	(3,075)	(3,075)
Carrying amount in the statement of financial position	275,342	15,680	3,497	49,314	6,982	350,815
Group's share of results for the year ended 31 December						
Group's share of:						
- (loss)/profit	(39,330)	(3,143)	2,732	(1,230)	(1,973)	(42,944)
- other comprehensive loss	(16,517)	-	-	(306)	-	(16,823)
Group's share of total comprehensive (loss)/income	(55,847)	(3,143)	2,732	(1,536)	(1,973)	(59,767)
Other information						
Dividend received	27,715	-	-	-	-	27,715

6. **Investment in associates** (continued)

Summary of financial information (continued)

	Group				
1.1.2017	**DEHB RM'000**	**SPSB RM'000**	**GNEC RM'000**	**Other immaterial associates RM'000**	**Total RM'000**
Non-current assets	2,552,299	227,899	4,531		
Current assets	630,103	148,792	27,629		
Non-current liabilities	(1,362,029)	(106,017)	-		
Current liabilities	(542,335)	(222,410)	(29,973)		
Non-controlling interests	(7,721)	-	-		
Net assets	1,270,317	48,264	2,187		
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	369,207	18,823	766	12,041	400,837
Goodwill	23,608	-	-	-	23,608
Elimination of unrealised profit	-	-	-	(2,827)	(2,827)
Carrying amount in the statement of financial position	392,815	18,823	766	9,214	421,618

No disclosure on financial information pertaining to revenue and profit is required at the date of transition to MFRS.

7. **Investment in joint ventures - Group**

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At cost			
Capital contribution	4,500	4,500	1,800
Share of post-acquisition reserves	(113)	1,043	3,106
	4,387	5,543	4,906

During the last financial year, the Group made additional contribution of RM2,700,000 in an existing joint venture in proportion to the Group's interest.

The joint arrangements in which the Group participates are all involved in civil and building construction works, including oil and gas related construction projects. As the Group is only entitled to the net assets of the joint arrangements, the Group has therefore classified its interest in the following entities as joint ventures. Details of the joint ventures, all of which are based in Malaysia, are as follows:

	Effective voting interest (%)		
Name of entity	**31.12.2018**	**31.12.2017**	**1.1.2017**
NESB-Hock Peng JV	51.0	51.0	51.0
PPES Works-NLSB JV	45.0	45.0	45.0
Sinohydro-Naim JV *	50.0	50.0	50.0
Samsung-Naim JV *	10.0	10.0	10.0

* *Dormant since the completion of the projects undertaken by joint ventures.*

7. Investment in joint ventures - Group (continued)

The following table summarises the information of the Group's material joint ventures, adjusted for any material differences in accounting policies (if any) and reconciles the information to the carrying amount of the Group's interest in the joint venture.

Summary of financial information

31.12.2018	NESB-Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
As at 31 December				
Current assets	15,457	680		
Current liabilities	(7,048)	(612)		
Net assets	8,409	68		
Year ended 31 December				
Profit and total comprehensive income for the year	4,745	1,120		
Included in the total comprehensive income				
Revenue	48,608	1,132		
Interest income	211	-		
Tax expense	581	121		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	4,289	30	68	4,387
Group's share of results for the year ended 31 December				
Group's share of profit and total comprehensive income	1,839	383	-	2,222
Other information				
Distribution of profit received	4,080	-	-	4,080

7. Investment in joint ventures - Group (continued)

Summary of financial information (continued)

31.12.2017	**NESB-Hock Peng JV RM'000**	**PPES Works - NLSB JV RM'000**	**Other immaterial joint ventures RM'000**	**Total RM'000**
As at 31 December				
Current assets	38,820	4,413		
Current liabilities	(27,157)	(5,466)		
Net assets/(liabilities)	11,663	(1,053)		
Year ended 31 December				
Profit/(Loss) and total comprehensive income/(loss) for the year	6,100	(4)		
Included in the total comprehensive income/(loss)				
Revenue	63,565	-		
Interest income	234	-		
Tax expense	746	-		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	5,948	(473)	68	5,543
Group's share of results for the year ended 31 December				
Group's share of profit/(loss) and total comprehensive income (loss)	2,364	(2)	(73)	2,289
Other information				
Distribution of profit received	5,100	-	-	5,100
1.1.2017				
As at 31 December				
Non-current assets	-	1		
Current assets	26,682	2,297		
Current liabilities	(11,119)	(9,347)		
Net assets/(liabilities)	15,563	(7,049)		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	7,937	(3,172)	141	4,906

No disclosure on financial information pertaining to revenue and profit is required at the date of transition to MFRS.

8. Inventories

	Group 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current			
At cost			
Land held for property development (Note 8.1)	373,407	384,646	398,772
	=========	=========	=========
Current			
At cost			
Completed goods for sale			
- Developed properties	234,222	71,415	95,462
- Manufactured/Trading inventories (construction and building materials)	6,753	7,152	6,770
Raw materials and consumables	530	983	1,278
Properties under construction			
- Property development costs (Note 8.2)	411,533	543,073	447,169
	653,038	622,623	550,679
At net realisable value			
Completed goods			
- Manufactured/Trading inventories	148	13	15
	653,186	622,636	550,694
	=========	=========	=========
Total inventories	1,026,593	1,007,282	949,466
	=========	=========	=========
Recognised in profit or loss:			
- inventories recognised as cost of sales	40,021	56,983	
- write-down to net realisable value	10	-	
	=========	=========	

8.1 Land held for property development

Movement in land held for property development during the year includes:

	Group 31.12.2018 RM'000	31.12.2017 RM'000
Net transfer to property development cost	11,239	14,126
	=========	=========

Security

Certain parcels of leasehold land with carrying amounts of RM40,160,000 (31.12.2017: RM40,160,000; 1.1.2017: RM13,452,000) are charged to banks as security for certain term loan facilities (see Note 20.1).

8.2 Property development costs

a. Movements in property development costs during the year include:

	Group 31.12.2018 RM'000	31.12.2017 RM'000
Development costs incurred	133,495	143,540
Transfer to completed goods for sale	183,004	1,166
	=========	=========

b. Property development costs also include contract costs amounting to RM243,000 [31.12.2017: RM2,576,000; 1.1.2017: RM857,000] being the cost to fulfil contracts with customers (see Note 14). These contract costs are charged to profit or loss as and when the performance of contracts are satisfied.

9. Investment properties – Group

	Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Buildings under construction RM'000	Total RM'000
Cost				
At 1 January 2017	35,590	54,585	5,280	95,455
Transfer from property, plant and equipment (Note 3)	-	1,887	-	1,887
Reclassification	-	5,280	(5,280)	-
At 31 December 2017/1 January 2018 and 31 December 2018	35,590	61,752	-	97,342
	=========	=========	=========	=========
Amortisation				
At 1 January 2017	1,890	5,898	-	7,788
Amortisation for the year (Note 24)	485	1,634	-	2,119
Transfer from property, plant and equipment (Note 3)	-	53	-	53
At 31 December 2017/1 January 2018	2,375	7,585	-	9,960
Amortisation for the year (Note 24)	549	1,672	-	2,221
At 31 December 2018	2,924	9,257	-	12,181
	=========	=========	=========	=========
Carrying amounts				
At 1 January 2017	33,700	48,687	5,280	87,667
	=========	=========	=========	=========
At 31 December 2017/1 January 2018	33,215	54,167	-	87,382
	=========	=========	=========	=========
At 31 December 2018	32,666	52,495	-	85,161
	=========	=========	=========	=========
Fair value (see Note 9.3)				
At 1 January 2017	99,624	68,300	-*	167,924
	=========	=========	=========	=========
At 31 December 2017/1 January 2018	99,624	75,467	-	175,091
	=========	=========	=========	=========
At 31 December 2018	99,624	69,668	-	169,292
	=========	=========	=========	=========

* *The Group was unable to determine reliably the fair value of investment properties currently under construction until the construction was complete and their annual cash flows could be measured reliably, whichever was earlier.*

9.1 Investment property with a carrying amount of RM45,830,000 (31.12.2017: RM46,921,000; 1.1.2017: RM47,946,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 20.1).

9.2 The following are recognised in profit or loss in respect of investment properties.

	31.12.2018 RM'000	31.12.2017 RM'000
Rental income	6,915	7,126
Direct operating expenses:		
- income generating investment properties	4,855	5,020
- non-income generating investment properties	60	60
	=========	=========

9. Investment properties - Group (continued)

9.3 Fair value information

Fair value of investment properties as at end of the reporting period are categorised as follows:

	31.12.2018			31.12.2017			1.1.2017		
Group	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Leasehold land	55,059	44,565	99,624	55,059	44,565	99,624	55,059	44,565	99,624
Buildings*	6,582	63,086	69,668	6,582	68,885	75,467	6,582	61,718	68,300

* *excluding those under construction*

Level 2 fair value

The Level 2 fair value of investment properties, determined for disclosure purposes, is generally ascertained by the management using the comparative method by reference to similar/comparable properties in markets that are not active, adjusted for differences in key attributes such as property size and areas.

Level 3 fair value

The Level 3 fair value of investment properties, determined for disclosures purposes, is generally ascertained by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

For the determination of the fair value of a building, the investment method is mostly used whereby net rental is capitalised at the appropriate market yield. For land, the fair value is determined using the comparative method, whereby adjustments for differences in various factors affecting the value are made.

Highest and best use

The land classified as investment property is currently held under titles for residential, commercial and/or mixed development purpose. As the use of certain land is currently undetermined, it is therefore impractical to estimate its highest and best use.

A major part of the buildings comprise hypermarket malls situated at a prime area, which is the highest and best use of the land on which they were built. Other buildings comprising office lots and commercial retail units are similarly regarded as having been put at their highest and best use.

10. Intangible asset - Group

	Stone quarry licence RM'000
Cost	
At 1 January 2017, 31 December 2017/1 January 2018 and 31 December 2018	10,206
Amortisation	
At 1 January 2017	4,649
Amortisation for the year (Note 24)	681
At 31 December 2017/1 January 2018	5,330
Amortisation for the year (Note 24)	680
At 31 December 2018	6,010
Carrying amounts	
At 1 January 2017	5,557
At 31 December 2017/1 January 2018	4,876
At 31 December 2018	4,196

Intangible asset comprises expenditure incurred to acquire a stone quarry licence.

11. Deferred tax assets and liabilities - Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	-	(23,595)	(24,546)	(25,262)	(23,595)	(24,546)	(25,262)
Property, plant and equipment	-	-	-	(2,279)	(2,884)	(2,945)	(2,279)	(2,884)	(2,945)
Financial instruments	-	-	-	-	-	(242)	-	-	(242)
Capital allowances carried forward	176	1,370	2,235	-	-	-	176	1,370	2,235
Tax losses carried forward	4,475	7,301	10,575	-	-	-	4,475	7,301	10,575
Other items	8,414	9,459	18,906	-	-	-	8,414	9,459	18,906
Tax assets/(liabilities)	13,065	18,130	31,716	(25,874)	(27,430)	(28,449)	(12,809)	(9,300)	3,267
Set off of tax	(984)	(1,929)	(2,250)	984	1,929	2,250	-	-	-
Net tax assets/(liabilities)	12,081	16,201	29,466	(24,890)	(25,501)	(26,199)	(12,809)	(9,300)	3,267
	=======	=======	=======	=======	=======	=======	=======	=======	=======

* *This relates to the land held for property development, property development costs, property, plant and equipment as well as investment property of the subsidiaries acquired in prior years. This deferred tax liability is progressively reversed to profit or loss when the subject land is developed and/or sold or when the land are amortised, as the case may be.*

The Group has recognised deferred tax assets of RM12,081,000 (31.12.2017: RM16,201,000; 1.1.2017: RM29,466,000) based on the estimation of probable utilisation of those deductible temporary differences in the foreseeable future.

Movements in deferred tax during the year are as follows:

<u>Group</u>	At 1.1.2017 RM'000	Recognised in profit or loss RM'000	At 31.12.2017/ 1.1.2018 RM'000	Unrealised income arising from intra-group transaction RM'000	Recognised in profit or loss RM'000	At 31.12.2018 RM'000
Fair value adjustment on acquisition of subsidiaries	(25,262)	716	(24,546)	-	951	(23,595)
Property, plant and equipment	(2,945)	61	(2,884)	-	605	(2,279)
Financial instruments	(242)	242	-	-	-	-
Capital allowances carried forward	2,235	(865)	1,370	-	(1,194)	176
Tax losses carried forward	10,575	(3,274)	7,301	-	(2,826)	4,475
Other items	18,906	(9,447)	9,459	3,553	(4,598)	8,414
	3,267	(12,567)	(9,300)	3,553	(7,062)	(12,809)
	=========	=========	=========	=========	=========	=========
		(Note 28)			(Note 28)	

Unrecognised deferred tax assets

Deferred tax assets of RM43,005,000 (31.12.2017: RM48,925,000; 1.1.2017: RM16,338,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if sustainable future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Property, plant and equipment	(1,785)	(1,880)	(4,012)
Capital allowances carried forward	11,743	13,578	13,040
Tax losses carried forward	169,393	192,672	65,496
Other items	398	1,575	(288)
	179,749	205,945	74,236
	=========	=========	=========

11. Deferred tax assets and liabilities - Group (continued)

Unrecognised deferred tax assets (continued)

The unabsorbed capital allowances carried forward and unutilised tax losses carried forward of entities incorporated in Malaysia amounting to RM177,779,000 (31.12.2017: RM193,687,000; 1.1.2017: RM41,576,000). Pursuant to the announcement of Finance Bill 2018 in conjunction with the Malaysia Budget Announcement 2019, unabsorbed tax losses from a year of assessment can only be carried forward up to 7 consecutive years of assessment. Unutilised capital allowances can be carried forward without any time limit. In the case of a dormant company, such losses will not be available to the company if there has been a change of 50% or more in the shareholdings thereof.

Pursuant to the Fiji tax law, the unutilised tax losses of the subsidiaries incorporated in Fiji can be claimed as a deduction against future taxable income within four years of the incurrence of such losses. Total unutilised tax losses as at 31 December 2018 is RM3,357,000 (31.12.2017: RM12,563,000; 1.1.2017: RM36,960,000).

12. Other investments

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Fair value through other comprehensive income			
- unquoted shares in Malaysia	2,963	2,963	2,963
- quoted shares in Malaysia	137	11	11
	3,100	2,974	2,974

At the date of transition to MFRS, the Group designated its equity investments as at fair value through other comprehensive income because these investments are not held for short term trading. Under the previous FRS, these investments were classified as available-for-sale financial assets.

13. Trade and other receivables

Group	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
<u>Non-current</u>			
Trade receivables from contracts with customers (Note 13.2)	65,563	73,372	82,324
<u>Current</u>			
Trade receivables			
Trade receivables from contracts with customers (Notes 13.1 and 13.2)	113,970	138,713	103,612
Amount due from an associate (Note 13.4)	4,404	2,645	2,316
	118,374	141,358	105,928

13. Trade and other receivables (continued)

Group (continued)

Current (continued)

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Other receivables			
Other receivables	30,832	25,997	40,217
Amount due from associates (Note 13.4)	8,319	2,963	2,790
	39,151	28,960	43,007
Total current	157,525	170,318	148,935
Grand total	223,088	243,690	231,259

Company

Current

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Other receivables	42	180	(5)
Amount due from			
- subsidiaries (Note 13.3)	80,132	64,980	54, 614
- associates (Note 13.4)	14	25	24
	80,188	65,185	54,633

13.1 Trade receivables of the Group include retention sums of RM3,157,000 (31.12.2017: RM10,179,000; 1.1.2017: RM857,000) relating to construction contracts, being the unconditional rights to contract considerations with customers. The retention sums are unsecured and interest-free.

13.2 The Group's trade receivables also include a sum of RM73,754,000 (31.12.2017: RM80,950,000; 1.1.2017: RM89,335,000) arising from a construction project undertaken for a government-related entity under a deferred payment scheme where the contract proceeds (including associated financing income) are to be recovered over a period of 10 years upon the completion of the project.

The outstanding receivable is unsecured, bears interest at 7.80% (31.12.2017: 7.80%; 1.1.2017: 7.80% to 8.05%) per annum and is expected to be collected as follows:

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
More than 1 year	65,563	73,372	82,324
Within 1 year	8,191	7,578	7,011
	73,754	80,950	89,335

13.3 Included in amount due from subsidiaries is a sum of RM73,220,000 (31.12.2017: RM58,259,000; 1.1.2017: RM47,328,000), which is unsecured and bears interest at rates ranging from 5.28% to 5.57% (31.12.2017: 5.02% to 5.28%; 1.1.2017: 4.74% to 5.14%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

13.4 The amount due from associates are unsecured and interest-free.

13.5 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

Group	Gross amount RM'000	Offset balances RM'000	Net Carrying amount RM'000
31.12.2018			
Trade receivables	127,889	13,919	113,970
Trade payables	161,176	13,919	147,257
1.1.2017			
Other receivables	43,841	3,624	40,217
Trade payables	146,369	3,624	142,745

13. Trade and other receivables (continued)

13.5 Offsetting of financial assets and financial liabilities (continued)

Certain trade and other receivables and trade payables were set off for presentation purpose as these receivables include purchases on behalf of subcontractors of certain projects and/or goods sold and they intend to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

14. Contract with customers

14.1 Contract costs

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Cost to fulfil contract			
- costs incurred directly on contracts with customers	5,516	10,303	4,960
	=========	=========	=========
Recognised to profit or loss			
- costs incurred directly on contracts with customers	456,894	381,055	
	=========	=========	

14.2 Contract assets/(liabilities)

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Contract assets	192,626	165,286	272,732
	=========	=========	=========
Contract liabilities	(26,805)	(29,358)	(32,293)
	=========	=========	=========

Contract assets primarily relate to the Group's rights to contract consideration for works completed on properties and/or construction contracts but not yet billed to customers at the reporting date. Typically, the amount will be billed in the manner as established in the contracts with customers. The contract assets are reclassified as trade receivables when the rights to contract consideration become unconditional.

Contract liabilities primarily relate to contract consideration received and/or the Group's unconditional rights to contract consideration in advance of the performance under the contracts. The contract liabilities are expected to be recognised as revenue based on the expected timing of completion of works.

a. Movements in the contract assets/liabilities balances during the year includes:

	31.12.2018 RM'000	31.12.2017 RM'000
Revenue recognised arising from contract liabilities at the beginning of period	25,921	26,768
Contract assets at the beginning of period reclassified to trade receivables	93,781	183,683
Increase/(Decrease) in revenue recognised in previous periods arising from change in contract considerations	36,221	(65,823)
	=========	=========

b. Included in the contract assets of the Group is a sum of RM23,145,000 (31.12.2017: RM28,573,000; 1.1.2017: RM45,897,000) held by customers and is regarded as conditional rights to contract considerations until the completion of performance under the contracts with customers. Such amounts will be transferred to trade receivables as and when the performance under the contracts have been satisfied and delivered to customers.

15. Deposits and prepayments

Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deposits	4,597	23,099	25,936
Prepayments	4,557	6,137	3,407
	9,154	29,236	29,343
Company			
Deposits	19	24	24
Prepayments	13	4	3
	32	28	27

15.1 Included in the deposits of the Group in the last financial year was an amount of RM19,110,000 (1.1.2017: RM19,110,000) paid in prior year for additional shares to be issued by an associate.

The allotment of new redeemable preference shares has been completed during the current financial year and the deposits paid thereto has been reclassified and accounted for as part of the investment in associate [see Note 37(i)].

15.2 Included in the prepayments of the Group is an amount of RM188,000 (31.12.2017: RM633,000; 1.1.2017: RM1,400,000) paid for the purchase of construction materials. The amount will be progressively deducted against actual physical goods delivered.

16. Cash and cash equivalents

Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deposits placed with licensed banks with maturities less than three months	59,755	15,292	17,518
Cash in hand and at banks	72,786	47,853	40,137
Housing Development Accounts (Note 16.1)	912	149	1
Total cash and cash equivalents	133,453	63,294	57,656
Cash pledged with licensed banks (Note 16.2)	14,617	12,967	6,399
	148,070	76,261	64,055
Company			
Cash pledged with licensed bank (Note 16.2)	2,200	2,200	-
Cash in hand and at banks	6,400	5,636	5,027
	8,600	7,836	5,027

16.1 A balance of RM912,000 (31.12.2017: RM149,000; 1.1.2017: RM1,000) is maintained in designated Housing Development Accounts ("HDA") pursuant to the Sarawak's Housing Development (Control and Licensing) Ordinance, 2013 and Regulations, 2014 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of housing development projects and fulfilment of all relevant obligations to the purchasers, such that the cash can only be withdrawn from such HDA accounts for the purpose of completing the particular projects in the manner as defined under the ordinance.

16.2 Cash pledged as security

a. Deposits of RM1,267,000 (31.12.2017: RM967,000; 1.1.2017: RM79,000) are pledged as security to licensed banks for the issuance of bank guarantee for housing projects.

b. A sum of RM13,350,000 (31.12.2017: RM12,000,000; 1.1.2017: RM6,320,000) is placed in designated sinking fund bank accounts as part of the requirements for term loan facilities granted to the Group for the purpose of interest and principal payments at intervals of 1 to 3 months periods, as the case may be.

17. Assets held for sale - Group

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Assets classified as held for sale			
Property, plant and equipment	595	651	757
	=========	=========	=========

The carrying amount of property, plant and equipment classified as held for sale is the same as its carrying value before it was being classified to current asset.

18. Share capital

	Group and Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
Ordinary shares			
Issue and fully paid:			
Number of shares ('000)			
Opening and closing balances	250,000	250,000	250,000
	=========	=========	=========
Amount (RM'000)			
Opening balance	336,092	250,000	250,000
Transfer in accordance with Section 618(2) of the Companies Act 2016	-	86,092	-
Closing balance	336,092	336,092	250,000
	=========	=========	=========

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of the transition to MFRS. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share during a poll at general meetings of the Company.

19. Reserves

19.1 Share premium

Share premium arose from the premium paid on subscription of ordinary shares in the Company over and above the par value of shares.

Pursuant to Section 74 of the Companies Act 2016 ("the Act"), all shares issued before or upon the commencement of the Act shall have no par or nominal value. The amounts standing to the credit of the share premium account of RM86,092,000 therefore became part of the Company's share capital in accordance with the transitional provision as set out in Section 618(2) of the Act (also see Note 18).

19.2 Other reserves

Group	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Retained earnings	860,389	795,406	976,774
Treasury shares	(34,748)	(34,748)	(34,748)
Foreign currency translation reserve	13,158	10,917	28,433
Other reserves	215	129	107
	839,014	771,704	970,566
	=========	=========	=========
Company			
Retained earnings	108,318	120,961	106,256
Treasury shares	(34,748)	(34,748)	(34,748)
	73,570	86,213	71,508
	=========	=========	=========

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 28 May 2018, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchases of issued share capital by the Company during the current and previous financial years. As at 31 December 2018, the Company held 13,056,000 (31.12.2017: 13,056,000; 1.1.2017: 13,056,000) of the Company's shares. All rights attached to the treasury shares that are held by the Company are suspended until those shares are reissued.

20. Loans and borrowings

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current						
Secured term loans	171,853	159,636	123,545	35,315	19,855	-
Finance lease liabilities (Note 20.2)	28	48	74	-	-	-
	171,881	159,684	123,619	35,315	19,855	-
Current						
Unsecured revolving credits	342,000	353,000	339,000	115,000	123,000	128,000
Secured term loans	43,837	32,695	16,175	17,000	10,000	-
Finance lease liabilities (Note 20.2)	21	25	41	-	-	-
	385,858	385,720	355,216	132,000	133,000	128,000
Total	557,739	545,404	478,835	167,315	152,855	128,000

20.1 Security

Term loans - Group and Company

- secured by fixed charges over certain parcels of land and buildings (erected or to be erected thereon) [see Notes 3.4, 8.1 and 9.1].
- secured by assignment of proceeds from a construction project undertaken by a subsidiary.
- secured by debentures over future and present assets of certain subsidiaries.
- covered by corporate guarantee from the Company and/or another subsidiary, where applicable.

Revolving credits - Group and Company

The revolving credit facilities granted to direct subsidiaries are covered by way of corporate guarantees from the Company.

The revolving credit facility of the Company, is on a clean basis.

Finance leases - Group

The finance lease liabilities are secured on the respective finance lease assets of subsidiaries (see Note 3.4).

20.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	31.12.2018			31.12.2017			1.1.2017		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	23	2	21	28	3	25	46	5	41
Between one to two years	23	1	22	22	2	20	29	4	25
Between two to five years	6	-	6	29	1	28	52	3	49
	52	3	49	79	6	73	127	12	115

20.3 Covenant for term loan facilities

The Group is required to maintain a debt to equity ratio of not exceeding 1 time.

21. Trade and other payables

Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current			
Other payable			
Other payable (Note 21.3)	3,524	6,874	10,057
Current			
Trade payables			
Trade payables (Note 21.1)	147,258	142,217	142,745
Amount due to associates (Note 21.4)	19,205	10,576	5,784
Trade accruals	253,662	192,448	166,571
	420,125	345,241	315,100
Other payables			
Accruals	8,411	10,676	9,662
Advance payments and deposits received	6,858	6,084	3,764
Other payables (Note 21.3)	9,985	10,259	7,083
Amounts due to associates (Note 21.4)	198	-	-
	25,452	27,019	20,509
Total current	445,577	372,260	335,609
Grand total	449,101	379,134	345,666
Company			
Current			
Other payables			
Accruals	1,793	1,643	813
Other payables (Note 21.3)	152	35	233
Amounts due to subsidiaries (Note 21.2)	13,921	381	-
	15,866	2,059	1,046

21.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM78,918,000 (31.12.2017: RM72,084,000; 1.1.2017: RM74,018,000).

21.2 Included in the amount due to subsidiaries is a balance of RM13,855,000 (31.12.2017 and 1.1.2017: Nil) bearing interest ranging from 5.28% to 5.57% (31.12.2017 and 1.1.2017: Nil) per annum. The remaining balance is interest free and unsecured.

21.3 Included in other payables of the Group is a total amount payable of RM6,874,000 (31.12.2017: RM10,057,000; 1.1.2017: RM13,083,000) relating to the acquisition of leasehold land (classified under investment properties) in prior year. The amount is payable over a period of 5 years until 2020 at an effective interest of 5.22% per annum.

21.4 The amount due to associates is unsecured and interest free.

22. Provisions

	Group RM'000
Provisions for maintenance	
At 1 January 2017	-
Provision made during the year	11,600
At 31 December 2017/1 January 2018	11,600
Provision used during the year	(3,606)
At 31 December 2018	7,994

Provisions for maintenance are made to cater for some anticipated contract maintenance/rectification works at site for certain completed projects.

23. Revenue

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue from contracts with customers (Note 23.1)	599,122	367,674	3,687	2,424
Other revenue				
Rental income	6,304	6,554	-	-
Dividend income from an associate	-	-	-	27,715
	6,304	6,554	-	27,715
	605,426	374,228	3,687	30,139

23.1 Disaggregation of revenue

Disaggregation of the revenue from contracts with customers

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Major products and services				
Construction contracts	417,535	227,009	-	-
Sales of properties	162,157	113,143	-	-
Sales of goods	18,319	27,522	-	-
Services rendered	1,111	-	3,687	2,424
	599,122	367,674	3,687	2,424
Timing of recognition				
Over time	539,767	266,698	-	-
At a point in time	59,355	100,976	3,687	2,424
	599,122	367,674	3,687	2,424

23.2 Nature of goods and services

The following information reflects the typical nature of transactions with customers:

Major goods and services	Timing and method of revenue recognised	Payment terms	Example of variable consideration	Warranty
Construction contracts	Revenue is recognised over time based on the costs incurred method.	Based on the milestones, as established in contracts	Liquidated and ascertained damages arising from late completion, as established in contracts	Defect liability period up to 36 months, depending on the nature of contract works performed.
Sale of properties	Revenue is recognised, either over time, or at a point in time, depending on the timing when controls of the assets pass to buyers.	Based on billings milestones as spelled out in contracts, certified by architects.	Discounts/rebates granted during promotional periods Liquidated and ascertained damages arising from late completion, as established in contracts	Defect liability period up to 24 months, as established in contracts and/or based on historical business practices
Sales of goods	Revenue is recognised at a point in time when the goods are delivered and accepted by customers.	Credit period of up to 60 days from invoice date.	-	-
Services rendered (comprising management fee and maintenance services)	Revenue is recognised at a point in time when the services are rendered.	Credit period of up to 60 days from invoice date.	-	-

23. Revenue (continued)

23.3 Unsatisfied performance obligations

The unsatisfied performance obligations at the reporting date are expected to be fulfilled in the following periods at the management's best estimations on the assumptions that there are no significant changes to the existing contractual periods and contract considerations.

<u>2018</u>	RM'000
Within one year	393,818
More than one year	1,063,418
	1,457,236
	=========
Representing by:	
Construction contracts	1,393,279
Sales of properties	63,957
	1,457,236
	=========

24. Results from operating activities

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Audit fee				
KPMG PLT	393	343	130	80
Overseas affiliates of KPMG PLT	19	21	-	-
Other auditors	17	17	-	-
- Non-audit fee				
KPMG PLT	114	35	108	18
Local affiliates of KPMG PLT	231	151	4	4
Overseas affiliates of KPMG PLT	9	26	-	-
Other auditors	1	2	-	-
Amortisation of:				
- intangible assets (Note 10)	680	681	-	-
- investment properties (Note 9)	2,221	2,119	-	-
- prepaid lease payments (Note 4)	29	28	-	-
Depreciation of property, plant and equipment (excluding those capitalised in inventories and contract costs) (Note 3.3)	7,122	7,108	227	355
Property, plant and equipment written off	56	109	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	4,994	5,617	-	-
- wages, salaries and others	40,128	46,458	-	-
Foreign exchange loss				
- unrealised	-	2,898	-	485
- realised	259	-	-	-
Rental expenses on premises	75	321	234	234
	=========	=========	=========	=========
and after crediting:				
Dividend income from				
- unquoted shares in Malaysia	-	62	-	-
- quoted shares in Malaysia	4	3	-	27,715
Gain on disposal of:				
- property, plant and equipment	263	161	-	-
- assets held for sale	785	322	-	-
	=========	=========	=========	=========

24. Results from operating activities (continued)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Results from operating activities is arrived at after crediting: (continued)				
Foreign exchange gain				
- unrealised	61	-	89	-
- realised	-	21	-	24
Rental income from property lease	6,195	4,741	-	-

25. Finance income and costs

Recognised in profit or loss

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised costs:				
- fixed deposits and cash funds	1,415	471	66	16
- interest income from deferred payment scheme	6,413	6,964	-	-
- other finance income	739	1,467	3,491	2,985
	8,567	8,902	3,557	3,001
Interest expense of financial liabilities that are not at fair value through profit or loss				
- loans and borrowings	29,449	26,703	8,838	7,326
- other finance costs	35	808	244	364
	29,484	27,511	9,082	7,690

26. Other non-operating expense

This represented one-off accounting loss recognised during the last financial year, arising from the dilution in equity interest in an associate, Dayang Enterprise Holdings Bhd. ("DEHB") of RM8,321,000 [see Note 37(iii)].

27. Compensations to key management personnel

Compensations paid/payable to key management personnel (including remuneration paid/payable to Directors) are as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Directors of the Company				
- Fees	704	714	704	714
- Short-term employee benefits	4,543	4,195	4,543	3,256
	5,247	4,909	5,247	3,970
Other key management personnel (including subsidiaries' directors)				
- Fees	282	155	-	-
- Short-term employee benefits	6,437	8,040	1,010	347
	6,719	8,195	1,010	347
Total	11,966	13,104	6,257	4,317

Other key management personnel comprise persons, other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

The estimated monetary value of benefit-in-kind is RM63,100 (2017: RM87,000).

28. Tax expense

Major components of tax expense include:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current tax expense				
- current year	3,460	8,176	-	-
- prior years	5,405	83	-	1
	8,865	8,259	-	1
Deferred tax expense/(income) (Note 11)				
- current year	6,877	13,083	-	-
- prior years	185	(516)	-	-
	7,062	12,567	-	-
Total tax expense recognised in profit or loss	15,927	20,826	-	1

Reconciliation of tax expense

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit/(Loss) for the year	63,423	(180,509)	(12,643)	14,705
Total tax expense	15,927	20,826	-	1
Profit/(Loss) excluding tax	79,350	(159,683)	(12,643)	14,706
Share of tax of equity-accounted associates and joint ventures	20,907	25,352	-	-
	100,257	(134,331)	(12,643)	14,706
Tax calculated using Malaysian tax rate of 24% (2017: 24%)	24,062	(32,240)	(3,034)	3,529
Effect of different tax rates in foreign jurisdiction	(352)	(453)	-	-
Non-deductible expenses	25,902	44,077	3,034	-
Non-taxable income	(6,421)	(11,880)	-	(3,529)
Movements in unrecognised deferred tax assets	(5,920)	32,587	-	-
Utilisation of tax loss previously not recognised	(6,027)	-	-	-
Effect of share of an associate's deferred tax expense underprovided in prior years	-	14,520	-	-
	31,244	46,611	-	-
Under/(Over-)provision in prior years	5,590	(433)	-	1
Less: Share of tax of equity-accounted associates and joint ventures	(20,907)	(25,352)	-	-
Total tax expense	15,927	20,826	-	1

29. Earnings per ordinary share - Group

Basic/Diluted earnings/(loss) per ordinary share

The calculation of basic/diluted earnings/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after excluding treasury shares bought back in previous years.

	31.12.2018	31.12.2017
Profit/(Loss) attributable to ordinary shareholders (RM'000)	64,983	(181,368)
Weighted average number of ordinary shares, net of treasury shares of 13,056,000 (31.12.2017: 13,056,000) ('000)	236,944	236,944
Basic/Diluted earnings/(loss) per share (Sen)	27.43	(76.54)

30. Dividends

No dividends were paid during the current and previous financial year.

31. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director ("GMD"), being the Chief Operating Decision Maker, reviews internal management reports for resource allocation and decision making at least on a quarterly basis. The following summary describes the operations in each of the Group's existing reporting segments:

Property development	-	Development and construction of residential and commercial properties (including sale of vacant land).
Construction	-	Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).
Others	-	Manufacture and sale of buildings and construction materials, property investment as well as quarry operations.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries. There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

Segment assets and liabilities

The GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making, instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from external customers	162,157	113,143	417,535	227,009	25,734	34,076	-	-	605,426	374,228
Inter segment revenue	-	-	-	-	5,112	7,758	(5,112)	(7,758)	-	-
Total segment revenue	162,157	113,143	417,535	227,009	30,846	41,834	(5,112)	(7,758)	605,426	374,228
Segment profit/(loss)	12,230	2,586	53,215	(102,160)	(11,545)	(810)	(1,734)	(824)	52,166	(101,208)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	(4,723)	(3,143)	2,683	759	-	-	-	-	(2,040)	(2,384)
- joint ventures	-	-	2,222	2,289	-	-	-	-	2,222	2,289
	7,507	(557)	58,120	(99,112)	(11,545)	(810)	(1,734)	(824)	52,348	(101,303)
Unallocated expenses									(11,679)	(9,499)
Loss on deemed disposal of interests in an associate, DEHB									-	(8,321)
Share of results (net of tax) of associates, DEHB group[1] (in oil and gas segment)									38,681	(40,560)
Tax expense									(15,927)	(20,826)
Profit/(Loss) for the year									63,423	(180,509)
Other comprehensive income/(loss), net of tax									2,327	(17,494)
Total comprehensive income/(loss) for the year									65,750	(198,003)
Total comprehensive income/(loss) attributable to non-controlling interests									1,560	(859)
Total comprehensive income/(loss)e attributable to owners of the Company									67,310	(198,862)

[1] Share of results of DEHB Group comprised the share of results from two associates, DEHB and PPB

31. Operating segments (continued)

	Property development 2018 RM'000	Property development 2017 RM'000	Construction 2018 RM'000	Construction 2017 RM'000	Others 2018 RM'000	Others 2017 RM'000	Inter-segment elimination 2018 RM'000	Inter-segment elimination 2017 RM'000	Consolidated 2018 RM'000	Consolidated 2017 RM'000
Included in the measure of segment profit/(loss) are:										
Depreciation and amortisation [including depreciation capitalised in inventories and contract costs]	5,856	4,610	1,188	2,480	4,653	4,828	-	-	11,697	11,918
Finance income	(5)	(633)	(7,147)	(7,771)	-	(27)	-	-	(7,152)	(8,431)
Finance costs	6,983	10,005	11,469	13,051	11,032	4,455	-	-	29,484	27,511
Net changes in impairment loss on financial assets and contract assets	-	-	(693)	(7,266)	10,272	-	-	-	9,579	(7,266)
	========	========	========	========	========	========	========	========	========	========

Major customers

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

	Revenue 2018 RM'000	Revenue 2017 RM'000	Segment
Private entities	261,461	77,742	Construction
	=========	=========	

Geographical information

The Group is mainly domiciled in Malaysia. The contribution from the foreign operations based in Fiji is minimal and immaterial to warrant a disclosure.

32. **Financial instruments**

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a. Amortised cost ("AC")
b. Fair value through other comprehensive income ("FVOCI")

Group	Financial assets Other investment RM'000	Trade and other receivables ^ RM'000	Cash and cash equivalents RM'000	Total RM'000
At 31.12.2018				
Carrying amount	3,100	218,035	148,070	369,205
AC	-	218,035	148,070	366,105
FVOCI	3,100	-	-	3,100
	=========	=========	=========	=========
At 31.12.2017				
Carrying amount	2,974	240,280	76,261	319,515
AC	-	240,280	76,261	316,541
FVOCI	2,974	-	-	2,974
	=========	=========	=========	=========
At 1.1.2017				
Carrying amount	2,974	227,488	64,055	294,517
AC	-	227,488	64,055	291,543
FVOCI	2,974	-	-	2,974
	=========	=========	=========	=========

^ *Excluding amount receivable from Royal Malaysian Custom Department*

Group	Financial liabilities Loans and borrowings RM'000	Trade and other payables * RM'000	Provisions RM'000	Total RM'000
At 31.12.2018				
Carrying amount	(557,739)	(442,243)	(7,994)	(1,007,976)
AC	(557,739)	(442,243)	(7,994)	(1,007,976)
	=========	=========	=========	=========
At 31.12.2017				
Carrying amount	(545,404)	(372,615)	(11,600)	(929,619)
AC	(545,404)	(372,615)	(11,600)	(929,619)
	=========	=========	=========	=========
At 1.1.2017				
Carrying amount	(478,835)	(341,534)	-	(820,369)
AC	(478,835)	(341,534)	-	(820,369)
	=========	=========	=========	=========

* *Excluding advance payment received prior to the execution of contracts, deposit received and amount payable to Royal Malaysian Custom Department.*

32. **Financial instruments** (continued)

32.1 Categories of financial instruments (continued)

Company	Financial assets: Trade and other receivables RM'000	Cash and cash equivalents RM'000	Total RM'000
At 31.12.2018			
Carrying amount	80,185	8,600	88,785
AC	80,185	8,600	88,785
At 31.12.2017			
Carrying amount	65,044	7,836	72,880
AC	65,044	7,836	72,880
At 1.1.2017			
Carrying amount	54,633	5,027	59,660
AC	54,633	5,027	59,660

Company	Financial liabilities: Loans and borrowings RM'000	Trade and other payables RM'000	Total RM'000
At 31.12.2018			
Carrying amount	(167,315)	(15,866)	(183,181)
AC	(167,315)	(15,866)	(183,181)
At 31.12.2017			
Carrying amount	(152,855)	(2,059)	(154,914)
AC	(152,855)	(2,059)	(154,914)
At 1.1.2017			
Carrying amount	(128,000)	(1,046)	(129,046)
AC	(128,000)	(1,046)	(129,046)

32.2 Net gains and losses arising from financial instruments

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Net gains/(losses) on:			
Financial assets at AC	(1,210)	16,195	11,538
Financial liabilities at AC	(29,484)	(32,630)	(24,670)
Equity instruments designated at FVOCI	126	-	-
	(30,568)	(16,435)	(13,132)
Company			
Net gains/(losses) on:			
Financial assets at AC	3,646	2,540	2,607
Financial liabilities at AC	(9,082)	(7,690)	(5,863)
	(5,436)	(5,150)	(3,256)

32. **Financial instruments** (continued)

32.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

a. Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from its receivables from customers and deposits in banks. The Company's exposure to credit risk mainly arises from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

- Receivables from external parties (including contract assets)

  The management regularly reviews the credit risk on customers and takes appropriate measures to enhance credit control procedures. At each reporting date, the Group or the Company assesses whether any of its receivables (and contract assets, where applicable) are credit impaired.

  The gross carrying amount of credit impaired receivables and contract assets will be written off, either partially or in full, when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the receivables and contract assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to cover the amounts due. There are no significant changes as compared to prior periods.

- Intercompany balances

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the statements of financial position.

At the end of the reporting period, there are no significant concentrations of credit risk other than the following receivables due from:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
- one external party	73,754	80,950	89,335
	=========	=========	=========
Company			
- two (31.12.2017: two; 1.1.2017: three) subsidiaries	75,674	58,381	52,645
	=========	=========	=========

32. **Financial instruments** (continued)

32.3 ***Financial risk management*** (continued)

a. **Credit risk** (continued)

Receivables (continued)

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

The exposure of credit risk for trade and other receivables and contract assets as at the end of the reporting period by geographic region was:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
- Malaysia	410,617	405,251	499,474
- Fiji	44	315	746
	410,661	405,566	500,220
Company			
- Malaysia	80,185	65,044	54,633

Recognition and measurement of impairment loss

The Group monitors each receivable individually and uses ageing analysis to monitor the credit quality of the receivables. Appropriate debts recovery actions are taken to recover overdue debts. These actions include sending out reminder letters and scheduling repayments such as instalment scheme and contra arrangement, which are closely monitored by delegated team before commencing any legal proceedings against the customers.

For sales of properties, as ownership and titles to properties are only transferred to customers upon full settlement of the purchase consideration, the Group regards the credit risk exposure as low. Moreover, most of these trade receivables are supported with end-financing from reputable end-financiers, which have low risk of default.

As construction contracts only involve a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, historical payment trends and other external available information. The Group regards the risk of defaults from these contract customers, which are mostly government related, as low.

For receivables from sales of goods and services rendered, an allowance matrix is used to measure any expected credit loss ("ECL") for a particular year. The Group analyses and studies prior years' actual credit loss experience, historical payments trends and other available external credit evaluations to derive appropriate loss rates.

The following tables provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets:

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
31.12.2018			
Not past due	122,721	-	122,721
Past due 0-30 days	10,552	-	10,552
Past due 31-60 days	11,253	-	11,253
Past due 61-90 days	4,118	-	4,118
Past due 91-180 days	20,729	-	20,729
Past due more than 180 days	69,357	(20,695)	48,662
Trade and other receivables	238,730	(20,695)	218,035
Contract assets	195,716	(3,090)	192,626
	434,446	(23,785)	410,661

32. Financial instruments (continued)

32.3 Financial risk management (continued)

a. Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

Group (continued)	Gross RM'000	Loss allowance RM'000	Net RM'000
31.12.2017			
Not past due	114,113	-	114,113
Past due 0-30 days	29,880	-	29,880
Past due 31-60 days	12,097	-	12,097
Past due 61-90 days	17,840	-	17,840
Past due 91-180 days	7,541	-	7,541
Past due more than 180 days	69,307	(10,498)	58,809
Trade and other receivables	250,778	(10,498)	240,280
Contract assets	168,994	(3,708)	165,286
	419,772	(14,206)	405,566
	=========	=========	=========
1.1.2017			
Not past due	136,032	-	136,032
Past due 0-30 days	16,598	-	16,598
Past due 31-60 days	4,543	-	4,543
Past due 61-90 days	5,809	-	5,809
Past due 91-180 days	6,051	-	6,051
Past due more than 180 days	79,927	(21,472)	58,455
Trade and other receivables	248,960	(21,472)	227,488
Contract assets	272,732	-	272,732
	521,692	(21,472)	500,220
	=========	=========	=========

The movements in the allowance for impairment loss of trade and other receivables and contract assets during the financial year are as follows:

Group	Trade and other receivables RM'000	Contract assets RM'000	Total RM'000
Balance at 1 January 2017, *as previously reported under FRS*	20,609	-	20,609
Adjustments on initial application of MFRS 9	863	-	863
Balance at 1 January 2017, as *restated on transition to MFRS*	21,472	-	21,472
Reversed	(12,000)	-	(12,000)
Additions	1,026	3,708	4,734
Balance at 31 December 2017/1 January 2018	10,498	3,708	14,206
Additions	10,197	(618)	9,579
Balance at 31 December 2018	20,695	3,090	23,785
	=========	=========	=========

Intercompany balances

Generally, the Company does not specifically monitor the ageing of the loans and advances to subsidiaries, which are considered to have low credit risk. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances and manage the utilisation of assets, there is no indication that the amounts due from subsidiaries of RM80,132,000 (31.12.2017: RM64,980,000; 1.1.2017: RM54,614,000) are not recoverable as at the end of the reporting period.

32. **Financial instruments** (continued)

32.3 ***Financial risk management*** (continued)

a. **Credit risk** (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities extended to certain subsidiaries. Financial guarantees are provided as credit enhancements to the subsidiaries' secured loans. The Company monitors on an on-going basis the results of and repayments made by the subsidiaries to ensure that they are able to meet their obligations when due.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risks, being the outstanding financial guarantees granted to the subsidiaries as at end of the reporting period is summarised as follows:

Company	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Bank guarantees	92,044	108,786	123,669
Other loans and borrowings outstanding and recognised in financial statements	389,048	392,476	350,720
Total	481,092	501,262	474,389

There is no indication that any subsidiary would default on the repayments of its loans and borrowings. The financial guarantees have not been recognised as the probability of the subsidiaries defaulting on the credit lines is remote.

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

b. **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due and to mitigate the effects of fluctuations in cash flows.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32. Financial instruments (continued)

32.3 Financial risk management (continued)

b. Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities (which are non-derivatives) as at the end of the reporting period based on undiscounted contractual payments:

Group	**Carrying amount RM'000**	**Contractual interest rate %**	**Contractual cash flows RM'000**	**Under 1 year RM'000**	**1-2 years RM'000**	**2-5 years RM'000**	**More than 5 years RM'000**
31.12.2018							
Trade and other payables							
- interest-bearing	6,874	5.22	7,416	3,708	3,708	-	-
- non interest-bearing	435,369	-	435,369	417,662	15,764	1,943	-
Provisions	7,994	-	7,994	7,994	-	-	-
Loans and borrowings							
- Secured term loans	215,690	5.07 - 6.00	231,952	53,490	56,050	89,797	32,615
- Unsecured revolving credits	342,000	5.15 - 6.06	344,159	344,159	-	-	-
- Finance lease liabilities	49	5.47	52	23	23	6	-
	=========		=========	=========	=========	=========	=========
31.12.2017							
Trade and other payables							
- interest-bearing	10,057	5.22	11,124	3,708	3,708	3,708	-
- non interest-bearing	362,558	-	362,558	340,356	21,612	590	-
Provisions	11,600	-	11,600	11,600	-	-	-
Loans and borrowings							
- Secured term loans	192,331	3.85 - 6.00	227,027	41,979	47,996	83,574	53,478
- Unsecured revolving credits	353,000	4.95 - 5.76	358,401	358,401	-	-	-
- Finance lease liabilities	73	5.47 and 5.77	79	29	22	28	-
	=========		=========	=========	=========	=========	=========
1.1.2017							
Trade and other payables							
- interest-bearing	13,083	5.22	14,833	3,708	3,708	7,417	-
- non interest-bearing	328,451	-	328,451	307,646	16,957	1,788	2,060
Loans and borrowings							
- Secured term loans	139,720	4.67, 5.04, 5.64 and 5.80	172,259	22,952	23,719	63,618	61,970
- Unsecured revolving credits	339,000	4.42 - 5.40	342,702	342,702	-	-	-
- Finance lease liabilities	115	5.47 and 5.77	127	46	29	52	-
	=========		=========	=========	=========	=========	=========
Company							
31.12.2018							
Other payables							
- interest-bearing	13,855	5.28 - 5.57	13,855	13,855	-	-	-
- non interest-bearing	2,011	-	2,011	2,011	-	-	-
Loans and borrowings							
- Secured term loan	52,315	5.78	56,568	19,581	24,460	12,527	-
- Unsecured revolving credits	115,000	5.15 - 6.06	115,973	115,973	-	-	-
Financial guarantees *	-	-	481,092	481,092	-	-	-
	=========		=========	=========	=========	=========	=========
31.12.2017							
Other payables							
- non interest-bearing	2,059	-	2,059	2,059	-	-	-
Loans and borrowings							
- Secured term loan	29,855	5.51	31,730	11,175	17,680	2,875	-
- Unsecured revolving credits	123,000	5.05 - 5.76	125,148	125,148	-	-	-
Financial guarantees *	-	-	501,262	501,262	-	-	-
	=========		=========	=========	=========	=========	=========

32. **Financial instruments** (continued)

32.3 ***Financial risk management*** (continued)

b. **Liquidity risk** (continued)

Maturity analysis (continued)

<u>Company</u> (continued)	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
1.1.2017							
Other payables							
- non interest-bearing	1,046	-	1,046	1,046	-	-	-
Loans and borrowings							
- Unsecured revolving credits	128,000	4.89 - 5.00	129,252	129,252	-	-	-
Financial guarantees *	-	-	474,389	474,389	-	-	-
	=========		=========	=========	=========	=========	=========

* *Being corporate guarantees granted for banking facilities of certain subsidiaries [see Note 32.3(a)], which will only be encashed in the event of default by the subsidiaries. These financial guarantees do not have an impact on group contractual cash flows.*

c. **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices risks that will affect the Group's financial position or cash flows.

i. ***Currency risk***

The Group is occasionally exposed to foreign currency risk on bank balances denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

As it is not possible to predict with any certainty, the movements of foreign exchange rates, this risk is managed on an on-going basis. As at the end of the reporting period, the Group does not have any outstanding forward foreign exchange contracts.

Exposure to foreign currency risk

The exposure to foreign currency risk, attributable to a currency which is other than the functional currency of the Group entities, based on the carrying amounts as at the end of the reporting period was:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Cash and cash equivalents denominated in USD			
• Group	4,530	4,407	4,868
• Company	4,384	4,257	4,807
	=========	=========	=========

A 10% (2017: 10%) strengthening of the RM against USD at the end of the reporting period would have decreased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group/Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2018 RM'000	2017 RM'000
USD		
- Group	(344)	(335)
- Company	(333)	(324)
	=========	=========

A 10% (2017: 10%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

32. Financial instruments (continued)

32.3 Financial risk management (continued)

c. Market risk (continued)

ii. Interest rate risk

The Group's investments in fixed rate term deposits and fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest rate risk on an on-going basis to ensure that there are no undue exposures thereto. Management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the market situation and the outlook of the financial market prevailing then.

The investments in interest-earning assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period was:

Group	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Fixed rates instruments			
• Financial assets	148,126	109,209	113,252
• Financial liabilities	(423,056)	(435,365)	(422,198)
	=========	=========	=========
Floating rates instruments			
• Financial liabilities	(141,558)	(120,097)	(69,720)
	=========	=========	=========
Company			
Fixed rates instruments			
• Financial liabilities	(115,000)	(123,000)	(128,000)
	=========	=========	=========
Floating rates instruments			
• Financial assets	75,400	58,259	47,328
• Financial liabilities	(66,170)	(29,855)	-
	=========	=========	=========

Interest rate risk sensitivity analysis

a. Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

b. Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period, taking into account the contractual repayments terms of its floating rate instruments, would have increased/(decreased) equity and post-tax profit or loss by the amounts shown as below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss			
	2018		**2017**	
	100bp increase RM'000	**100bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
Floating rate instruments				
- Group	(2,612)	2,612	(2,733)	2,733
- Company	(559)	559	(258)	258
	=========	=========	=========	=========

32. Financial instruments (continued)

32.3 Financial risk management (continued)

c. Market risk (continued)

iii. Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors and manages the equity investments on individual basis. The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

32.4 Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			**Fair value of financial instruments not carried at fair value**				
Group	**(Level 1) RM'000**	**(Level 3) RM'000**	**Total RM'000**	**(Level 2) RM'000**	**(Level 3) RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
31.12.2018								
Financial assets								
Other investments	137	2,963	3,100	-	-	-	3,100	3,100
Trade and other receivables	-	-	-	-	73,754	73,754	73,754	73,754
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	342,000	342,000	342,000	342,000
- Secured term loans	-	-	-	-	216,034	216,034	216,034	215,690
- Finance lease liabilities	-	-	-	49	-	49	49	49
31.12.2017								
Financial assets								
Other investments	11	2,963	2,974	-	-	-	2,974	2,974
Trade and other receivables	-	-	-	-	80,950	80,950	80,950	80,950
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	353,000	353,000	353,000	353,000
- Secured term loans	-	-	-	-	192,653	192,653	192,653	192,331
- Finance lease liabilities	-	-	-	73	-	73	73	73
1.1.2017								
Financial assets								
Other investments	11	2,963	2,974	-	-	-	2,974	2,974
Trade and other receivables	-	-	-	-	89,335	89,335	89,335	89,335
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	339,000	339,000	339,000	339,000
- Secured term loans	-	-	-	-	139,911	139,911	139,911	139,720
- Finance lease liabilities	-	-	-	115	-	115	115	115
Company								
31.12.2018								
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	115,000	115,000	115,000	115,000
- Secured term loan	-	-	-	-	52,404	52,404	52,404	52,315

32. **Financial instruments** (continued)

32.4 Fair value information (continued)

Company (continued)	Fair value of financial instruments carried at fair value (Level 1) RM'000	(Level 3) RM'000	Total RM'000	Fair value of financial instruments not carried at fair value (Level 2) RM'000	(Level 3) RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
31.12.2017								
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	123,000	123,000	123,000	123,000
- Secured term loan	-	-	-	-	29,903	29,903	29,903	29,855
	=======	=======	=======	=======	=======	=======	=======	=======
1.1.2017								
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	128,000	128,000	128,000	128,000
	=======	=======	=======	=======	=======	=======	=======	=======

The Group does not have any outstanding financial derivatives as at 31 December 2018.

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical financial assets or liabilities that the entity can access at the measurement date.

Fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Level 2 fair value

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

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the current and previous financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or financial liabilities.

Fair values within Level 3 for financial instruments not carried at fair value, which is determined for disclosures purpose, is derived based on discounted cash flows using unobservable input (i.e. interest rate). The estimated fair value would increase (decrease) when the interest rates were lower (higher).

For financial instruments carried at fair value, the fair value within Level 3 is derived by reference to the net assets of the investee, adjusted for the effect of market value of assets and/or the estimated discounted cash flows of the investee's operations, where applicable.

33. **Capital management**

The Group's objectives when managing capital is to maintain healthy capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of the business.

There were no changes in the Group's strategy and approach on capital management during the year.

34. **Capital expenditure commitments**

	Group 2018 RM'000	2017 RM'000
Property, plant and equipment		
- Authorised but not contracted for	2,435	2,231
- Contracted for but not provided for	24,100	29,852
	26,535	32,083
	=========	=========

35. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its subsidiaries, associates, joint ventures, key management personnel and significant shareholders.

Significant related party transactions

Significant related party transactions, other than compensations paid/payable to key management personnel (see Note 27), are disclosed below:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Subsidiaries				
Management fee income	-	-	(3,687)	(2,424)
Management fee expense	-	-	1,216	2,303
Rental expense on premises	-	-	234	234
Interest income	-	-	(3,491)	(2,985)
Interest expense	-	-	244	364
	=========	=========	=========	=========
Associates				
Dividend income	-	-	-	27,715
Rental expense on machinery and equipment	210	593	-	-
Sale of construction materials	-	(1,271)	-	-
Construction costs payable	197,807	132,456	-	-
Construction contract sum billed	(37,121)	(15,511)	-	-
Sale of property, plant and equipment	-	(1,200)	-	-
Management fee income	(675)	(693)	-	-
	=========	=========	=========	=========
Joint venture				
Distribution of profit	4,080	5,100	-	-
	=========	=========	=========	=========
Other related parties *				
Rental expense on land	594	648	-	-
	=========	=========	=========	=========
Key management personnel				
Sales of properties	779	-	-	-
	=========	=========	=========	=========

* *Representing companies/corporations in which certain substantial shareholders have or are deemed to have substantial interests*

The amount due from/to subsidiaries, associates and joint ventures is disclosed in Notes 13 and 21 to the financial statements. The outstanding balances with other related parties are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Amount due from	-	5
Amount due to	(686)	(777)
	=========	=========

The above related party transactions are based on negotiated terms.

36. Disposals of subsidiaries

Striking off of dormant subsidiaries

Three (3) dormant subsidiaries namely Exclusive Paragon Sdn. Bhd., Platinum Amber Sdn. Bhd. and Equaflow Sdn. Bhd. were approved for strike off during the last financial year ended 31 December 2017 and were formally gazetted for deregistration from the Registrar of Company in August 2018 (see also Note 5).

37. Movements in investment in associates

i. Additional investment in preference shares issued by an associate

In November 2018, Samalaju Properties Sdn. Bhd. ("SPSB") issued 44,100,000 new redeemable preference shares ("RPS") at an issue price of RM1.00, 19,110,000 RPS out of which was subscribed by Naim Land Sdn. Bhd.. Having assessed the RPS terms, the Group determined that such RPS investment in SPSB provides access to the returns associated to the underlying ownership interest therein and therefore, the RPS investment amounting to RM19,110,000 is accounted for using equity method and forms part of the investment in the said associate. The deposit sum previously paid is then reclassified to the investment in associate (see Note 15.1).

ii. Acquisition of new associate

In the previous year, pursuant to a dividend-in-specie ("DIS") distribution exercise by Dayang Enterprise Holdings Bhd. ("DEHB"), the Group held about 9.89% of the equity (equivalent to 76,986,000 shares) in Perdana Petroleum Berhad ("PPB") upon receiving the DIS distribution in the previous financial year. This investment was measured initially at its fair value and was subsequently accounted for as an equity-accounted associate to the Group. This deemed acquisition in PPB gave rise to a bargain purchase gain (i.e. negative goodwill) of about RM23,136,000, which was immediately recognised in profit or loss as income.

On the other hand, the Group recognised in profit or loss a fair value loss of RM23,136,000, with the corresponding entry being adjusted against the carrying amount of the Group's investment in DEHB as a result of the DIS distribution by DEHB as mentioned above.

As the bargain purchase gain and fair value loss arose from the same transaction (i.e. DIS by DEHB), they have not been separately disclosed in the consolidated statement of profit or loss and other comprehensive income.

iii. Decrease in investment in an existing associate

In the previous financial year, the Group's equity interest in DEHB decreased from 29.06% to 26.42% following a private placement exercise effected by DEHB. The dilution in equity interest was accounted for as deemed disposal with the resulting loss of RM8,321,000 recognised as part of other non-operating expense in the profit or loss (see Note 26).

38. Material litigation

Land issue

On 20 March 2017, Naim Land Sdn. Bhd. ("NLSB") received a Writ of Summons from 2 persons suing on behalf of themselves and their other siblings and families, claiming against NLSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have native customary rights ("NCR") over an area of approximately 47.15 acres within parcels of land described as Lots 8837 and Lot 6182 both of Block 11 Kuala Baram Land District and Lot 820 Block 13 Kuala Baram Land District, which is within NLSB's existing township areas. The land was previously alienated by the State Government of Sarawak in 1997 and due land premium had been settled in prior years.

NLSB filed its Defence to the claim on 26 May 2017 and had on 3 July 2017 filed a Notice of Application for certain questions or issues of law to be determined before or without a full trial of the action and consequentially, if appropriate, to strike out the plaintiff's Statement of Claim. Parties had exchanged affidavits in respect of the said application and ruling on the same was delivered on 17 January 2018; wherein the Judge ruled that there was no merit in NLSB's application and dismissed the application with costs of RM1,000, and had set down the matter for trial from 21 to 25 May 2018. However NLSB had filed a Notice of Appeal to the Court of Appeal on 1 February 2018 against the Judge's ruling, which appeal is awaiting hearing. In the meantime, the trial did not proceed and is pending the hearing of the Notice of Appeal.

39. Significant event during the year

Proposed Renounceable Rights Issue

On 30 August 2018, the Company proposed to undertake a renounceable rights issue of up to 355,416,000 new ordinary shares ("Rights Share") at an issue price of RM0.45 per Rights Share, on the basis of three (3) Rights Shares for every two (2) existing shares held by the entitled shareholders whose names appear in the Record of Depositors of the Company ("Entitled Shareholders") on the Entitlement Date ("Proposed Rights Issue").

Key features of the Proposed Rights Issue were summarised as follows:

Proposed undertakings by major shareholders

The Company undertook the Proposed Rights Issue on a minimum subscription level basis where the Proposed Rights Issue would entail a minimum issuance of 222,222,222 Rights Shares to raise minimum gross proceeds of approximately RM100,000,000.

In order to meet the minimum subscription level, the Company had secured irrevocable and unconditional undertakings from its major shareholders, namely Datuk Amar Abdul Hamed Bin Haji Sepawi ("Datuk Amar"), Datuk Hasmi Bin Hasnan ("Datuk Hasmi") and persons acting in concert with them ("PACs") to subscribe for their respective entitlements based on their shareholdings as at the Entitlement Date, and at the same time apply for an additional 79,979,247 Rights Shares not taken up by the other Entitled Shareholders and/or their renouncee(s) by way of excess Rights Shares applications ("Proposed Undertakings").

Proposed exemption

As the Proposed Rights Issue was undertaken on a minimum subscription basis, which was premised on the minimum subscription level being fulfilled via the Proposed Undertakings, Datuk Amar, Datuk Hasmi and their PACs had submitted their applications to the Securities Commission ("SC") on 16 November 2018 for the grant of an exemption to undertake a Mandatory Offer upon completion of the Proposed Rights Issue. The SC approval was then secured on 30 November 2018.

Proposed utilisation of proceeds

Based on the issue price of RM0.45 for each Rights Share, the Company would raise gross proceeds of approximately RM100,00,000 under the minimum subscription level and up to approximately RM159,937,000 under the maximum subscription level. The proceeds arising from the Proposed Rights Issue will be used to finance the property development activities of the Group as well as partial repayment of borrowings of the Group.

On 25 January 2019, the Company completed the Proposed Rights Issue following the listing and quotation of 263,799,322 Rights Share on the Main Market of Bursa Malaysia Securities Berhad with a total Rights Issue proceeds of about RM118,709,000.

Total issued and paid-up of the Company, after the completion of the Right Issue and excluding treasury shares, is RM454,801,000, comprising 500,743,000 ordinary shares.

40. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing in the financial statements of the Group and of the Company for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening MFRS statement of financial position at 1 January 2017 (being the Group's date of transition to MFRSs Framework).

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements in accordance with previous FRSs. The Group and the Company generally applied the requirements of these accounting standards retrospectively with relevant practical expedients and transitional exemptions as allowed by the standards.

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

An explanation of how the transition from previous FRSs to MFRSs has affected the Group's statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows are disclosed in the following notes.

40. Explanation of transition to MFRSs (continued)

40.1 Financial impacts on the transition to MFRS

The following tables summarise the impacts arising from the transition to MFRS, including the adoption of MFRS 15 and MFRS 9, on the Group's and the Company's financial statements.

a. Reconciliation of statement of financial position

	1.1.2017			31.12.2017		
Group	**FRSs RM'000**	**Impact on transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Impact on transition to MFRSs RM'000**	**MFRSs RM'000**
Assets						
Property, plant and equipment	89,130	-	89,130	103,648	-	103,648
Prepaid lease payments	2,370	-	2,370	2,342	-	2,342
Investment in associates	422,918	(1,300)	421,618	353,006	(2,191)	350,815
Investment in joint ventures	4,906	-	4,906	5,543	-	5,543
Land held for property development	398,772	(398,772)	-	384,646	(384,646)	-
Inventories	-	398,772	398,772	-	384,646	384,646
Investment properties	87,667	-	87,667	87,382	-	87,382
Intangible assets	5,557	-	5,557	4,876	-	4,876
Deferred tax assets	29,466	-	29,466	16,201	-	16,201
Other investments	2,974	-	2,974	2,974	-	2,974
Trade and other receivables	82,324	-	82,324	73,372	-	73,372
Total non-current assets	1,126,084	(1,300)	1,124,784	1,033,990	(2,191)	1,031,799
Inventories	103,525	447,169	550,694	79,563	543,073	622,636
Property development costs	441,545	(441,545)	-	542,082	(542,082)	-
Contract costs	-	4,960	4,960	-	10,303	10,303
Trade and other receivables	449,959	(301,024)	148,935	350,764	(180,446)	170,318
Contract assets	-	272,732	272,732	-	165,286	165,286
Deposits and prepayments	29,343	-	29,343	29,236	-	29,236
Current tax payable	12,453	-	12,453	13,142	-	13,142
Cash and cash equivalents	64,055	-	64,055	76,261	-	76,261
	1,100,880	(17,708)	1,083,172	1,091,048	(3,866)	1,087,182
Assets classified as held for sale	757	-	757	651	-	651
Total current assets	1,101,637	(17,708)	1,083,929	1,091,699	(3,866)	1,087,833
Total assets	2,227,721	(19,008)	2,208,713	2,125,689	(6,057)	2,119,632

40. **Explanation of transition to MFRSs** (continued)

40.1 Financial impacts on the transition to MFRS (continued)

a. Reconciliation of statement of financial position (continued)

	1.1.2017			31.12.2017		
Group (continued)	**FRSs RM'000**	**Impact on transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Impact on transition to MFRSs RM'000**	**MFRSs RM'000**
Equity						
Share capital	250,000	-	250,000	336,092	-	336,092
Share premium	86,092	-	86,092	-	-	-
	336,092	-	336,092	336,092	-	336,092
Reserves	978,480	(7,914)	970,566	792,133	(20,429)	771,704
	1,314,572	(7,914)	1,306,658	1,128,225	(20,429)	1,107,796
Non-controlling interests	18,704	(10)	18,694	19,602	(49)	19,553
Total equity	1,333,276	(7,924)	1,325,352	1,147,827	(20,478)	1,127,349
Liabilities						
Loans and borrowings	123,619	-	123,619	159,684	-	159,684
Trade and other payables	10,057	-	10,057	6,874	-	6,874
Deferred tax liabilities	26,199	-	26,199	25,501	-	25,501
Total non-current liabilities	159,875	-	159,875	192,059	-	192,059
Loans and borrowings	355,216	-	355,216	385,720	-	385,720
Trade and other payables	378,986	(43,377)	335,609	387,197	(14,937)	372,260
Contract liabilities	-	32,293	32,293	-	29,358	29,358
Provisions	-	-	-	11,600	-	11,600
Current tax payable	368	-	368	1,286	-	1,286
Total current liabilities	734,570	(11,084)	723,486	785,803	14,421	800,224
Total liabilities	894,445	(11,084)	883,361	977,862	14,421	992,283
Total equity and liabilities	2,227,721	(19,008)	2,208,713	2,125,689	(6,057)	2,119,632

40. Explanation of transition to MFRSs (continued)

40.1 Financial impacts on the transition to MFRS (continued)

b. Reconciliation of statement of profit or loss and other comprehensive income

	For the year ended 31 December 2017		
Group	**FRSs RM'000**	**Impact on transition to MFRSs RM'000**	**MFRSs RM'000**
Revenue	365,203	9,025	374,228
Cost of sales	(451,213)	16,099	(435,114)
Gross (loss)/profit	(86,010)	25,124	(60,886)
Other operating income	48,583	(31,207)	17,376
Selling and promotional expenses	(8,925)	-	(8,925)
Administrative expenses	(28,791)	-	(28,791)
Other expenses	(5,292)	(5,580)	(10,872)
Results from operating activities	(80,435)	(11,663)	(92,098)
Finance income	8,902	-	8,902
Finance costs	(27,511)	-	(27,511)
Net finance costs	(18,609)	-	(18,609)
Other non-operating expense	(8,321)	-	(8,321)
Share of results of equity-accounted associates and joint ventures	(39,764)	(891)	(40,655)
Loss before tax	(147,129)	(12,554)	(159,683)
Tax expense	(20,826)	-	(20,826)
Loss for the year	(167,955)	(12,554)	(180,509)
Other comprehensive loss	(17,494)	-	(17,494)
Total comprehensive loss for the year	(185,449)	(12,554)	(198,003)
(Loss)/Profit attributable to:			
Owners of the Company	(168,853)	(12,515)	(181,368)
Non-controlling interests	898	(39)	859
Loss for the year	(167,955)	(12,554)	(180,509)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company	(186,347)	(12,515)	(198,862)
Non-controlling interests	898	(39)	859
Total comprehensive loss for the year	(185,449)	(12,554)	(198,003)
Basic/diluted earnings/(loss) per share (sen)	(71.26)		(76.54)

40. **Explanation of transition to MFRSs** (continued)

40.1 Financial impacts on the transition to MFRS (continued)

c. Reconciliation of statement of cash flows

Group	FRSs RM'000	Impact on transition to MFRSs RM'000	MFRSs RM'000
	For the year ended 31 December 2017		
Loss before tax	(147,129)	(12,554)	(159,683)
Adjustments for:			
Share of results of equity-accounted associates and joint ventures	39,764	891	40,655
Changes in impairment loss on financial assets and contract assets	(11,995)	4,729	(7,266)
Other adjustment items	39,325	-	39,325
Changes in working capital			
Inventories	25,128	(82,629)	(57,501)
Contract costs	-	(5,343)	(5,343)
Contract assets/liabilities	-	104,511	104,511
Property development costs	(87,261)	87,261	-
Trade and other receivables,deposits and prepayments	122,175	(125,305)	(3,130)
Trade and other payables	13,665	28,439	42,104
Tax paid	(8,776)	-	(8,776)
Net cash used in operating activities	(15,104)	-	(15,104)
	=========	=========	=========

40.2 Accounting for revenue

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

a. contracts that are completed at the beginning of the earliest period presented, are not restated.
b. for completed contracts that have variable considerations, the Group uses the transaction price as at the date when the contracts are completed, instead of estimating variable consideration amounts in the respective comparative reporting periods.
c. for comparatives, the Group does not disclose the remaining unsatisfied performance obligations and the period of which the revenue is expected to recognise.

i. Changes in revenue recognition

The followings are the changes in revenue recognition arising from the adoption of MFRS 15:

Type of revenue	Changes in revenue recognition
Sales of properties	***Under FRS*** Previously, the Group recognised revenue from sales of property based on the stage of completion of property sold and when the financial outcome can be reliably measured. ***Under MFRS*** Under a typical property sale contract, customer controls the property as it is constructed, and the Group is restricted practically or contractually from directing such property to another use as the property is under construction and has an enforceable right to payments for performance completed to-date if the contract is terminated. Under MFRS, the revenue from sales of property is now recognised either over time or at a point in time, using a method that depicts performance. When separate performance obligations are identified and distinct, the total consideration in a property sale contract is allocated to all identified performance obligations based on their relative stand-alone selling prices. Revenue is recognised for each of the performance obligations as it is satisfied, based on the timing when the controls of assets are passed to customers. For the portion of performance obligations that is not satisfied over time, the revenue is recognised at a point in time when the customer obtains controls of the promised assets.

40. Explanation of transition to MFRSs (continued)

40.2 Accounting for revenue (continued)

i. Changes in revenue recognition (continued)

Type of revenue	Changes in revenue recognition
Construction contracts	***Under FRS*** Previously, the Group recognised contract revenue as soon as the outcome of a construction contract can be estimated reliably, based on the stage of completion of the contract. Contract expenses were recognised as incurred unless they created an asset related to future contract activities. ***Under MFRS*** Under MFRS, revenue is recognised over time when a contract customer controls all of the works in progress as construction works take place. When the different elements of the construction contracts are not highly inter-related with, or dependent on, other contracting activities, the Group segregates each performance obligation for individual revenue recognition. Only incremental costs of obtaining a contract is capitalised over the contract period, if they are directly chargeable to the customer; otherwise such costs are expensed off to profit or loss. When one of the performance obligations in the contract is to arrange for the provision of goods or services by another party, the Group recognises such revenue on a net basis, in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

The impact arising from the changes is summarised as follows:

	For the year ended 31 December 2017		
Group	**FRSs RM'000**	**Impact on adoption of MFRS 15 RM'000**	**MFRSs RM'000**
Statement of profit or loss and other comprehensive income			
Revenue	365,203	9,025	374,228
Cost of sales	(451,213)	16,099	(435,114)
Other operating income	48,583	(31,207)	17,376
Other operating expenses	(5,292)	(852)	(6,144)
Share of results of associates	(42,053)	(891)	(42,944)
	=========	=========	=========
Statement of financial position			
Retained earnings	815,835	(14,837)	800,998
	=========	=========	=========

ii. Presentation of contract assets and contract liabilities

When adopting MFRS 15, the Group has changed the presentation of certain amounts in the financial positions, as explained as follows:

Under FRSs, the Group recognised amount due from/to contract customers, accrued/progress billings and retention sum under trade receivables or trade payables accounts on project or in bundle basis.

Upon transition to MFRSs, it requires separate presentation of contract balances in the statement of financial position. Contract balances generally comprise:

- Contract assets are mainly the rights to contract consideration for works completed but yet billed to customers. Contract assets represents the excess of cumulative revenue recognised (net of variable consideration) over cumulative billings to-date.
- Contract liabilities are the obligations to transfer goods or services to the customers which the Group has received the considerations or has billed the customers in advance of the performance.

Retention sum receivables is classified as contract assets as the rights to contract consideration is conditional on the satisfaction of performance as established under the contracts, instead the passage of time to recover the sum from the customers.

When the rights to contract consideration become unconditional, such sum is then presented as a receivable.

As a result, this has led to some reclassification adjustments for aligning with the MFRS terminology as summarised below, which does not have a material impact on the Group's financial statements on the adoption of MFRS.

40. **Explanation of transition to MFRSs** (continued)

40.2 ***Accounting for revenue*** (continued)

ii. ***Presentation of contract assets and contract liabilities*** (continued)

Group	**FRSs RM'000**	**Impact on adoption of MFRS 15 RM'000**	**MFRSs RM'000**
Statement of financial position			
At 31.12.2017			
Trade and other receivables	350,764	(178,562)	172,202
Contract assets	-	168,994	168,994
Trade and other payables	387,197	(14,937)	372,260
Contract liabilities	-	29,358	29,358
	=========	=========	=========
At 1.1.2017			
Trade and other receivables	449,959	(300,161)	149,798
Contract assets	-	272,732	272,732
Trade and other payables	378,986	(43,377)	335,609
Contract liabilities	-	32,293	32,293
	=========	=========	=========

iii. ***Classification of land held for property development and property under construction***

Under FRSs, the Group classified land held for future property development as a separate line item of non-current asset and such land was stated at cost less any accumulated impairment losses. At the same time, costs that directly attributable to the development activities were collectively presented as property development costs as a single line item of current asset in the statement of financial position.

Upon MFRSs, the Group now classifies its land held for property development and properties under construction as part of inventories on the basis that these assets are in the process of production for sale. These inventories are measured at the lower of cost and net realisable value.

On adoption of MFRS 15, costs that relate directly to a contract or to an anticipated contract are also now segregated from property development costs (classified as part of inventory) and separately classified as contract costs. Such contract costs will be recognised to profit or loss based on the pattern of revenue being satisfied.

The impact arising from the change is summarised as follows:

Group	**FRSs RM'000**	**Impact on adoption of MFRS 15 RM'000**	**MFRSs RM'000**
Statement of financial position			
At 31.12.2017			
Non-current			
Land held for development	384,646	(384,646)	-
Inventories	-	384,646	384,646
Current			
Property development costs	542,082	(542,082)	-
Inventories	79,563	543,073	622,636
Contract costs	-	10,303	10,303
	=========	=========	=========
At 1.1.2017			
Non-current			
Land held for development	398,772	(398,772)	-
Inventories	-	398,772	398,772
Current			
Property development costs	441,545	(441,545)	-
Inventories	103,525	447,169	550,694
Contract costs	-	4,960	4,960
	=========	=========	=========

40. Explanation of transition to MFRSs (continued)

40.3 Accounting for financial instruments

a. Transition

The Group applied the following transitional exemptions as permitted by the standard when adopting MFRS 9:

i. The following assessments were made on the basis of the facts and circumstances that existed at the date of initial application (i.e. 1 January 2017).

- The determination of the business model within which a financial asset or liability is held.

- The determination of whether contractual terms of a financial asset and/or liability gives rise to cash flows that are solely payments of principal and interests on the principal sum outstanding.

- The designation of equity investments not held for trading as at FVOCI.

ii. Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is decognised.

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following shows the previous measurement categories under FRS and the new measurement categories under MFRS for each class of the financial assets and financial liabilities as at 1 January 2017.

Financial assets and financial liabilities	Classification under previous category under FRS 139	Reclassification to new category under MFRS 9
• Trade and other receivables	Loans and receivables	Amortised cost
• Cash and cash equivalents	Loans and receivables	Amortised cost
• Other investment	Available-for-sale	Fair value through other comprehensive income
• Trade and other payables	Financial liabilities measured at amortised cost	Amortised cost
• Loans and borrowings	Financial liabilities measured at amortised cost	Amortised cost

There are no major impacts arising from the changes in the measurement categories as disclosed above.

c. Impairment of financial assets

The expected credit loss model (ECL) under MFRS 9 requires the Group to account for a loss allowance for ECL on financial assets at each reporting period to reflect changes in credit risk since the initial recognition of the financial assets. It is no longer necessary for a credit loss event to have occurred before loss allowance is recognised. The ECL model has a greater provisions and earlier recognition of credit losses when compared to the incurred loss model under previous FRS 139.

At the same time, contract assets arising from contracts with customers are also subject to impairment assessment under MFRS 9. The Group has adopted a 'simplified' approach when assessing impairment on contract assets. As the contract assets have similar risk characteristics as the trade receivables from the same customer, the estimation and assumptions used in assessing the loss allowance are fairly the same.

The Group measures ECL of a financial asset (including contract asset) in a way that reflects the time value of money, expected cash flows by reference to historical default experience, payment trends and available supported external information.

The impact arising from the adoption of MFRS 9 is summarised as follows:

Group	1.1.2017 RM'000	31.12.2017 RM'000
Statement of financial position		
Retained earnings as previously reported under FRSs	984,688	815,835
Adjust:		
Impairment loss on		
- trade and other receivables	(863)	(1,884)
- contract assets	-	(3,708)
Retained earnings as restated	983,825	810,243
	=========	=========

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 94 to 166 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 positions of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Datuk Amar Abdul Hamed Bin Haji Sepawi

....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 11 April 2019

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Wong Ping Eng (MIA CA 18927)**, the Director primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 166 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 provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

in Kuching in the State of Sarawak

on 11 April 2019.

……………………………………

Wong Ping Eng

Before me:

Independent Auditors' Report
To The Members Of Naim Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Naim Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 166.

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 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

The key audit matters are as follows:

1. **Revenue recognition relating to construction contracts**
Refer to Note 1(d), Basis of Preparation and Note 2(s)(i), Accounting policy-Revenue from contracts with customers for Construction Contracts and Note 23.1, Revenue for construction contracts

Key audit matter	How our audit addressed the key audit matter
Revenue arose from the Group's construction contracts requires significant management judgment in the assessment of the current and future financial performance of the contracts. On adoption of MFRSs, the Group was required to change accounting policies on revenue recognition. Consequently, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. Construction contracts revenue is accounted for based on over time recognition using input method (i.e. stage of completion method). The stage of completion is determined by reference to the proportion of contract costs incurred for work performed to-date bear to the total estimated contract costs. As disclosed in Note 1(d) to the financial statements, the accurate recording of revenue is highly dependent on judgment exercised by management in assessing the valuation of contract variations, the completeness and accuracy of estimated costs to complete, and the ability to deliver contracts within the contractual time and claims and penalties for late deliveries.	In these key risk areas, our audit procedures included, amongst others: We compared the accounting policies adopted with the requirements of MFRSs. We read and gained an understanding of the Group's new and/or revised processes, systems and controls implemented. We obtained an understanding of the basis of the key judgements made for the revenue recognition and compared them with the requirements of the accounting standard. We challenged the basis of estimations applied by the project management teams in regard to the required costs to complete the construction contracts and assessed whether there were management biasness. Our procedures includes evaluating the historical accuracy of the Group's estimation process by comparing actual costs with the estimated costs that had previously been estimated, and testing estimated costs to sub-contractor's contracts and/or suppliers' quotations. We tested the validity and accuracy of variations and claims arising from the contract revenue and sub-contract costs to correspondences, supplementary agreements or variation orders to determine that the variations and claims are approved by the contract customers.

1. Revenue recognition relating to construction contracts (continued)

Key audit matter	How our audit addressed the key audit matter
We focused on this area as a key audit matter due to the degree of management judgment involved in the estimation of revenue recognised over the contract life. Changes in judgments and the related estimates throughout a contract life can result in material adjustments to revenue and consequently, the profit margin of contracts. The key risk areas are as follows: i. Risk of inaccurate estimation of the costs required to complete the contracts, which affects the accuracy of revenue recognition; ii. Risk of revenue recognition on variation orders which are disputed; and iii. Risk of penalties not factored in revenue recognition.	We also assessed if any penalties are payable arising from expected and actual delay in completion of contracts by interviewing with the project management teams and evaluated the construction progress against the contractual completion date. We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

2. Recognition of revenue from sales of properties
Refer to Note 1(d), Basis of Preparation, Note 2(s)(i), Accounting policy-Revenue from contracts with customers for sales of properties and Note 23.1, Revenue for sales of properties

Key audit matter	How our audit addressed the key audit matter
Revenue derived from sales of properties is accounted for either over time or at a point in time recognition, depending on the timing when the controls of properties are passed to customers. The over time recognition method is determined using input method (i.e. stage of completion of properties sold), measured by reference to the proportion of property development costs incurred for work performed to-date bear to the estimated total property development costs. On adoption of MFRSs, the Group was required to change accounting policies on revenue recognition. Consequently, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. As disclosed in Note 1(d) to the financial statements, the accurate recording of revenue is highly dependent on judgment exercised by management in assessing the completeness and accuracy of estimated costs to complete, the ability to deliver properties within the contracted time. We focused on this area as a key audit matter due to the degree of management judgment involved in the estimation of revenue over the course of the project life. Changes in judgments and the related estimates throughout a property development life can result in material adjustments to revenue and profit margin recognised on uncompleted houses. The key risk areas are as follows: i. Risk of inaccurate estimation of the costs to complete the properties, which affects the accuracy of revenue recognition; ii. Risk of customers not able to commit to the purchases and result in the cancellation of sales; and iii. Risk of penalties not factored in revenue recognition.	In these key risk areas, our audit procedures included, amongst others: We compared the accounting policies adopted with the requirements of MFRS. We read and gained an understanding of the Group's new and/or revised processes, systems and controls implemented. We obtained an understanding of the basis of the key judgements made for the revenue recognition and compared them with the requirements of the accounting standard. We challenged the basis of estimations applied by the project management teams in regard to the required costs to complete the properties and assessed whether there were management biasness. Our procedures includes evaluating the historical accuracy of the Group's estimation process by comparing actual costs with the estimated costs that had previously been estimated, and tested estimated costs to contracts and/or suppliers' quotations. We checked to the property sales cancellation report after the financial year end to determine that sales cancellation are appropriately reflected in revenue recognition. We identified buyers that defaulted payments and assessed their commitments to complete the purchase by inspecting correspondences with the buyers. We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Other Matters

1. As stated in Note 40 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018, and the financial performance and cash flows for the year then ended.

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Hean Kok
Approval Number: 02700/12/2019 J
Chartered Accountant

Kuching,

Date: 11 April 2019

Part 8

Other Information

Analysis Of Shareholdings As At 29 March 2019

Number of Issued Shares : 513,799,322 ordinary shares
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

SIZE OF HOLDINGS	NO OF SHAREHOLDINGS	% OF SHAREHOLDERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 – 99	14	0.25	392	0.00
100 – 1,000	964	17.14	622,020	0.12
1,001 – 10,000	2,999	53.33	15,508,956	3.10
10,001 – 100,000	1,427	25.37	45,773,200	9.14
100,001 – 25,037,165 (*)	216	3.84	168,988,278	33.75
25,037,166 and above (**)	4	0.07	269,850,476	53.89
Total	**5,624**	**100.00**	**500,743,322#**	**100.00**

Remark:

**** - Less than 5% of issued shares***
***** - 5% and above of issued shares***
 # - The number of 500,743,322 ordinary shares was arrived at after deduction the number of 13,056,000 treasury shares retained by the Company from the original number of issued shares of 513,799,322 ordinary shares of the Company

TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
1	ISLAND HARVESTS SDN BHD	102,373,817	20.44
2	TAPAK BERINGIN SDN. BHD.	90,272,017	18.03
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN (PB)	44,864,692	8.96
4	HASMI & ASSOCIATES MANAGEMENT SDN BHD	32,339,950	6.46
5	URUSHARTA JAMAAH SDN BHD	24,827,200	4.96
6	ABDUL HAMED BIN SEPAWI	23,905,368	4.77
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	10,866,076	2.17
8	VALUECAP SDN BHD	10,753,000	2.15
9	ABDUL HAMED BIN SEPAWI	8,648,059	1.73
10	LEE SEE JIN	4,737,000	0.95
11	HWS PROPERTIES SDN BHD	4,312,250	0.86
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIAN AIK (8058967)	2,502,800	0.50

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
13	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,320,000	0.46
14	ONG LAM HUAT	2,250,000	0.45
15	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,121,850	0.42
16	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,000,050	0.40
17	LEMBAH RAKYAT SDN. BHD.	1,874,983	0.37
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	1,867,450	0.37
19	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PLASMA CAPITAL SDN. BHD.	1,700,100	0.34
20	TAN KOK CHUAN	1,427,000	0.28
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN (470294)	1,400,000	0.28
22	TAPAK BERINGIN SDN. BHD.	1,360,433	0.27
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TING KUOK LEY @ DAVID KUOK LEH TING (PB)	1,340,000	0.27
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE ZHEN XAO (6000085)	1,235,000	0.25
25	TAN AI BENG	1,110,000	0.22
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEN YIK (PENANG-CL)	1,090,000	0.22
27	ER SOON PUAY	1,050,000	0.21
28	CHONG KIM FOO	1,000,000	0.20
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK) (FM-ASSAR-TBS) (419511)	1,000,000	0.20
30	OOI CHIENG SIM	1,000,000	0.20

Analysis Of Shareholdings As At 29 March 2019 (continued)

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1. ISLAND HARVESTS SDN. BHD.	102,373,817	20.44	-	-
2. TAPAK BERINGIN SDN. BHD.	91,632,450	18.30	-	-
3. HASMI & ASSOCIATES MANAGEMENT SDN. BHD.	32,339,950	6.46	-	-
4. DATUK HASMI BIN HASNAN	55,730,768	11.13	135,259,244	27.01
5. DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	32,553,427	6.50	93,507,433	18.67

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1 DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	32,553,427	6.50	93,507,433	18.67
2 DATUK HASMI BIN HASNAN	55,730,768	11.13	135,259,244	27.01
3 WONG PING ENG	12,500	0.002	-	-
4 DATO IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
5 EMERITUS PROFESSOR DATO' ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-
6 DATIN MARY SA'DIAH BINTI ZAINUDDIN	-	-	-	-
7 CHIN CHEE KONG	-	-	-	-
8 TAN CHUAN DYI	-	-	-	-
9 SULAIHAH BINTI MAIMUNNI	-	-	-	-

Top 10 Properties

Lot No/Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	Carrying Amount RM'000
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Part of Lot 6180, Block 11 Kuala Baram Land Dsitrict	Clubhouse	20.07.1995 Expiring 26.05.2114	29,220 (5,385)*	25,612
Part of Lot 4173 Bintulu Town District	Hotel Building Under Construction	06.11.2008 Expiring 04.07.2111	1,969 (12,662)	59,392
PROPERTIES UNDER INVENTORY - LAND HELD FOR DEVELOPMENT				
Lot 6186, Part of Lot 8837, Block 11 Kuala Baram Land District	Land For Development	20.07.1995 Expiring 26.06.2114	459,680	20,778
Lot 5234, Block 25 Muara Tuang Land District	Land For Development	29.05.2008 Expiring 15.01.2112	1,808,000	26,709
Lot 4288, Block 26 Kemena Land District	Land For Development	14.11.2014 Expiring 13.11.2113	114,680	17,204
Lot 2905, Block 20 Kemena Land District	Land For Development	20.05.2013 Expiring 19.05.2112	260,000	15,080
Lot 789, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	1,803,000	83,110
Lot 2861, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	2,253,000	103,720
Part of Lot 820, Block 13 Kuala Baram Land District	Land For Development	21.08.1997 Expiring 20.08.2096	747,860	24,423
INVESTMENT PROPERTY				
Lot 3244, Block 11 Kuala Baram Land Dsitrict	Commercial Land & Retail Building	20.07.1995 Expiring 19.07.2094	34,130 (25,560)	45,829

** excluding outdoor facilities*

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of Members of NAIM HOLDINGS BERHAD will be held at Naim Sapphire Condominium Homes, Function Hall, 3rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak on Friday, 24 May 2019 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESSES

1. Adoption of Financial Statements

To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31 December 2018. **[Please refer to Explanatory Note a]**

2. Approval of Directors' fees and remuneration

To approve the payment of Directors' remuneration for the Non-Executive Chairman.
ORDINARY RESOLUTION 1

To approve the payment of Directors' remuneration for the Non-Executive Directors.
ORDINARY RESOLUTION 2

3. Re-Election of Directors

To re-elect the following Directors who retire in accordance with Article 85 of the Constitution of the Company:

Dato Ir. Abang Jemat Bin Abang Bujang **ORDINARY RESOLUTION 3**
Datin Mary Sa'diah Binti Zainuddin **ORDINARY RESOLUTION 4**
Chin Chee Kong **ORDINARY RESOLUTION 5**

To re-elect the following Director who retire in accordance with Article 92 of the Constitution of the Company:

Sulaihah Binti Maimunni **ORDINARY RESOLUTION 6**

4. Re-Appointment of Auditors

To re-appoint Messrs. KPMG PLT as Auditors and to authorise the Directors to fix their remuneration.
ORDINARY RESOLUTION 7

SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following as Ordinary Resolutions:

5. ORDINARY RESOLUTION 8 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"That subject to the passing of Resolution 3 and pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, Dato Ir. Abang Jemat Bin Abang Bujang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as Independent Non-Executive Director, to continue to act as an Independent Non-Executive Director of the Company."
ORDINARY RESOLUTION 8

6. **ORDINARY RESOLUTION 9 - AUTHORITY TO ALLOT AND ISSUE SHARES**

"THAT, subject always to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of total number of issued shares/total number of voting shares of the Company for the time being and that Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

ORDINARY RESOLUTION 9

7. **ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")**

"THAT, subject always to the Companies Act, 2016 and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company's issued ordinary share capital from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of ordinary shares purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;

ii. the amount not exceeding the Company's audited retained profits for the financial year ended 31 December 2018 will be allocated by the Company for the purchase of own shares; and

iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares for the purpose of employees' share scheme or transfer the shares as purchase consideration;

AND THAT such authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."

ORDINARY RESOLUTION 10

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

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)
HASMIAH BINTI ANTHONY HASBI (SAA0772-KH004)
Company Secretaries

Kuching, Sarawak
Dated this 26 April 2019

NOTES:
1. A member entitled to attend, speak and vote at the same meeting may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a member of the Company.
2. To be valid the Proxy form duly completed must be deposited at the Office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 15 May 2019 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

Explanatory Notes on Ordinary and Special Businesses

a. Item 1 of the Agenda

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, not put forward for voting.

b. Ordinary Resolutions 1 and 2 – Directors' Remuneration

Pursuant to Section 231(1) of the Companies Act 2016, ("the Act"), the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby seek the shareholders' approval for the Directors' remuneration in two (2) separate resolutions as follows:

- Ordinary resolution 1 payment of Directors' remuneration to the Non-Executive Chairman
- Ordinary resolution 2 payment of Directors' remuneration to the Non-Executive Directors

Details of the estimated Directors' Remuneration for Non-Executive Directors for the period from May 2019 to April 2020 are as follows:

Description	**Non-Executive Chairman** RM	**Non-Executive Director** RM
Fixed allowance per month	97,640	Not applicable
EPF contribution per month	15,623	Not applicable
Directors' Fee per month	Not applicable	10,000
Additional Directors' Fee per month for Senior Independent Non-Executive director	Not applicable	1,000
Meeting allowance per Board meeting	2,000	2,000
Meeting allowance per Board Committees meeting	1,500	1,500
Proposed Ex-gratia payment to a resigning independent director who has served more than 12 years in the Company	Not applicable	120,274
Other Benefits	Car, driver, petrol, medical coverage, professional & club memberships, travel, communication, D&O@ Liability Insurance coverage and other claimable benefits	reimbursement for travel expenses (to attend meetings and company functions), communication, D&O@ Liability Insurance coverage and other claimable benefits

Notes: @ - Directors & Officers

The Executive Directors are not entitled to Directors' fees and meeting allowances for attending Board and Board Committee meetings.

c. Ordinary Resolutions 3, 4, 5 and 6 – Re-Election of Directors

i. Article 85 provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the Annual General Meeting of the Company. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The Directors retiring under Article 85 are as follows:
i. Dato Ir. Abang Jemat Bin Abang Bujang;
ii. Datin Mary Sa'diah Binti Zainuddin and
iii. Chin Chee Kong
and being eligible have offered themselves for re-election.

ii. Article 92 provides that new appointment of the Directors of the Company shall hold office only until the next Annual General Meeting.

The Director retiring under Article 92 is as follows:
i. Sulaihah Binti Maimunni
and being eligible have offered herself for re-election.

The respective profiles of the above Directors are set out in the Profile of Directors pages 14 to 24

The details of interest in securities of the Company (if any) held by the Directors are stated on page 176 of the Annual Report.

d. Ordinary Resolutions 8 – Retention of Independent Non-Executive Directors

In line with the practice 4.2 of the Malaysian Code of Corporate Governance 2017, the Nominating Committee has assessed the independence of Dato Ir. Abang Jemat Bin Abang Bujang who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and upon its recommendation, the Board of Directors have recommended Dato Ir. Abang Jemat Bin Abang Bujang to continue to act as an Independent Non- Executive Director of the Company based on the following justifications:

i. Dato Ir. Abang Jemat Bin Abang Bujang continues to fulfill the criteria under the definition of independent director pursuant to paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad, and hence, he would be able to continue to provide objectively and independent judgment to the Board.
ii. He has been performing his duty diligently and in the best interest of the Company.
iii. Having been as an Independent Non-Executive Director in the Company for more than nine (9) years, he is familiar in the Group's business operations and has devoted sufficient time and attention to his professional obligations and facilitated informed and balanced decision making process.

e. Ordinary Resolution 9 – Authority to Allot and Issue Share pursuant to Sections 75 and 76 of the Companies Act 2016

This resolution is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares/total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

This mandate is a renewal of the last mandate granted to the Directors at the Sixteenth (16th) Annual General Meeting held on 28 May 2018 and which will lapse at the conclusion of the Seventeenth (17th) Annual General Meeting.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

f. Ordinary Resolution 10 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Ordinary Resolution 10, if passed will empower the Directors of the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting in the Company.

The Share Buy-Back Statement in relation to The Proposed Renewal of Authority for the Company to Purchase of its Own Shares dated 26 April 2019 is enclosed for further information.

BUILDING VALUE IN EVERY WAY

NAIM HOLDINGS BERHAD

COMPANY NO. 585467 - M

Form Of Proxy

CDS account no. of authorized nominee

I/We ____

(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. ____________________ (new) ____________________ (old)

of ____

(FULL ADDRESS)

being a member of NAIM HOLDINGS BERHAD, hereby appoint ____

(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

NRIC NO./Passport No ____________________ (new) ____________________ (old) of

____

(FULL ADDRESS)

Or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held at Naim Sapphire Condominium Homes, Function Hall, 3rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak on Friday, 24 May 2019 at 10.00 a.m. or any adjournment thereof, in the manner indicated below:

Resolutions		**FOR**	**AGAINST**
Ordinary Resolution 1	Approval of Directors' fees and remuneration for the Non-Executive Chairman		
Ordinary Resolution 2	Approval of Directors' fees and remuneration for the Non-Executive Directors		
Ordinary Resolution 3	Re-election of Director : Dato Ir. Abang Jemat Bin Abang Bujang		
Ordinary Resolution 4	Re-election of Director : Datin Mary Sa'diah Binti Zainuddin		
Ordinary Resolution 5	Re-election of Director : Chin Chee Kong		
Ordinary Resolution 6	Re-election of Director : Sulaihah Binti Maimunni		
Ordinary Resolution 7	Re-appointment of Auditors : Messrs KPMG PLT as Auditors and authorising the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 8	Retention of Dato Ir. Abang Jemat Bin Abang Bujang as Independent Director		
Ordinary Resolution 9	Authority to allot and issue shares		
Ordinary Resolution 10	Proposed renewal of authority to purchase own shares		

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

Dated this ______________ day of ________________ 2019.

Number of shares held:

____

Signature of Shareholder(s)/Common Seal

Notes:

1. A member entitled to attend, speak and vote at the same meeting may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a member of the Company.
2. To be valid the Proxy form duly completed must be deposited at the Office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 15 May 2019 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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STAMP

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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From Where We Began . . .

Annual Report 2018
NAIM HOLDINGS BERHAD

Annual Report 2013
NAIM HOLDINGS BERHAD

Annual Report 2014
NAIM HOLDINGS BERHAD

Annual Report 2015
NAIM HOLDINGS BERHAD

Annual Report 2016
NAIM HOLDINGS BERHAD

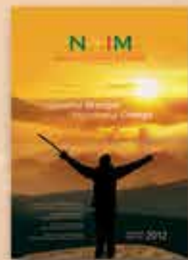
Annual Report 2017
NAIM HOLDINGS BERHAD

Annual Report 2008
NAIM HOLDINGS BERHAD
(Formerly known as Naim Cendera Holdings Berhad)

Annual Report 2009
NAIM HOLDINGS BERHAD

Annual Report 2010
NAIM HOLDINGS BERHAD

Annual Report 2011
NAIM HOLDINGS BERHAD



Annual Report 2012
NAIM HOLDINGS BERHAD

Annual Report 2003
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2004
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2005
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2006
NAIM CENDERA
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Annual Report 2007
NAIM CENDERA
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Annual Report 1998
NAIM CENDERA SDN BHD

Annual Report 1999
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Annual Report 2000
NAIM CENDERA SDN BHD

Annual Report 2001
NAIM CENDERA SDN BHD

Annual Report 2002
NAIM CENDERA SDN BHD

BUILDING VALUE IN EVERY WAY

NAIM HOLDINGS BERHAD

COMPANY NO. 585467 - M

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.
Tel: +6 082 411667 Fax: +6 082 429869 E-mail: enquiries@naim.com.my
Website: www.naim.com.my

Kuching | Bintulu | Miri | Sibu | Kuala Lumpur