

MUAR BAN LEE GROUP BERHAD
[Company No: 200601033829 (753588-P)]
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2019

Registered office:
85, Muntri Street
10200 Penang

Principal place of business:
JR52, Lot 1818, Jalan Raja
Kawasan Perindustrian Bukit Pasir
84300 Muar, Johor

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2019

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MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

The principal activity of the Company is investment holding company. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

Financial Results

	Group RM	Company RM
Net profit for the financial year	<u>21,350,371</u>	<u>8,175,225</u>
Attributable to:		
- Owners of the parent	20,714,093	8,175,225
- Non-controlling interests	<u>636,278</u>	<u>-</u>
	<u>21,350,371</u>	<u>8,175,225</u>

Reserves and Provisions

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

Dividends

Since the end of last financial year, the Company has declared and paid the following dividends:

	RM
At first interim single tier dividend of RM0.025 per ordinary share in respect of the financial year ended 31 December 2019 paid on 3 July 2019	<u>2,507,443</u>

The Board of Directors does not recommend any final dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued 4,213,300 new ordinary shares of RM0.80 each arising from exercise of warrants.

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

There was no issuance of debentures during the financial year.

Treasury Shares

During the financial year, the Company repurchased 5,488,600 ordinary shares of RM1.20 each of its issued share capital from the open market. The total consideration paid for the repurchase, including transaction costs was RM6,591,029. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia.

As at 31 December 2019, the Company held 6,242,800 shares out of the total 107,213,300 issued ordinary shares. Further relevant details are disclosed in Note 19 to the financial statements.

Options Granted Over Unissued Shares

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

Warrants

The Company had issued 46,000,000 warrants which were listed on Bursa Malaysia Securities Berhad on 3 December 2012 in conjunction with the right issue on the basis of one (1) warrant for every two (2) existing shares.

The warrants are constituted by a Deed Poll dated 12 December 2012 executed by the Company. Each warrant entitled the registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM0.80 per share, subject to adjustment in accordance with the provision of the Deed Poll.

The salient features of the warrants are as disclosed in Note 21 to the financial statements.

As at 31 December 2019, the total numbers of warrants that remain unexercised were 39,913,680 (2018: 44,126,980).

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Chua Ah Ba @ Chua Eng Ka *
 Chua En Hom *
 Chua Heok Wee *
 Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai *
 Khairilnuar Bin Tun Abdul Rahman *
 Datuk Rajendran A/L P Narayanasamy
 Tan Soo Mooi

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Abdullah Bin Mohd Omar
 Chua Kang Sing
 Kong Kwai Ching
 Sian
 Zairaz Bin Ismail

* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2019
	At 01.01.2019	Addition	Disposed	
Interest in the holding company (MBL Realty Sdn. Bhd.)				
Direct Interests				
Dato' Chua Ah Ba @ Chua Eng Ka	40,000	-	-	40,000
Chua En Hom	20,000	-	-	20,000
Chua Heok Wee	20,000	-	-	20,000
Indirect Interests				
Dato' Chua Ah Ba @ Chua Eng Ka #	20,000	-	-	20,000

Directors' Interests in Shares (Cont'd)

	Number of ordinary shares			At 31.12.2019
	At 01.01.2019	Addition	Disposed	
Interests in the Company				
Direct Interests				
Dato' Chua Ah Ba @ Chua Eng Ka	666,000	-	-	666,000
Chua En Hom	150,000	-	-	150,000
Chua Heok Wee	150,000	-	-	150,000
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,447,100	-	-	6,447,100
Khairiluanar Bin Tun Abdul Rahman	50,000	-	-	50,000
Indirect Interests				
Dato' Chua Ah Ba @ Chua Eng Ka #*	42,093,580	7,900	-	42,101,480
Chua En Hom #*	41,949,580	7,900	(6,000)	41,951,480
Chua Heok Wee *	41,943,580	7,900	-	41,951,480
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai #	3,351,200	-	-	3,351,200

deemed interest by virtue of shares held by spouse/children.

* deemed interest by virtue of the shareholdings in the holding company.

By virtue of their interests in the shares of the Company, Dato' Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui and Chua Heok Wee are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in ordinary shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 41(c) to the financial statements) by reason of a contract made by the Company or a related corporations 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 significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and secretary fee paid to a firm in which a Director is a member as disclosed in Note 41(b) to the financial statements.

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

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage paid for the Directors and officers of the Company were RM5,000,000. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current asset might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Holding Company

The Directors regard MBL Realty Sdn. Bhd., company incorporated in Malaysia, as the holding company.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 46 to the financial statements.

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Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 33 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 June 2020.

DATO' CHUA AH BA @ CHUA ENG KA

CHUA EN HOM

KUALA LUMPUR

Company No. 200601033829 (753588-P)

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MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and the cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 June 2020.

DATO' CHUA AH BA @ CHUA ENG KA

CHUA EN HOM

KUALA LUMPUR

Company No. 200601033829 (753588-P)

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MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

STATUTORY DECLARATION

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

I, DATO' CHUA AH BA @ CHUA ENG KA, being the Director primarily responsible for the financial management of Muar Ban Lee Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements of the Group and of the Company are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 10 June 2020)

DATO' CHUA AH BA @ CHUA ENG KA

Before me,

Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD**

[Company No.: 200601033829 (753588-P)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Muar Ban Lee Group Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 139.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD (CONT'D)**

[Company No.: 200601033829 (753588-P)]
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Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
<p>1. Impairment assessment on intangible assets</p> <p>Intangible assets of the Group included goodwill, license fees and development costs. Intangible assets are subject to annual impairment test to assess the recoverability and to determine whether there is any indication of impairment.</p> <p>This assessment requires the management to exercise significant judgement involved in the estimation of future cash flows and associated discount rates and growth rates based on the management's view of future business prospects. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is considered as a key audit matter.</p>	<p>We evaluated whether the cash flows forecast and projections prepared by the management are in accordance with the requirements of MFRS 136 <i>Impairment of Assets</i>.</p> <p>We reviewed the estimation uncertainty and performed a sensitivity analysis on the key assumptions to assess their reasonableness and the achievability of the forecasting.</p> <p>We testing the mathematical accuracy of the impairment assessment.</p> <p>We assessed the appropriateness of the discounted rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money.</p> <p>We have reviewed the appropriateness of the disclosures made in accordance with MFRS 136 <i>Impairment of Assets</i>.</p>

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD (CONT'D)**

[Company No.: 200601033829 (753588-P)]
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Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>2. Inventory valuation</p> <p>As at 31 December 2019, the Group held a significant inventory amounted to RM35 million as disclosed in Note 11 to the financial statements and it constituted approximately 26% of the Group's total current assets. As described in the Accounting Policies in Note 3(1) to the financial statements, inventories are carried at the lower of cost and net realisable value.</p> <p>The Group's assessment of the carrying value of the inventories, being the lower of cost and net realisable value and this involved significant judgements in determining the net realisable value. The net realisable value is estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.</p>	<p>We reviewed the Group's policy on inventory valuation that are in accordance with MFRS 102 <i>Inventories</i>. We evaluated the operating effectiveness of key controls over the inventory system in recording the cost of inventory on weighted average basis.</p> <p>We reviewed and verified the value of a sample of inventory item by comparing the unit price used in the final inventory listing summary to current price lists, recent sales invoices, or recent vendor invoices to ensure inventories are stated at the lower of cost and net realisable value.</p> <p>We assessed the adequacy of the disclosures made in financial statements.</p>

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD (CONT'D)**

[Company No.: 200601033829 (753588-P)]
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Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

Responsibilities of Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD (CONT'D)**

[Company No.: 200601033829 (753588-P)]
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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD (CONT'D)**

[Company No.: 200601033829 (753588-P)]
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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD (CONT'D)**

[Company No.: 200601033829 (753588-P)]
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Other Matters

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

UHY

Firm Number: AF 1411

Chartered Accountants

TIO SHIN YOUNG

Approved Number: 03355/02/2022 J

Chartered Accountant

KUALA LUMPUR

10 June 2020

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 RM	2018 RM Restated
ASSETS			
Non-current assets			
Property, plant and equipment	4	44,400,206	43,343,574
Investment properties	5	635,000	640,000
Intangible assets	6	23,555,906	26,164,753
Right-of-use assets	7	5,728,413	-
Other investment	9	5,848,190	1,571,922
Deferred tax assets	10	-	134,690
		<u>80,167,715</u>	<u>71,854,939</u>
Current assets			
Inventories	11	35,232,134	23,997,573
Biological assets	12	51,098	54,000
Trade receivables	13	29,711,652	40,006,188
Other receivables	14	33,199,414	20,985,053
Contract assets	16	408,280	-
Tax recoverable		3,136,180	1,519,415
Deposits, bank and cash balances	17	34,904,396	28,244,668
		<u>136,643,154</u>	<u>114,806,897</u>
TOTAL ASSETS		<u>216,810,869</u>	<u>186,661,836</u>

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONT'D)**

	Note	2019 RM	2018 RM Restated
EQUITY			
Share capital	18	63,063,772	59,271,801
Treasury shares	19	(7,157,924)	(596,855)
Revaluation reserve	20	6,342,985	6,415,063
Discount on shares	21	(11,574,967)	(12,796,824)
Warrant reserves	21	15,566,335	17,209,522
Fair value adjustment reserve	22	750,561	(420,457)
Foreign currency translation reserve	23	(629,620)	(817,252)
Retained earnings	24	73,033,375	54,754,647
Equity attributable to owners of the parent		<u>139,394,517</u>	<u>123,019,645</u>
Non-controlling interests		6,919,788	5,949,135
TOTAL EQUITY		<u>146,314,305</u>	<u>128,968,780</u>
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	25	4,950,736	710,692
Right-of-use lease liabilities	26	5,789,863	-
Bank borrowings	27	1,038,780	1,276,862
Deferred tax liabilities	10	2,553,639	2,408,318
		<u>14,333,018</u>	<u>4,395,872</u>
Current liabilities			
Finance lease liabilities	25	763,774	510,346
Right-of-use lease liabilities	26	3,464	-
Bank borrowings	27	237,232	481,862
Trade payables	28	13,074,901	6,930,918
Other payables	29	39,612,421	40,299,318
Contract liabilities	16	-	2,473,308
Derivative financial liabilities	30	-	54,461
Provision for taxation		2,471,754	2,546,971
		<u>56,163,546</u>	<u>53,297,184</u>
TOTAL LIABILITIES		<u>70,496,564</u>	<u>57,693,056</u>
TOTAL EQUITY & LIABILITIES		<u>216,810,869</u>	<u>186,661,836</u>

The accompanying notes form an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

	Note	2019 RM	2018 RM Restated
Revenue	31	169,925,349	157,515,273
Cost of sales		<u>(107,562,006)</u>	<u>(106,613,066)</u>
Gross profit		62,363,343	50,902,207
Other income		1,146,685	770,381
Distribution and administrative expenses		(31,893,305)	(33,100,066)
Net loss on impairment of financial instruments		<u>(454,249)</u>	<u>(188,751)</u>
Profit from operations		31,162,474	18,383,771
Finance costs	32	<u>(445,751)</u>	<u>(644,897)</u>
Profit before tax	33	30,716,723	17,738,874
Taxation	35	<u>(9,366,352)</u>	<u>(5,508,152)</u>
Profit for the financial year		<u>21,350,371</u>	<u>12,230,722</u>
Profit/(Loss) for the financial year attributable to:			
Owners of the parent		20,714,093	12,505,034
Non-Controlling interests		<u>636,278</u>	<u>(274,312)</u>
		<u>21,350,371</u>	<u>12,230,722</u>
Earnings per share (cent)			
- Basic	36(a)	<u>20.51</u>	<u>12.56</u>
- Diluted	36(b)	<u>17.94</u>	<u>10.88</u>

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

	Note	2019 RM	2018 RM Restated
Profit for the financial year		21,350,371	12,230,722
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
- Realisation of revaluation surplus upon depreciation		72,078	72,078
- Transfer of revaluation reserve to retained earnings		(72,078)	(72,078)
- Net change in fair value of equity instrument designated at fair value through other comprehensive income		1,171,018	(420,457)
		<u>1,171,018</u>	<u>(420,457)</u>
Items that is or may be reclassified subsequently to profit or loss			
Exchange translation differences for foreign operations		367,905	(545,387)
Other comprehensive income/(loss) for the financial year		<u>1,538,923</u>	<u>(965,844)</u>
Total comprehensive income for the financial year		<u>22,889,294</u>	<u>11,264,878</u>
Total comprehensive income/(loss) attributable to:			
Owners of the parent		22,072,743	11,806,430
Non-controlling interests		816,551	(541,552)
		<u>22,889,294</u>	<u>11,264,878</u>

The accompanying notes form an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Note	Attributable to owners of the parent										
	Non-Distributable					Distributable					
	Share Capital RM	Treasury Shares RM	Revaluation Reserve RM	Discount on Shares RM	Warrant Reserve RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non Controlling Interests RM	Total Equity RM
At 1 January 2019	59,271,801	(596,855)	6,415,063	(12,796,824)	17,209,522	(420,457)	(817,252)	54,754,647	123,019,645	5,949,135	128,968,780
Profit for the financial year	-	-	-	-	-	-	-	20,714,093	20,714,093	636,278	21,350,371
Realisation of revaluation surplus upon depreciation	-	-	(72,078)	-	-	-	-	72,078	-	-	-
Net change in fair value of equity instruments designated as fair value through other comprehensive income	-	-	-	-	-	1,171,018	-	-	1,171,018	-	1,171,018
Foreign exchange translation reserve	-	-	-	-	-	-	187,632	-	187,632	180,273	367,905
Total comprehensive income for the year	-	-	(72,078)	-	-	1,171,018	187,632	20,786,171	22,072,743	816,551	22,889,294

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

		Attributable to owners of the parent										
		Non-Distributable					Distributable					
	Note	Share Capital RM	Treasury Shares RM	Revaluation Reserve RM	Discount on Shares RM	Warrant Reserve RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non Controlling Interests RM	Total Equity RM
Transactions with owner:												
Acquisition of shares from non-controlling interests	8(b)	-	-	-	-	-	-	-	-	-	154,102	154,102
Dividend to owners of the company	37	-	-	-	-	-	-	(2,507,443)	(2,507,443)	-	-	(2,507,443)
Shares repurchased	19	-	(6,561,069)	-	-	-	-	-	(6,561,069)	-	-	(6,561,069)
Warrants conversion	21	3,791,971	-	-	1,221,857	(1,643,187)	-	-	3,370,641	-	-	3,370,641
Total transactions with owners		3,791,971	(6,561,069)	-	1,221,857	(1,643,187)	-	-	(2,507,443)	(5,697,871)	154,102	(5,543,769)
At 31 December 2019		63,063,772	(7,157,924)	6,342,985	(11,574,967)	15,566,335	750,561	(629,620)	73,033,375	139,394,517	6,919,788	146,314,305

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

Note	Attributable to owners of the parent										
	Non-Distributable						Distributable				
	Share Capital RM	Treasury Shares RM	Revaluation Reserve RM	Discount on Shares RM	Warrant Reserve RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non Controlling Interests RM	Total Equity RM
At 1 January 2018	47,157,846	(570,686)	6,487,141	(13,340,000)	17,940,000	-	(539,105)	46,749,007	103,884,203	6,581,307	110,465,510
Effect of disposal group no longer classified as held for sale	-	-	-	-	-	-	-	(1,618,790)	(1,618,790)	-	(1,618,790)
At 1 January 2018 (Restated)	47,157,846	(570,686)	6,487,141	(13,340,000)	17,940,000	-	(539,105)	45,130,217	102,265,413	6,581,307	108,846,720
Profit for the financial year	-	-	-	-	-	-	-	12,505,034	12,505,034	(274,312)	12,230,722
Realisation of revaluation surplus upon depreciation	-	-	(72,078)	-	-	-	-	72,078	-	-	-
Net change in fair value of equity instruments designated as fair value through other comprehensive income	-	-	-	-	-	(420,457)	-	-	(420,457)	-	(420,457)
Foreign exchange translation reserve	-	-	-	-	-	-	(278,147)	-	(278,147)	(267,240)	(545,387)
Total comprehensive income for the year	-	-	(72,078)	-	-	(420,457)	(278,147)	12,577,112	11,806,430	(541,552)	11,264,878

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

Note	Attributable to owners of the parent							Retained Earnings RM	Total RM	Non Controlling Interests RM	Total Equity RM	
	Non-Distributable					Distributable						
	Share Capital RM	Treasury Shares RM	Revaluation Reserve RM	Discount on Shares RM	Warrant Reserve RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM					
Transactions with owner:												
Acquisition of shares from non-controlling interests	8(d)	-	-	-	-	-	-	75,620	75,620	(90,620)	(15,000)	
Dividend to owners of the company	37	-	-	-	-	-	-	(3,028,302)	(3,028,302)	-	(3,028,302)	
Issuance of shares	18	10,428,237	-	-	-	-	-	-	10,428,237	-	10,428,237	
Shares repurchased	19	-	(26,169)	-	-	-	-	-	(26,169)	-	(26,169)	
Warrants conversion	21	1,685,718	-	543,176	(730,478)	-	-	-	1,498,416	-	1,498,416	
Total transactions with owners		12,113,955	(26,169)	-	543,176	(730,478)	-	-	(2,952,682)	8,947,802	(90,620)	8,857,182
At 31 December 2018		59,271,801	(596,855)	6,415,063	(12,796,824)	17,209,522	(420,457)	(817,252)	54,754,647	123,019,645	5,949,135	128,968,780

The accompanying notes from an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM Restated
Cash flows from operating activities			
Profit before tax		30,716,723	17,738,874
Adjustments for:			
Depreciation of investment properties		5,000	5,000
Depreciation of property, plant and equipment		3,603,840	3,450,152
Amortisation of intangible assets		275,556	275,556
Amortisation of right-of-use assets		68,195	-
Finance costs		445,751	644,897
Gain on disposal of property, plant and equipment		(93,562)	(27,969)
Gain on disposal of an associate		-	(111,338)
Gain on disposal of other investment		(36,350)	(20,924)
Written off of property, plant and equipment		-	15
Impairment loss on intangible assets		2,547,101	713,965
Net loss arising from changes in fair value of biological assets		2,902	66,000
Impairment loss on trade receivables		493,000	188,751
Reversal of impairment loss on trade receivables		(38,751)	-
Net fair value (gain)/loss on derivative liabilities		(54,461)	54,461
Finance income		(900,635)	(321,777)
Unrealized loss on foreign exchange		13,140	60,155
Operating profit before working capital changes		37,047,449	22,715,818
Changes in working capital:			
Inventories		(6,234,561)	6,736,018
Receivables		(3,100,063)	(20,693,420)
Payables		7,434,463	22,087,385
Contract assets/liabilities		(2,881,588)	2,473,308
		(4,781,749)	10,603,291
Cash generated from operations		32,265,700	33,319,109
Tax paid		(10,787,739)	(6,732,413)
Tax refund		11,754	24,594
Net cash from operating activities		21,489,715	26,611,290

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

	Note	2019 RM	2018 RM Restated
Cash flows used in investing activities			
Acquisition of other investment		(3,608,850)	(2,560,382)
Acquisition of property, plant and equipment	4(f)	(4,560,960)	(3,433,697)
Acquisition of subsidiary company, net of cash acquired	8(b)	691,763	-
Acquisition of shares from non-controlling interests	8(d)	-	(15,000)
Interest received		900,635	321,777
Proceeds from disposal of associate		-	4,768,000
Proceeds from disposal of other investment		539,950	588,927
Proceeds from disposal of property, plant and equipment		250,000	31,388
Net cash used in investing activities		<u>(5,787,462)</u>	<u>(298,987)</u>
Cash flows used in financing activities			
Dividend paid	38	(4,532,017)	(3,011,664)
Interest paid		(445,751)	(644,897)
Purchase of treasury shares	19	(6,561,069)	(26,169)
Proceeds from issuance of ordinary shares	18	-	10,428,237
Proceeds from warrants conversion	18	3,370,641	1,498,416
Placement of pledged fixed deposit		(2,001,962)	(12,033)
Repayment of bankers acceptance	38	-	(5,699,000)
Repayment of term loans	38	(482,712)	(11,439,542)
Repayment of finance lease liabilities	38	(525,528)	(489,541)
Repayment of right-of-use lease liabilities	38	(3,281)	-
Net cash used in financing activities		<u>(11,181,679)</u>	<u>(9,396,193)</u>
Net increase in cash & cash equivalents		4,520,574	16,916,110
Effect of exchange translation differences on cash & cash equivalents		137,192	(169,675)
Cash & cash equivalents at the beginning of the financial year		<u>27,842,415</u>	<u>11,095,980</u>
Cash & cash equivalents at the end of the financial year		<u>32,500,181</u>	<u>27,842,415</u>

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

	Note	2019 RM	2018 RM Restated
Cash & cash equivalents at the end of the financial year comprises:			
Continuing operations			
Fixed deposits with licensed banks	17	5,404,215	402,253
Cash and bank balances	17	29,500,181	27,842,415
		<u>34,904,396</u>	<u>28,244,668</u>
Less : Fixed deposits pledged with licensed banks	17	(2,404,215)	(402,253)
		<u>32,500,181</u>	<u>27,842,415</u>

The accompanying notes form an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
ASSETS			
Non-current asset			
Investments in subsidiary companies	8	38,009,999	37,409,999
Other investment	9	5,848,190	1,571,922
		<u>43,858,189</u>	<u>38,981,921</u>
Current assets			
Other receivables	14	504,700	3,158,724
Amounts owing by subsidiary companies	15	44,438,624	47,688,380
Tax recoverable		18,708	25,008
Cash & bank balances	17	1,741,105	1,925,434
		<u>46,703,137</u>	<u>52,797,546</u>
Total assets		<u>90,561,326</u>	<u>91,779,467</u>
EQUITY			
Share capital	18	63,063,772	59,271,801
Treasury shares	19	(7,157,924)	(596,855)
Discount on shares	21	(11,574,967)	(12,796,824)
Warrant reserves	21	15,566,335	17,209,522
Fair value adjustment reserve	22	750,561	(420,457)
Retained earnings	24	7,397,560	1,729,778
Total equity		<u>68,045,337</u>	<u>64,396,965</u>
LIABILITIES			
Current liabilities			
Other payables	29	510,396	2,426,909
Amounts owing to subsidiary companies	15	22,005,593	24,955,593
Total liabilities		<u>22,515,989</u>	<u>27,382,502</u>
TOTAL EQUITY & LIABILITIES		<u>90,561,326</u>	<u>91,779,467</u>

The accompanying notes form an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

	Note	2019 RM	2018 RM
Revenue	31	9,000,000	3,150,000
Other income		40,780	106,753
General and administrative expense		(847,309)	(785,692)
Profit before tax	33	<u>8,193,471</u>	<u>2,471,061</u>
Taxation	35	(18,246)	-
Profit for the financial year		<u>8,175,225</u>	<u>2,471,061</u>
Other comprehensive income; Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of equity instrument designated at fair value through other comprehensive income		1,171,018	(420,457)
Total comprehensive income for the financial year		<u>9,346,243</u>	<u>2,050,604</u>

The accompanying notes form an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

	Note	Non-Distributable				Distributable		Total equity RM
		Share capital RM	Treasury shares RM	Discount on shares RM	Warrant reserve RM	Fair value adjustment reserve RM	Retained earnings RM	
At 1 January 2019		59,271,801	(596,855)	(12,796,824)	17,209,522	(420,457)	1,729,778	64,396,965
Profit for the financial year		-	-	-	-	-	8,175,225	8,175,225
Net change in fair value of equity investments designated as fair value through other comprehensive income		-	-	-	-	1,171,018	-	1,171,018
Total comprehensive income for the financial year		-	-	-	-	1,171,018	8,175,225	9,346,243
Transactions with owners:								
Dividends to owners of the company	37	-	-	-	-	-	(2,507,443)	(2,507,443)
Share repurchased	19	-	(6,561,069)	-	-	-	-	(6,561,069)
Warrants conversion	21	3,791,971	-	1,221,857	(1,643,187)	-	-	3,370,641
		3,791,971	(6,561,069)	1,221,857	(1,643,187)	-	(2,507,443)	(5,697,871)
At 31 December 2019		63,063,772	(7,157,924)	(11,574,967)	15,566,335	750,561	7,397,560	68,045,337

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

Note	Non-Distributable				Distributable		Total equity RM
	Share capital RM	Treasury shares RM	Discount on shares RM	Warrant reserve RM	Fair value adjustment reserve RM	Retained earnings RM	
At 1 January 2018	47,157,846	(570,686)	(13,340,000)	17,940,000	-	2,287,019	53,474,179
Profit for the financial year	-	-	-	-	-	2,471,061	2,471,061
Net change in fair value of equity investments designated as fair value through other comprehensive income	-	-	-	-	(420,457)	-	(420,457)
Total comprehensive income for the financial year	-	-	-	-	(420,457)	2,471,061	2,050,604
Transactions with owners:							
Dividends to owners of the company	37	-	-	-	-	(3,028,302)	(3,028,302)
Issuance of shares	18	10,428,237	-	-	-	-	10,428,237
Share repurchased	19	-	(26,169)	-	-	-	(26,169)
Warrants conversion	21	1,685,718	-	543,176	(730,478)	-	1,498,416
		12,113,955	(26,169)	543,176	(730,478)	(3,028,302)	8,872,182
At 31 December 2018		59,271,801	(596,855)	(12,796,824)	17,209,522	(420,457)	64,396,965

The accompanying notes form an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
Cash flows used in operating activities			
Profit before tax		8,193,471	2,471,061
Adjustments for:			
Dividend income		(9,000,000)	(3,150,000)
Gain on disposal of other investment		(36,350)	(20,924)
Interest income		(4,430)	(85,829)
Operating loss before working capital changes		<u>(847,309)</u>	<u>(785,692)</u>
Changes in working capital:			
Receivables		4,024	-
Payables		108,061	3,357
Cash used in operations		<u>(735,224)</u>	<u>(782,335)</u>
Tax paid		(23,700)	(19,500)
Tax refund		11,754	6,464
Net cash used in operating activities		<u>(747,170)</u>	<u>(795,371)</u>
Cash flows from investing activities			
Dividends received		11,650,000	5,000,000
Acquisition of subsidiary company, net of cash acquired	8(b),8(c)	(600,000)	-
Acquisition of shares from non-controlling interests	8(d)	-	(15,000)
Acquisition of other investment		(3,608,850)	(2,560,382)
Interest received		4,430	85,829
Proceeds from disposal of other investment		539,950	588,927
Net cash from investing activities		<u>7,985,530</u>	<u>3,099,374</u>
Cash flows used in financing activities			
Advances from/(Advances to) subsidiary companies		299,756	(9,460,492)
Dividend paid	38	(4,532,017)	(3,011,664)
Purchase of treasury shares	19	(6,561,069)	(26,169)
Proceeds from issuance of ordinary shares	18	-	10,428,237
Proceeds from warrants conversion	18	3,370,641	1,498,416
Net cash used in financing activities		<u>(7,422,689)</u>	<u>(571,672)</u>

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

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

	2019	2018
	RM	RM
Net (decrease)/increase in cash & cash equivalent	(184,329)	1,732,331
Cash & cash equivalents at the beginning of the financial year	<u>1,925,434</u>	<u>193,103</u>
Cash & cash equivalents at the end of the financial year	<u>1,741,105</u>	<u>1,925,434</u>
Cash & cash equivalents at the end of the financial year comprises:		
Cash and bank balances	<u>1,741,105</u>	<u>1,925,434</u>

The accompanying notes form an integral part of the financial statements.

MUAR BAN LEE GROUP BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

1. Corporate Information

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

The principal place of business of the Company is at JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.

The registered office of the Company is located at 85, Muntri Street, 10200 Penang.

The principal activity of the Company is investment holding company. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is MBL Realty Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

2. 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 and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2015 - 2017 Cycle:	
• Amendments to MFRS 3	
• Amendments to MFRS 11	
• Amendments to MFRS 112	
• Amendments to MFRS 123	

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:

(i) MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, IC Interpretation 4 Determine 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.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 Leases are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use (“ROU”) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)(i) MFRS 16 Leases (Cont'd)

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

The directors of the Company reviewed and assessed the Group's operating lease commitments applying MFRS 117 as of 31 December 2018 and concluded that the initial application of MFRS 16 has the following impact:

	RM
Operating lease commitments as of 31 December 2018	27,657,300
Effect of discounting operating lease as of 1 January 2019	<u>(21,860,692)</u>
Right-of-use lease liabilities as of 1 January 2019	<u>5,796,608</u>

The weighted average lessee's incremental borrowing rate applied as of 1 January 2019 is 5.56%. The initial application of MFRS 16 has had no impact on the Group's retained earnings as of 1 January 2019.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

	Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, Interest Rate Benchmark Reform MFRS 139 and MFRS 7	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 16 Covid 19 - Related Rent Concessions	1 June 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Classification of Liabilities as Current and Non-current	1 January 2022
Amendments to MFRS 3 Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS Standards 2018-2020 Amendments to MFRS 1 Amendments to MFRS 9 Amendments to MFRS 16 Amendments to MFRS 141	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

2. Basis of Preparation (Cont'd)

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Control over MBL Biotech Sdn. Bhd.

Note 8 describes that MBL Biotech Sdn. Bhd. is subsidiary company of the Group even though the Group owns less than half of the ownership interest in the entity and less than half of their voting power. The Group control MBL Biotech Sdn. Bhd. by virtue of an agreement with its other shareholders.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Useful lives of property, plant and equipment, investment property and amortization of right-of-use (“ROU”) assets

The Group regularly review the estimated useful lives of property, plant and equipment, investment property and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment property and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment property and ROU assets. The carrying amount at the reporting date for property, plant and equipment and investment property are disclosed in Notes 4 and 5 respectively.

Impairment of deferred development costs

The Group assesses whether there is any indication that deferred development costs are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The key assumptions used to determine the recoverable amount is disclosed in Note 6.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 6.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 10.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 16.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for trade receivables are disclosed in Note 13.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 11.

3. Significant Accounting Policies

The Group and the Company apply the significant policies set put below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(p)(i) to the financial statements on impairment of non-financial assets.

(b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate.

3. Significant Accounting Policies (Cont'd)

(b) Investments in associates (Cont'd)

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are either stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) to the financial statements on impairment of non-financial assets.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, 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 foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, 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 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.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(p)(i) to the financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of property is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of property are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

	Over the remaining lease period
Leasehold land and buildings	
Buildings	2% - 5%
Plant and machinery	6% - 12%
Furniture, fittings and office equipment	5% - 25%
Motor vehicles	12% - 25%
Bearer plant	4%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(e) Leases

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment.

The Group's ROU assets consist of motor vehicles and office equipment (included in property, plant and equipment) and leased land (included in ROU assets) as disclosed in Note 4 and Note 7, respectively.

The ROU assets are subject to impairment.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (Cont'd)

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Freehold land is not depreciated. Freehold building is depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are 2%.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(g) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

3. Significant Accounting Policies (Cont'd)

(g) Intangible assets (Cont'd)

(i) Internally-generated intangible assets - research and development costs (Cont'd)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Licensing fee

Licensing fee with finite useful lives is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 50 years. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Land use right

Land use right with finite useful lives is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 90 years. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

3. Significant Accounting Policies (Cont'd)

(g) Intangible assets (Cont'd)

(v) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(p)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(h) Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and available for sale investments.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant Accounting Policies (Cont'd)

(i) Financial assets (Cont'd)

(a) Financial assets at amortised cost (Cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Fair value through other comprehensive income

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI") on an investment-by-investment basis.

Financial assets categorised as fair value through other comprehensive income ("FVOCI") are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value adjustment reserve in equity. For equity instruments, the gains or losses are never reclassified to profit or loss.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

3. Significant Accounting Policies (Cont'd)

(i) Financial assets (Cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(j) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(a) Financial liabilities at fair value through profit or loss ("FVTPL")

FVTPL 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.

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

(b) Amortised cost

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

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables and borrowings.

3. Significant Accounting Policies (Cont'd)

(j) Financial liabilities (Con'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Inventories

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

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads are stated on a weighted average basis (which approximates average actual cost).

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.

(m) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

3. Significant Accounting Policies (Cont'd)

(m) Construction contracts (Con'd)

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(n) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(o) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. Significant Accounting Policies (Cont'd)

(p) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, 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 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 purposes. 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 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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 (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. Significant Accounting Policies (Cont'd)

(p) Impairment of assets (Cont'd)

(i) Non-financial assets

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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. Significant Accounting Policies (Cont'd)

(q) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

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

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(r) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund (“EPF”). Some of the Group’s foreign subsidiary companies also make contributions to their respective countries’ statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(s) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation (“PO”) by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the proportion of contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total cost of the construction contracts.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(b) Sale of goods

The Group manufactures and sells in the market. Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the customers specific location, the customers have full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those product expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 30 to 120 days, which is consistent with market practice.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

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

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

(iv) Interest income

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

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the 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, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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.

(u) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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 financial 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.

3. Significant Accounting Policies (Cont'd)

(u) Income taxes (Cont'd)

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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 measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. 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 difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Property, Plant and Equipment

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Bearer plant RM	Total RM
2019								
Cost/Valuation								
At 1 January 2019	14,476,284	1,200,000	13,454,492	20,199,448	2,858,069	9,285,593	1,382,592	62,856,478
Additions	178,883	-	225,371	3,378,906	62,835	733,965	-	4,579,960
Arising from business acquisition (Note 8)	-	-	-	-	8,574	-	-	8,574
Disposal	-	-	-	(115,000)	-	(375,448)	-	(490,448)
Reclassification	-	-	-	23,408	(23,408)	-	-	-
Foreign currency translation differences	19,518	-	41,204	333,780	11,154	(62,048)	-	343,608
At 31 December 2019	<u>14,674,685</u>	<u>1,200,000</u>	<u>13,721,067</u>	<u>23,820,542</u>	<u>2,917,224</u>	<u>9,582,062</u>	<u>1,382,592</u>	<u>67,298,172</u>
Representing:								
At cost	-	-	-	23,820,542	2,917,224	9,582,062	1,382,592	37,702,420
At valuation	14,674,685	1,200,000	13,721,067	-	-	-	-	29,595,752
At 31 December 2019	<u>14,674,685</u>	<u>1,200,000</u>	<u>13,721,067</u>	<u>23,820,542</u>	<u>2,917,224</u>	<u>9,582,062</u>	<u>1,382,592</u>	<u>67,298,172</u>

4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and Machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Bearer plant RM	Total RM
2019								
Accumulated depreciation								
At 1 January 2019	-	60,888	1,293,068	9,998,100	1,833,192	5,983,660	194,794	19,363,702
Charge for the financial year	-	30,444	313,951	1,922,376	279,319	988,620	69,130	3,603,840
Disposals	-	-	-	(106,379)	-	(219,011)	-	(325,390)
Reclassification	-	-	-	11,704	(11,704)	-	-	-
Foreign currency translation differences	-	-	10,818	127,667	(15,409)	(7,844)	-	115,232
At 31 December 2019	-	91,332	1,617,837	11,953,468	2,085,398	6,745,425	263,924	22,757,384
Accumulated impairment loss								
At 1 January 2019	33,144	-	25,150	52,238	17,930	20,740	-	149,202
Disposals	-	-	-	(8,620)	-	-	-	(8,620)
At 31 December 2019	33,144	-	25,150	43,618	17,930	20,740	-	140,582
Total accumulated depreciation and impairment loss	33,144	91,332	1,642,987	11,997,086	2,103,328	6,766,165	263,924	22,897,966
Carrying amount								
At cost	-	-	-	11,823,456	813,896	2,815,897	1,118,668	16,571,917
At valuation	14,641,541	1,108,668	12,078,080	-	-	-	-	27,828,289
At 31 December 2019	14,641,541	1,108,668	12,078,080	11,823,456	813,896	2,815,897	1,118,668	44,400,206

4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Bearer plant RM	Total RM
2018 - Restated Cost/Valuation								
At 1 January 2018	14,502,641	1,200,000	12,491,125	17,787,761	2,376,867	7,785,170	-	56,143,564
Effect of disposal group no longer classified as held for sale	-	-	603,599	788,300	33,176	810,474	1,382,592	3,618,141
At 1 January 2018 - Restated	14,502,641	1,200,000	13,094,724	18,576,061	2,410,043	8,595,644	1,382,592	59,761,705
Additions	-	-	414,103	2,280,418	457,524	796,652	-	3,948,697
Written off	-	-	(6,800)	(284,300)	(2,058)	(75,100)	-	(368,258)
Disposal	-	-	-	(137,000)	-	(5,000)	-	(142,000)
Foreign currency translation differences	(26,357)	-	(47,535)	(235,731)	(7,440)	(26,603)	-	(343,666)
At 31 December 2018	14,476,284	1,200,000	13,454,492	20,199,448	2,858,069	9,285,593	1,382,592	62,856,478
Representing:								
At cost	-	-	-	20,199,448	2,858,069	9,285,593	1,382,592	33,725,702
At valuation	14,476,284	1,200,000	13,454,492	-	-	-	-	29,130,776
At 31 December 2018	14,476,284	1,200,000	13,454,492	20,199,448	2,858,069	9,285,593	1,382,592	62,856,478

4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Bearer plant RM	Total RM
2018 - Restated								
Accumulated depreciation								
At 1 January 2018	-	30,444	617,726	7,975,258	1,608,735	4,454,025	-	14,686,188
Effect of disposal group no longer classified as held for sale	-	-	356,659	653,097	12,368	597,141	125,997	1,745,262
At 1 January 2018 - Restated	-	30,444	974,385	8,628,355	1,621,103	5,051,166	125,997	16,431,450
Charge for the financial year	-	30,444	337,148	1,778,266	218,785	1,016,712	68,797	3,450,152
Written off	-	-	(6,800)	(233,123)	(1,367)	(75,094)	-	(316,384)
Disposals	-	-	-	(105,215)	-	(1,583)	-	(106,798)
Foreign currency translation differences	-	-	(11,665)	(70,183)	(5,329)	(7,541)	-	(94,718)
At 31 December 2018	-	60,888	1,293,068	9,998,100	1,833,192	5,983,660	194,794	19,363,702
Accumulated impairment loss								
At 1 January 2018	33,144	-	-	-	-	-	-	33,144
Effect of disposal group no longer classified as held for sale	-	-	25,150	135,189	18,621	20,740	-	199,700
At 1 January 2018 - Restated	33,144	-	25,150	135,189	18,621	20,740	-	232,844
Written off	-	-	-	(51,168)	(691)	-	-	(51,859)
Disposals	-	-	-	(31,783)	-	-	-	(31,783)
At 31 December 2018	33,144	-	25,150	52,238	17,930	20,740	-	149,202

4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Bearer plant RM	Total RM
2018 - Restated								
Total accumulated depreciation and impairment loss	33,144	60,888	1,318,218	10,050,338	1,851,122	6,004,400	194,794	19,512,904
Carrying amount								
At cost	-	-	-	10,149,110	1,006,947	3,281,193	1,187,798	15,625,048
At valuation	14,443,140	1,139,112	12,136,274	-	-	-	-	27,718,526
At 31 December 2018	14,443,140	1,139,112	12,136,274	10,149,110	1,006,947	3,281,193	1,187,798	43,343,574

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 27 are:

	2019	2018
	RM	RM
Group		
Freehold land	2,034,045	2,034,045
Leasehold land	1,108,668	1,139,112
Buildings	3,694,107	3,773,018
	<u>6,836,820</u>	<u>6,946,175</u>

(b) Right-of-use assets

Included in the net carrying amount of motor vehicles and furniture, fittings and office equipment are right-of-use assets amounted to RM1,376,668 and RM17,733, respectively.

(c) Assets held under finance leases

At 31 December 2019, the carrying amount of leased motor vehicles and furniture, fittings and office equipment of the Group was RM1,376,668 and RM17,733 (2018: RM2,648,467 and RMNil), respectively.

Leased assets are pledged as security for the related finance lease liabilities.

(d) Revaluation of land and buildings

In the previous financial years, land and buildings of a subsidiary company were revalued on 31 December 2016 by Messrs. Kuljeet Singh, an independent professional valuer.

The fair value of land is within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. A slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings, and vice versa.

4. Property, Plant and Equipment (Cont'd)

(d) Revaluation of land and buildings (Cont'd)

Had the land and buildings been carried at historical cost less accumulated depreciation and impairment loss, their carrying amount would have been as follows:

	Freehold Land RM	Leasehold Land RM	Buildings RM
Group			
31 December 2019			
Carrying amount	<u>8,483,136</u>	<u>212,558</u>	<u>7,274,916</u>
31 December 2018			
Carrying amount	<u>8,483,136</u>	<u>220,431</u>	<u>7,463,385</u>

(e) Leasehold land

The remaining lease term of the leasehold land is 37 years (2018: 38 years).

(f) Acquisition of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group during the financial year under finance lease and cash payment are as follows:

	Group	
	2019 RM	2018 RM
Aggregate costs	4,579,960	3,948,697
Less: Finance lease financing	<u>(19,000)</u>	<u>(515,000)</u>
Cash payments	<u>4,560,960</u>	<u>3,433,697</u>

5. Investment Properties

	Freehold Land RM	Buildings RM	Total RM
Group 2019 Valuation			
At 1 January/31 December	<u>400,000</u>	<u>250,000</u>	<u>650,000</u>
Accumulated depreciation			
At 1 January 2019	-	10,000	10,000
Charge for the financial year	<u>-</u>	<u>5,000</u>	<u>5,000</u>
At 31 December 2019	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Carrying amount			
At 31 December 2019	<u>400,000</u>	<u>235,000</u>	<u>635,000</u>
Fair value of investment properties	<u>504,680</u>	<u>309,320</u>	<u>814,000</u>
2018 Valuation			
At 1 January/31 December	<u>400,000</u>	<u>250,000</u>	<u>650,000</u>
Accumulated depreciation			
At 1 January 2018	-	5,000	5,000
Charge for the financial year	<u>-</u>	<u>5,000</u>	<u>5,000</u>
At 31 December 2018	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Carrying amount			
At 31 December 2018	<u>400,000</u>	<u>240,000</u>	<u>640,000</u>
Fair value of investment properties	<u>589,620</u>	<u>361,380</u>	<u>951,000</u>

Investment properties comprise of freehold land and building that are leased to third party. Leases contains a cancellable period ranging from 1 to 3 years. Subsequent renewals are negotiated with the lessee on an average renewal period of 1 to 3 years. No contingent rents are charged.

5. Investment Properties (Cont'd)

Fair value of investment properties was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

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

	Group	
	2019	2018
	RM	RM
Rental income	31,680	31,680
Direct operating expenses	<u>1,158</u>	<u>1,158</u>

6. Intangible Assets

Group	Goodwill	Licensing	Development	Land use	Total
2019	RM	fees	costs	rights	RM
Cost		RM	RM	RM	RM
At 1 January	2,214,185	872,104	819,036	24,800,000	28,705,325
Addition through business combination	213,810	-	-	-	213,810
At 31 December	<u>2,427,995</u>	<u>872,104</u>	<u>819,036</u>	<u>24,800,000</u>	<u>28,919,135</u>
Accumulated amortisation					
At 1 January	-	-	-	1,377,780	1,377,780
Charge for the financial year	-	-	-	275,556	275,556
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,653,336</u>	<u>1,653,336</u>
Accumulated impairment loss					
At 1 January	18,756	325,000	819,036	-	1,162,792
Impairment loss for the financial year	1,999,997	547,104	-	-	2,547,101
At 31 December	<u>2,018,753</u>	<u>872,104</u>	<u>819,036</u>	<u>-</u>	<u>3,709,893</u>
Carrying amount					
At 31 December 2019	<u>409,242</u>	<u>-</u>	<u>-</u>	<u>23,146,664</u>	<u>23,555,906</u>

6. Intangible Assets (Cont'd)

Group	Goodwill	Licensing	Development	Land use	Total
2018	RM	fees	costs	rights	RM
Cost		RM	RM	RM	RM
At 1 January	2,214,185	872,104	819,036	-	3,905,325
Effect of disposal group no longer classified as held for sale	-	-	-	24,800,000	24,800,000
At 1 January/31 December - Restated	<u>2,214,185</u>	<u>872,104</u>	<u>819,036</u>	<u>24,800,000</u>	<u>28,705,325</u>
Accumulated amortisation					
At 1 January	-	-	-	-	-
Effect of disposal group no longer classified as held for sale	-	-	-	1,102,224	1,102,224
At 1 January - Restated	-	-	-	1,102,224	1,102,224
Charge for the financial year	-	-	-	275,556	275,556
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,377,780</u>	<u>1,377,780</u>
Accumulated impairment loss					
At 1 January	18,756	325,000	105,071	-	448,827
Impairment loss for the financial year	-	-	713,965	-	713,965
At 31 December	<u>18,756</u>	<u>325,000</u>	<u>819,036</u>	<u>-</u>	<u>1,162,792</u>
Carrying amount					
At 31 December 2018	<u>2,195,429</u>	<u>547,104</u>	<u>-</u>	<u>23,422,220</u>	<u>26,164,753</u>

6. Intangible Assets (Cont'd)**(a) Description of material intangible assets**

Licensing fees are related to wood logging at Kelantan, Malaysia. The rights of wood logging are covered approximately 404 hectare and the estimated useful life is 50 years.

The development costs related to the development of tree pulverizer machine project.

Land use right refer to the right granted by Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan to use and develop the plantation land.

During the financial year, the management has carried out an impairment assessment on licensing fees. The licensing fees had been incurring losses for a number of financial years and the management did not foresee any cash flows from this licensing fees in the near future. As a result, an impairment loss of RM547,104 was fully recognised in the consolidated statement of profit or loss and other comprehensive income.

During the prior financial year, the management has carried out an impairment assessment on developments costs. The development costs had been incurring losses for a number of financial years and the management did not foresee any cash flows from this development costs in the near future. As a result, an impairment loss of RM713,965 was fully recognised in the consolidated statement of profit or loss and other comprehensive income.

(b) Impairment testing for cash-generating units (“CGU”) containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group’s operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purposes.

	Group	
	2019	2018
	RM	RM
SPA Hidayah Enterprise Sdn. Bhd.	-	1,999,997
Muar Ban Lee Machinery Sdn. Bhd.	195,432	195,432
Allin Water Technology Sdn. Bhd.	213,810	-
	<u>409,242</u>	<u>2,195,429</u>

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of this units and was based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and a two-year business plan.
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of CGU is 3%.

6. Intangible Assets (Cont'd)**(b) Impairment testing for cash-generating units (“CGU”) containing goodwill (Cont'd)**

- (iii) A pre-tax discount rate of 8% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the Group plus a reasonable risk premium.

The values assigned to the key assumptions represent management’s assessment of future trends in the industry and are based on both external sources and internal sources.

With regards to the assessments of value-in-use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

During the financial year, based on management impairment assessment on one of the CGU, SPA Hidayah Enterprise Sdn. Bhd., the CGU had been incurring losses for a number of financial years and the management did not foresee any cash flows from this CGU in the near future. As a result, an impairment loss of RM1,999,997 was fully recognised in the consolidated statement of profit or loss and other comprehensive income.

7. Right-of-Use Assets

	Group 2019 RM
Cost	
At 1 January	-
Effect of adoption of MFRS 16 (Note 2)	<u>5,796,608</u>
At 31 December	<u>5,796,608</u>
Accumulated Amortisation	
At 1 January	-
Charge for the financial year	<u>68,195</u>
At 31 December	<u>68,195</u>
Carrying Amount	
At 31 December	<u>5,728,413</u>

The Group leases a land from Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan to use and develop the plantation land.

8. Investments in Subsidiary Companies

	Company	
	2019	2018
	RM	RM
In Malaysia		
Unquoted shares, at cost	<u>38,009,999</u>	<u>37,409,999</u>

Details of the subsidiary companies are as follows:

Name of company	Place of Business/ Country of Incorporation	Effective interest (%)		Principal activities
		2019	2018	
Muar Ban Lee Engineering Sdn. Bhd.	Malaysia	100	100	Manufacturer of oil seed expeller and related parts and engage in construction of biogas plant
Muar Ban Lee Technology Sdn. Bhd.	Malaysia	100	100	Manufacturer of automated kernel crushing plants and related parts
Palm Ocean Engineering Sdn. Bhd.	Malaysia	100	100	Involved in renewable energy, palm oil mill effluent waste treatment and empty fruit bunch composting and related activities
MBL Biotech Sdn. Bhd. *	Malaysia	30	30	Dormant
MBL Waste Processing Technology Sdn. Bhd.	Malaysia	95	95	Investment holding
MBL Plantation Sdn. Bhd.	Malaysia	100	100	Investment holding
Muar Ban Lee Machinery Sdn. Bhd.	Malaysia	95	95	Manufacturer of automated processing machinery and equipment and related parts and components for palm oil industry and engage in construction of biogas plant

8. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of Business/ Country of Incorporation	Effective interest (%)		Principal activities
		2019	2018	
Allin Water Technology Sdn. Bhd.	Malaysia	65	-	Design, fabricate, supply and installation of machinery and ancillary equipment for waste water treatment and energy generation from palm oil mill and other industry
Open Road MBL Sdn. Bhd.	Malaysia	100	-	Buy, sell, import, export and deal in luxury vehicles, to operate motor transport, including leasing, hiring or letting out of luxury vehicles, to undertake the safe keeping and servicing of motor vehicles
Held through MBL Plantation Sdn. Bhd.				
SPA Hidayah Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Sokor Gemilang Ladang Sdn. Bhd.	Malaysia	100	100	Cultivation of palm oil plantation
Held through MBL Waste Processing Technology Sdn. Bhd.				
POME Treatment Technology Sdn. Bhd. **	Malaysia	52.25	52.25	Design, fabricate, supply and installation of machinery and ancillary equipment for waste management and energy generation for palm oil mill and other industries

8. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of Business/ Country of Incorporation	Effective interest (%)		Principal activities
		2019	2018	
Held through Muar Ban Lee Engineering Sdn. Bhd.				
PT. Serdang Jaya Perdana ^	Indonesia	51	51	Engaged in the business of palm kernel crushing plant where crude palm kernel oil is extracted from palm kernel

^ Subsidiary company not audited by UHY.

* Currently the Company exercise full control over MBL Biotech Sdn. Bhd. ("MBLB"). As such, MBLB are recognised as the subsidiary company of the Company even though the Company's equity interest in this subsidiary company is less than 50%.

** The total effective equity interest held by the Group is 52.25%, of which 55% is held through MBL Waste Processing Technology Sdn. Bhd..

(a) Material partly-owned subsidiary company

Set out below are the Group's subsidiary company that has material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2019	2018	2019	2018	2019	2018
	%	%	RM	RM	RM	RM
PT. Serdang Jaya Perdana	49	49	809,375	(530,629)	6,781,766	5,972,390
Individually immaterial subsidiaries with non-controlling interests					138,022	(23,255)
Total non-controlling interests					6,919,788	5,949,135

8. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary company (Cont'd)

Summarised financial information for subsidiary company that has non-controlling interests that is material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

	2019	2018
	RM	RM
Non-current assets	10,891,044	8,983,892
Current assets	14,880,385	8,559,361
Current liabilities	<u>(9,267,929)</u>	<u>(2,826,229)</u>
Net assets	<u>16,503,500</u>	<u>14,717,024</u>

(ii) Summarised statement of profit or loss and other comprehensive income

	2019	2018
	RM	RM
Revenue	52,394,667	31,660,108
Net profit/(loss) for the financial year	1,283,881	(537,526)
Other comprehensive income/(loss) for the financial year	367,905	(545,387)
Total comprehensive income/(loss) for the financial year	<u>1,651,786</u>	<u>(1,082,913)</u>

(iii) Summarised statement of cash flows

	2019	2018
	RM	RM
Net cash from operating activities	(3,547,203)	1,102,691
Net cash used in investing activities	(2,953,518)	(2,383,664)
Net cash from/(used in) financing activities	<u>6,502,299</u>	<u>114,359</u>
Net (decrease)/increase in cash & cash equivalents	<u>1,578</u>	<u>(1,166,614)</u>
Dividend paid to non-controlling interests	<u>-</u>	<u>-</u>

8. Investments in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary company

On 23 May 2019, the Company acquired 325,000 new ordinary shares in Allin Water Technology Sdn. Bhd. ("ALLIN") for a total consideration of RM500,000 represented 65% equity interest in ALLIN. The acquisition was deemed to be completed by 14 June 2019 and as a result, ALLIN becomes a partly owned subsidiary of the Company.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

(i) Fair value of identifiable assets acquired and liabilities assumed

	ALLIN RM
Property, plant and equipment	8,574
Cash and cash equivalents	1,191,763
Other receivables	306
Other payables	(760,351)
Non-controlling interests	(154,102)
Total identifiable assets and liabilities	286,190

(ii) Net cash outflows arising from acquisition of subsidiary company

	ALLIN RM
Purchase consideration settled in cash	(500,000)
Cash and cash equivalents acquired	1,191,763
Net cash inflows on acquisition of subsidiary	691,763

(iii) Goodwill arising from business combination

	ALLIN RM
Fair value of consideration transferred	500,000
Fair value of identifiable assets acquired and liabilities assumed	(286,190)
Goodwill	213,810

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

The effect of acquisition of subsidiary company did not have any material effect on the financial results and position of the Group.

8. Investments in Subsidiary Companies (Cont'd)

(c) Incorporation of subsidiary company

On 5 September 2019, the Company incorporated a 100% owned subsidiary namely Open Road MBL Sdn. Bhd. (“ORMBL”) under the Companies Act, 2016 as a private company limited by shares with 100,000 ordinary shares for total consideration of RM100,000.

The effect of incorporation of subsidiary company did not have any material effect on the financial results and position of the Group.

(d) Acquisition of non-controlling interests

In prior financial year, on 1 March 2018, the Company acquired additional 50% equity interest in Palm Ocean Engineering Sdn. Bhd. for RM15,000 in cash, increasing its ownership from 50% to 100%. The Group recognised a decrease in non-controlling interests of RM90,620 and a decrease in retained earnings of RM75,620.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company’s ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

Investment in an Associate Company

In prior financial year, Muar Ban Lee Engineering Sdn. Bhd. (“MBLE”), a wholly-owned subsidiary of the Company has entered into a Sale and Purchase Agreement with Tuan Khor Soo Ping for the disposal of 33% of equity interest of PT. Banyuasin Nusantara Sejahtera (“BNS”), an associate of MBLE for a total sale consideration of IDR16,000,000,000 which equivalent to RM4,768,000 by way of the cash payment.

9. Other Investment

	Group/Company	
	2019	2018
	RM	RM
Quoted shares in Malaysia		
Equity instruments at fair value through other comprehensive income	5,848,190	1,571,922

10. Deferred Tax (Assets)/Liabilities

	Group	
	2019 RM	2018 RM
At 1 January	2,273,628	2,397,760
Recognized in profit or loss		
- Relating to origination and reversal of temporary differences	172,181	(109,392)
- Relating to crystallization of deferred tax liability on revaluation reserve	(22,762)	(22,762)
Under provision in prior years	130,592	8,022
At 31 December	<u>2,553,639</u>	<u>2,273,628</u>

The net deferred tax liabilities and assets shown on the consolidated statement of financial position after appropriate offsetting are as follows:

	Group	
	2019 RM	2018 RM
Deferred tax liabilities	2,553,639	2,408,318
Deferred tax assets	-	(134,690)
	<u>2,553,639</u>	<u>2,273,628</u>

The components and movements of deferred tax liabilities and assets are as follows:

Group

	Accelerated Capital Allowances RM	Revaluation Of Assets RM	Total RM
Deferred tax liabilities			
At 1 January 2019	1,276,997	1,167,804	2,444,801
Recognized in profit or loss	15,831	(22,762)	(6,931)
Under provision in prior years	130,592	-	130,592
At 31 December 2019	<u>1,423,420</u>	<u>1,145,042</u>	2,568,462
Set-off against tax assets			<u>(14,823)</u>
			<u>2,553,639</u>
At 1 January 2018	1,292,615	1,190,566	2,483,181
Recognized in profit or loss	(24,079)	(22,762)	(46,841)
Under provision in prior years	8,461	-	8,461
At 31 December 2018	<u>1,276,997</u>	<u>1,167,804</u>	2,444,801
Set-off against tax assets			<u>(36,483)</u>
			<u>2,408,318</u>

10. Deferred Tax (Assets)/Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:
(Cont'd)

Group	Unutilized Capital Allowances RM	Unutilised Tax losses RM	Total RM
Deferred tax assets			
At 1 January 2019	-	(171,173)	(171,173)
Recognised in profit or loss	-	156,350	156,350
At 31 December 2019	<u>-</u>	<u>(14,823)</u>	<u>(14,823)</u>
Set-off against deferred tax liabilities			<u>14,823</u>
			<u>-</u>
At 1 January 2018	(7,074)	(78,347)	(85,421)
Recognised in profit or loss	8,477	(93,790)	(85,313)
(Under)/Over provision in prior years	(1,403)	964	(439)
At 31 December 2018	<u>-</u>	<u>(171,173)</u>	<u>(171,173)</u>
Set-off against deferred tax liabilities			<u>36,483</u>
			<u>(134,690)</u>

Deferred tax asset has not been recognised in respect of the following items:

	Group	
	2019 RM	2018 RM
Unutilized capital allowances	335,079	306,408
Unutilized tax losses	<u>2,535,201</u>	<u>1,784,878</u>
	<u>2,870,280</u>	<u>2,091,286</u>

Deferred tax asset has not been recognised in respect of this item as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

11. Inventories

	Group	
	2019	2018
	RM	RM
		Restated
At cost:		
Raw materials	11,331,300	9,581,321
Work-in progress	23,900,834	14,176,354
Finished goods	-	239,898
	<u>35,232,134</u>	<u>23,997,573</u>
Recognized in profit or loss:		
Inventories recognised as cost of sales	<u>107,562,006</u>	<u>106,613,066</u>

12. Biological Assets

	Group	
	2019	2018
	RM	RM
At 1 January	54,000	120,000
Fair value changes	(2,902)	(66,000)
31 December	<u>51,098</u>	<u>54,000</u>
FFB production (Tonnes)	<u>441</u>	<u>744</u>

The biological assets of the Group comprise of oil palm fresh fruit bunches (“FFB”) prior to harvest. The valuation model to be adopted by the Company considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than three months to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to three months prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be yield of FFBs per hectare per year by yearly age attribute over the useful life of the oil palm crop. The yield per hectare by age attribute may be determined by reference to past experience of harvested FFBs over a reasonable period of time. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Company’s biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

If the FFB selling price changes by 10%, profit or loss for the Company would have equally increased or decreased by approximately RM5,000 (2018: RM5,000).

13. Trade Receivables

	Group	
	2019	2018
	RM	RM
Trade receivables	30,536,652	40,376,939
Less: Accumulated impairment losses	<u>(825,000)</u>	<u>(370,751)</u>
	<u>29,711,652</u>	<u>40,006,188</u>

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2018: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses are as follows:

	Group	
	2019	2018
	RM	RM
At 1 January	370,751	182,000
Impairment losses recognized	493,000	188,751
Reversal of impairment loss	<u>(38,751)</u>	<u>-</u>
At 31 December	<u>825,000</u>	<u>370,751</u>

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly. Reversal of impairment loss on trade receivables was mainly due to collection from receivables previously provided for doubtful debts.

13. Trade Receivables (Cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	Gross Amount RM	Loss Allowance RM	Net Amount RM
Group			
2019			
Neither past due nor impaired	26,991,131	(370,000)	26,621,131
Past due but not impaired:			
Less than 90 days	1,405,326	(49,000)	1,356,326
More than 90 days	2,140,195	(406,000)	1,734,195
	<u>30,536,652</u>	<u>(825,000)</u>	<u>29,711,652</u>
2018			
Neither past due nor impaired	33,508,515	(170,000)	33,338,515
Past due but not impaired:			
Less than 90 days	2,559,726	(26,000)	2,533,726
More than 90 days	4,269,947	(136,000)	4,133,947
	<u>40,338,188</u>	<u>(332,000)</u>	<u>40,006,188</u>
Credit impaired:			
Individual impaired	38,751	(38,751)	-
	<u>40,376,939</u>	<u>(370,751)</u>	<u>40,006,188</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2019, trade receivables of RM3,090,521 (2018: RM6,667,673) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The trade receivables of the Group that are individually assessed to be impaired amounting to RM Nil (2018: RM38,751) relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

14. Other Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	1,471,276	3,185,214	-	5,724
Sundry deposits	2,899,682	1,807,710	3,000	3,000
Dividend receivables	-	-	500,000	3,150,000
Prepayments	28,828,456	15,992,129	1,700	-
	<u>33,199,414</u>	<u>20,985,053</u>	<u>504,700</u>	<u>3,158,724</u>

Included in prepayments of the Group is an amount of RM25,011,804 (2018: RM15,992,129) being amount paid to suppliers for purchase of raw materials that are yet to received.

15. Amounts Owing by/(to) Subsidiary Companies

	Company	
	2019	2018
	RM	RM
Amounts owing by subsidiary companies		
<u>Non-trade related</u>		
Non-interest bearing	44,823,705	48,073,461
Less: Accumulated impairment losses	(385,081)	(385,081)
	<u>44,438,624</u>	<u>47,688,380</u>
 Amounts owing to subsidiary companies		
<u>Non-trade related</u>		
Non-interest bearing	<u>22,005,593</u>	<u>24,955,593</u>

Movements in the allowance for impairment loss are as follows:

	Company	
	2019	2018
	RM	RM
At 1 January/31 December	<u>385,081</u>	<u>385,081</u>

Amount owing by/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

16. Contract Assets/(Liabilities)

	Group	
	2019	2018
	RM	RM
Construction contracts		
Contract costs incurred to date	26,345,598	21,076,479
Attributable profits	6,654,402	5,323,521
	<u>33,000,000</u>	<u>26,400,000</u>
Less: Progress billings	<u>(32,591,720)</u>	<u>(28,873,308)</u>
	<u>408,280</u>	<u>(2,473,308)</u>
 Presented as:		
Contract assets	408,280	-
Contract liabilities	<u>-</u>	<u>2,473,308</u>

The contract assets/(liabilities) consist of advance billings in excess of revenue recognised overtime during the construction period. This amount is expected to be recognised as revenue within a year.

17. Deposits, Bank and Cash Balances

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
		Restated		
Cash and bank balances	29,500,181	27,842,415	1,741,105	1,925,434
Deposits with licensed banks				
- Conventional	<u>5,404,215</u>	<u>402,253</u>	<u>-</u>	<u>-</u>
Total cash and bank balances	<u>34,904,396</u>	<u>28,244,668</u>	<u>1,741,105</u>	<u>1,925,434</u>

Fixed deposits with licensed banks of the Group amounting to RM2,404,215 (2018: RM402,253) are pledged as securities for bank guarantees facilities as disclosed in Note 40.

The fixed deposits with licensed banks of the Group earn effective interest at rates ranging from 2.95% to 3.35% (2018: 3.0% to 3.35%) per annum.

Deposits of the Group have a maturity period of 12 months (2018: 12 months).

18. Share Capital

	Group and Company			
	Number of ordinary shares		Amount	
	2019	2018	2019	2018
	Units	Units	RM	RM
Issued and fully paid:				
At 1 January	103,000,000	92,000,000	59,271,801	47,157,846
Issuance of shares	-	9,126,980	-	10,428,237
Warrants conversion	<u>4,213,300</u>	<u>1,873,020</u>	<u>3,791,971</u>	<u>1,685,718</u>
At 31 December	<u>107,213,300</u>	<u>103,000,000</u>	<u>63,063,772</u>	<u>59,271,801</u>

During the financial year, the Company issued 4,213,300 new ordinary shares of RM0.80 each arising from exercise of warrants.

During the prior financial year, the Company issued:

- (a) 9,126,980 new ordinary shares of RM1.1426 each at a total cash consideration of RM10,428,237 for repayment of bank borrowings.
- (b) 1,873,020 new ordinary shares of RM0.80 each arising from exercise of warrants.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

19. Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 28 May 2019, renewed their approval for 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 interest of the Company and its shareholders.

Group and Company

	Number of ordinary shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
At 1 January	754,200	730,200	596,855	570,686
Own shares acquired	5,488,600	24,000	6,561,069	26,169
At 31 December	<u>6,242,800</u>	<u>754,200</u>	<u>7,157,924</u>	<u>596,855</u>

During the financial year, the Company repurchased 5,488,600 units of its issued share capital from the open market at an average price of RM1.2009 (2018: RM1.0988) per share including transaction costs. The purchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

20. Revaluation Reserve

The revaluation reserve represents increase in the fair value of land and buildings, net of tax, and decrease to the extent that such decrease relate to an increase on the same asset previously recognised in other comprehensive income.

21. Warrant Reserves

	Group and company	
	2019 RM	2018 RM
At 1 January	17,209,522	17,940,000
Conversion of warrants	<u>(1,643,187)</u>	<u>(730,478)</u>
At 31 December	<u>15,566,335</u>	<u>17,209,522</u>

On 3 December 2012, the Group and the Company issued a Renounceable Rights Issue of 46,000,000 warrants in the Group and the Company on the basis of 1 warrant for every 2 existing shares of the Group and of the Company at an issue price of RM0.10 per warrant.

The warrant reserves represent the fair value of the warrants on the issue date of RM0.39 based on the Black-Scholes Model. The discount on shares represents the fair value of the warrants less the proceeds received from the issuance of the said warrants.

21. Warrant Reserves (Cont'd)

Each warrant entitles the registered holder of warrant to subscribe for one new ordinary share in the Company at any time on or after 3 December 2012 up to the date of expiry on 28 November 2022, at an exercise price of RM0.80 per share.

During the financial year, 4,213,300 units of warrants were exercised. The outstanding number of warrants as at 31 December 2019 was 39,913,680 units (2018: 44,126,980 units).

Discount on Shares

This represents fair value allocated to the detachable warrants issued in conjunction with right issue.

22. Fair Value Adjustment Reserve

The fair value reserve comprises the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

23. Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

24. Retained Earnings

The entire retained earnings of the Group and of the Company are available for distribution as single-tier dividends.

25. Finance Lease Liabilities

	Group	
	2019	2018
	RM	RM
		Restated
Minimum lease payments:		
Repayable within one year	1,054,982	555,850
Repayable within one to two years	940,350	346,344
Repayable within two to five years	2,287,135	404,527
Repayable in five years and more	2,822,250	-
	<u>7,104,717</u>	<u>1,306,721</u>
Less: Future finance charges	(1,390,207)	(85,683)
Present value of minimum lease payments	<u>5,714,510</u>	<u>1,221,038</u>
Present value of minimum lease payments:		
Repayable within one year	763,774	510,346
Repayable within one to two years	691,135	321,633
Repayable within two to five years	1,731,345	389,059
Repayable in five years and more	2,528,256	-
	<u>5,714,510</u>	<u>1,221,038</u>
Representing minimum lease payments:		
Current portion	763,774	510,346
Non-current portion	4,950,736	710,692
	<u>5,714,510</u>	<u>1,221,038</u>

The finance lease liabilities bear interest at effective rates ranging from 3.00% to 5.44% (2018: 3.78% to 6.54%) per annum.

The Group leases motor vehicles under finance lease (Note 4). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

26. Right-of-Use Lease Liabilities

	Group 2019 RM
Cost	
At 1 January	-
Effect of adoption of MFRS 16 (Note 2)	5,796,608
Interest expenses (Note 32)	322,098
Payment of interest expenses	(322,098)
Payment of principal	(3,281)
At 31 December	<u>5,793,327</u>
 Presented as:	
Current portion	3,464
Non-current portion	<u>5,789,863</u>
	<u>5,793,327</u>
 The maturity analysis of right-of-use lease liabilities as of the end of financial year:	
Repayable within one year	325,380
Repayable within one to two years	325,380
Repayable within two to five years	976,140
Repayable in five years and more	<u>25,705,020</u>
	27,331,920
Less: Future finance charges	<u>(21,538,593)</u>
Present value of right-of-use lease liabilities	<u>5,793,327</u>

27. Bank Borrowings

	Group	
	2019 RM	2018 RM
Secured		
Term loans		
Current portion	237,232	481,862
Non-current portion	<u>1,038,780</u>	<u>1,276,862</u>
	<u>1,276,012</u>	<u>1,758,724</u>

The effective interest rates per annum at the end of the reporting period for the bank borrowings were as follows:

	Group	
	2019 %	2018 %
Term loans	<u>4.77-5.95</u>	<u>4.77-5.95</u>

27. Bank Borrowings (Cont'd)

The term loans, bank overdraft, bankers acceptance and revolving credits are secured by the following:

- (i) Legal charge over the land and buildings of the Group as disclosed in Note 4 to the financial statements.
- (ii) Corporate guarantee by the Company and a subsidiary company.

28. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 90 days (2018: 30 to 90 days) depending on the terms of the contracts.

29. Other Payables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
		Restated		
Other payables	4,379,658	3,032,544	160,000	-
Deposits received	28,641,637	29,443,950	-	-
Accruals	6,591,126	5,798,250	350,396	402,335
Dividend payable	-	2,024,574	-	2,024,574
	<u>39,612,421</u>	<u>40,299,318</u>	<u>510,396</u>	<u>2,426,909</u>

Included in the deposits of the Group is an amount of RM28,568,823 (2018: RM29,375,636) being deposits received for securing sales contract.

30. Derivative Financial Liabilities

	Contract/Notional amount	
	2019	2018
	RM	RM
Group		
Derivative liabilities		
Derivatives at fair value through profit or loss		
- Forward exchange contracts	<u>-</u>	<u>54,461</u>

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's receivables and payables denominated in currencies other than the functional currencies of the Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

31. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
		Restated		
Revenue from contracts with customers				
- Sale of goods	163,325,349	131,115,273	-	-
- Construction contract	<u>6,600,000</u>	<u>26,400,000</u>	<u>-</u>	<u>-</u>
	169,925,349	157,515,273	-	-
Revenue with other sources:				
- Dividend income from subsidiary companies	-	-	<u>9,000,000</u>	<u>3,150,000</u>
	<u>169,925,349</u>	<u>157,515,273</u>	<u>9,000,000</u>	<u>3,150,000</u>

31. Revenue (Cont'd)

Breakdown of the Group's revenue from contract with customers:

	Manufacturing RM	Bio- Engineering RM	Oil Milling RM	Plantation RM	Total RM
2019					
Major goods and services					
Sales of goods	110,593,702	-	52,394,667	336,980	163,325,349
Constructions contract	-	6,600,000	-	-	6,600,000
	<u>110,593,702</u>	<u>6,600,000</u>	<u>52,394,667</u>	<u>336,980</u>	<u>169,925,349</u>
Geographical market:					
Malaysia	6,123,800	-	-	336,980	6,460,780
Indonesia	79,380,843	6,600,000	52,394,667	-	138,375,510
Thailand	1,982,265	-	-	-	1,982,265
Others	23,106,794	-	-	-	23,106,794
	<u>110,593,702</u>	<u>6,600,000</u>	<u>52,394,667</u>	<u>336,980</u>	<u>169,925,349</u>
Timing of revenue recognition:					
At a point in time	110,593,702	-	52,394,667	336,980	163,325,349
Over time	-	6,600,000	-	-	6,600,000
Total revenue from contracts with customers	<u>110,593,702</u>	<u>6,600,000</u>	<u>52,394,667</u>	<u>336,980</u>	<u>169,925,349</u>

31. Revenue (Cont'd)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

	Manufacturing RM	Bio- Engineering RM	Oil Milling RM	Plantation RM	Total RM
2018 - Restated					
Major goods and services					
Sales of goods	99,095,814	-	31,660,108	359,351	131,115,273
Constructions contract	-	26,400,000	-	-	26,400,000
	<u>99,095,814</u>	<u>26,400,000</u>	<u>31,660,108</u>	<u>359,351</u>	<u>157,515,273</u>
Geographical market:					
Malaysia	7,790,301	-	-	359,351	8,149,652
Indonesia	45,718,075	26,400,000	31,660,108	-	103,778,183
Thailand	5,944,179	-	-	-	5,944,179
Others	39,643,259	-	-	-	39,643,259
	<u>99,095,814</u>	<u>26,400,000</u>	<u>31,660,108</u>	<u>359,351</u>	<u>157,515,273</u>
Timing of revenue recognition:					
At a point in time	99,095,814	-	31,660,108	359,351	131,115,273
Over time	-	26,400,000	-	-	26,400,000
Total revenue from contracts with customers	<u>99,095,814</u>	<u>26,400,000</u>	<u>31,660,108</u>	<u>359,351</u>	<u>157,515,273</u>

32. Finance Costs

	Group	
	2019	2018
	RM	RM
		Restated
Interest expenses on:		
- Bank overdraft	-	5,139
- Bankers acceptance	-	117,801
- Finance lease liabilities	46,857	63,220
- Right-of-use lease liabilities	322,098	-
- Term loans	76,796	446,572
- Revolving credits	-	12,165
	<u>445,751</u>	<u>644,897</u>

33. Profit Before Tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
		Restated		
Auditors' remuneration				
- Statutory audits				
- Current year	113,000	112,900	32,000	27,000
- Under provision in prior years	-	1,620	-	1,620
- Non-audit services	5,000	5,000	5,000	5,000
Depreciation of investment properties	5,000	5,000	-	-
Depreciation of property, plant and equipment	3,603,840	3,450,152	-	-
Foreign exchange loss/(gain)				
- Realised	(122,060)	383,358	-	-
- Unrealised	13,140	60,155	-	-
Gain on disposal of an associate	-	(111,338)	-	-
Gain on disposal of other investment	(36,350)	(20,924)	(36,350)	(20,924)
Gain on disposal of property, plant and equipment	(93,562)	(27,969)	-	-
Written off of property, plant and equipment	-	15	-	-
Impairment loss on intangible assets	<u>2,547,101</u>	<u>713,965</u>	<u>-</u>	<u>-</u>

33. Profit Before Tax (Cont'd)

Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
		Restated		
Impairment loss on trade receivables	493,000	188,751	-	-
Reversal of impairment loss on trade receivables	(38,751)	-	-	-
Net fair value (gain)/loss on derivative liabilities	(54,461)	54,461	-	-
Net loss arising from changes in fair value of biological assets	2,902	66,000	-	-
Amortisation of intangible assets	275,556	275,556	-	-
Amortisation of right-of-use assets	68,195	-	-	-
Interest income	(900,635)	(321,777)	(4,430)	(85,829)
Non-executive directors' remunerations				
- Fees	120,000	120,000	120,000	120,000
- Other emoluments	6,000	5,500	6,000	5,500
Lease expenses relating to short-term leases	186,546	525,032	-	-
Rental income	(31,680)	(31,680)	-	-
Research and development costs	-	55,561	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

34. Staff Costs

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries, wages and other emoluments	14,225,054	15,832,304	368,077	456,077
Social security contributions	96,200	68,790	-	-
Defined contribution plans	1,341,586	1,475,693	23,058	23,058
Other benefits	-	195,417	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	15,662,840	17,572,204	391,135	479,135

34. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Executive Directors				
Fees	1,690,000	2,110,000	160,000	200,000
Salaries and other emoluments	1,977,789	2,358,289	129,577	130,577
Social security contributions	2,702	3,195	-	-
Bonus	1,208,504	1,512,692	-	-
Defined contribution plans	564,179	696,299	23,058	23,058
	<u>5,443,174</u>	<u>6,680,475</u>	<u>312,635</u>	<u>353,635</u>

35. Taxation

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Tax expenses recognized in profit or loss				
Current tax:				
Current year provision	9,411,900	5,843,000	-	-
(Over)/Under provision in prior years	(325,559)	(210,716)	18,246	-
	<u>9,086,341</u>	<u>5,632,284</u>	<u>18,246</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	172,181	(109,392)	-	-
Relating to crystallisation of deferred tax liability on revaluation reserve	(22,762)	(22,762)	-	-
Under provision in prior years	130,592	8,022	-	-
	<u>280,011</u>	<u>(124,132)</u>	<u>-</u>	<u>-</u>
	<u>9,366,352</u>	<u>5,508,152</u>	<u>18,246</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

35. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2019 RM	2018 RM Restated	2019 RM	2018 RM
Profit before tax	<u>30,716,723</u>	<u>17,738,874</u>	<u>8,193,471</u>	<u>2,471,061</u>
At Malaysian statutory tax rate of 24%	7,372,014	4,497,418	1,966,433	593,055
Expenses not deductible for tax purposes	2,029,429	1,250,285	193,567	188,566
Income not subject to tax	(22,476)	(2,435)	(2,160,000)	(781,621)
Changes in tax rate	18,155	(6,722)	-	-
Relating to crystallisation of deferred tax liability on revaluation reserve	(22,762)	(22,762)	-	-
Utilisation of previously unrecognized deferred tax assets	-	(4,938)	-	-
Deferred tax assets not recognised	186,959	-	-	-
Under provision of deferred tax in prior years	130,592	8,022	-	-
(Over)/Under provision of income tax in prior years	<u>(325,559)</u>	<u>(210,716)</u>	<u>18,246</u>	<u>-</u>
	<u>9,366,352</u>	<u>5,508,152</u>	<u>18,246</u>	<u>-</u>

The Group has estimated unutilised capital allowances and unutilised tax losses carried forward, available to off-set against future taxable profits as follows:

	Group	
	2019 RM	2018 RM
Unutilised capital allowances	335,079	306,408
Unutilised tax losses	<u>2,535,201</u>	<u>1,784,878</u>
	<u>2,870,280</u>	<u>2,091,286</u>

36. Earnings per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2019	2018
	RM	RM
		Restated
Profit attributable to owners of the parent	<u>20,714,093</u>	<u>12,505,034</u>
Weighted average number of ordinary shares in issues		
Issued ordinary shares at 1 January	102,245,800	91,269,800
Effect of treasury shares	(3,200,570)	(17,951)
Effect of private placement	-	8,103,943
Effect of warrants conversion	<u>1,927,029</u>	<u>209,031</u>
Weighted average number of ordinary shares as at 31 December	<u>100,972,259</u>	<u>99,564,823</u>
Basic earnings per ordinary shares (in cent)	<u>20.51</u>	<u>12.56</u>

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential shares as follows:

	Group	
	2019	2018
	RM	RM
		Restated
Profit attributable to owners of the parent	<u>20,714,093</u>	<u>12,505,034</u>
Weighted average number of ordinary shares used in calculation of basic earnings per share	100,972,259	99,564,823
Effect of dilution of the warrants	<u>14,523,066</u>	<u>15,419,633</u>
Weighted average number of ordinary shares at 31 December (diluted)	<u>115,495,325</u>	<u>114,984,456</u>
Diluted earnings per share (in cent)	<u>17.94</u>	<u>10.88</u>

37. Dividends

	2019	Group	2018
	RM		RM
Dividends recognised as distribution to ordinary shareholders of the company			
In respect of the financial year ended 31 December 2018:			
First interim single tier dividend of RM0.01 per ordinary share paid on 4 July 2018		-	1,003,728
Second interim single tier dividend of RM0.02 per ordinary share payable on 27 March 2019		-	2,024,574
In respect of the financial year ended 31 December 2019:			
First interim single tier dividend of RM0.025 per ordinary share paid on 3 July 2019	2,507,443		-
	<u>2,507,443</u>		<u>3,028,302</u>

The Directors do not recommend the payment of a final dividend for the current financial year.

38. Reconciliation of Liabilities Arising from Financial Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January 2019 RM	Financing cash flows (i) RM	Changes in bank overdraft RM	Non-cash changes New finance lease RM	Other Changes RM	At 31 December 2019 RM
Group						
Finance lease liabilities (Note 25)	1,221,038	(525,528)	-	5,019,000	-	5,714,510
Right-of-use lease liabilities (Note 26)	-	(3,281)	-	5,796,608	-	5,793,327
Term loans (Note 27)	1,758,724	(482,712)	-	-	-	1,276,012
Dividend payable	2,024,574	(4,532,017)	-	-	2,507,443	-
	<u>5,004,336</u>	<u>(5,543,538)</u>	<u>-</u>	<u>10,815,608</u>	<u>2,507,443</u>	<u>12,783,849</u>
Company						
Dividends payable	2,024,574	(4,532,017)	-	-	2,507,443	-

38. Reconciliation of Liabilities Arising from Financial Activities (Cont'd)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January 2018 RM Restated	Financing cash flows (i) RM Restated	Changes in bank overdraft RM	Non-cash changes New finance lease (Note 4(f)) RM	Other Changes RM	At 31 December 2018 RM Restated
Group						
Finance lease liabilities (Note 25)	1,195,579	(489,541)	-	515,000	-	1,221,038
Term loans (Note 27)	13,198,266	(11,439,542)	-	-	-	1,758,724
Other bank borrowings (Note 27)	5,699,118	(5,699,000)	(118)	-	-	-
Dividend payable	2,007,936	(3,011,664)	-	-	3,028,302	2,024,574
	<u>22,100,899</u>	<u>(20,639,747)</u>	<u>(118)</u>	<u>515,000</u>	<u>3,028,302</u>	<u>5,004,336</u>
Company						
Dividends payable	<u>2,007,936</u>	<u>(3,011,664)</u>	<u>-</u>	<u>-</u>	<u>3,028,302</u>	<u>2,024,574</u>

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other changes include dividend payable.

39. Financial Guarantee

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unsecured				
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	-	-	189,972	626,414
Bank guarantee given to financial institutions for customs duties and supply of electricity	68,000	68,000	-	-
	<u>68,000</u>	<u>68,000</u>	<u>-</u>	<u>-</u>

40. Commitments

	Group	
	2019	2018
	RM	RM
Capital expenditure		
Authorised and contracted for property, plant and equipment	-	1,255,000
	<u>-</u>	<u>1,255,000</u>

41. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. 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. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

41. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Transaction with subsidiaries: Dividend income receivable/received from subsidiary companies	-	-	9,000,000	3,150,000
Transaction with a company in which Directors of the company have substantial financial interests				
Secretarial fees paid	24,560	12,266	-	-
Rental	15,000	-	-	-
Transaction with Directors:				
Rental paid	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>-</u>

(c) Compensation of key management personnel

There are no other transactions with the key management personnel of the Group and of the Company other than the remuneration package accordance with the terms and conditions of their appointment as disclosed in Notes 33 and 34 to the financial statements.

42. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable segments as follows:

Investment holding	Investment holding
Manufacturing	Manufacture of oil seed expeller, automated kernel crushing plants and related parts.
Bio-engineering	Involved in renewable energy, Palm Oil Mill Effluent waste treatment, Empty Fruit Branch composting and biogas plant project.
Oil milling	Engaged in the business of palm kernel crushing plant where crude palm kernel oil is extracted from palm kernel.
Plantation	Involved in oil palm plantation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

42. Segment Information (Cont'd)

(a) Business segments

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:

	Investment holding RM	Manufacturing RM	Bio- engineering RM	Oil milling RM	Plantation RM	Adjustments and eliminations RM	Consolidated RM
Group 2019							
External revenue	-	110,593,702	6,600,000	52,394,667	336,980	-	169,925,349
Inter-segment revenue	9,000,000	801,991	-	-	-	(9,801,991)	-
Total revenue	<u>9,000,000</u>	<u>111,395,693</u>	<u>6,600,000</u>	<u>52,394,667</u>	<u>336,980</u>	<u>(9,801,991)</u>	<u>169,925,349</u>
Results							
Interest income	4,430	896,205	-	-	-	-	900,635
Finance costs	-	(122,779)	-	-	(322,972)	-	(445,751)
Depreciation of:							
- Property, plant and equipment	-	(2,145,359)	(386)	(1,287,048)	(171,047)	-	(3,603,840)
- Investment properties	-	(5,000)	-	-	-	-	(5,000)
Amortisation of:							
- Intangible assets	-	-	-	-	(275,556)	-	(275,556)
- Right-of-use assets	-	-	-	-	(68,195)	-	(68,195)
Other non-cash items	(2,528,997)	(9,138,282)	-	(531,590)	67,097	-	(12,131,772)
Segment (loss)/profit	<u>(3,381,916)</u>	<u>23,132,245</u>	<u>1,042,444</u>	<u>1,815,471</u>	<u>(1,257,873)</u>	<u>-</u>	<u>21,350,371</u>
Segment assets	<u>117,875,730</u>	<u>182,310,125</u>	<u>12,108,102</u>	<u>25,771,429</u>	<u>30,893,681</u>	<u>(152,148,198)</u>	<u>216,810,869</u>
Segment liabilities	<u>50,600,533</u>	<u>71,398,062</u>	<u>11,738,502</u>	<u>9,267,929</u>	<u>10,450,369</u>	<u>(82,958,831)</u>	<u>70,496,564</u>

42. Segment Information (Cont'd)

(a) Business segments (Cont'd)

Group	Investment holding RM	Manufacturing RM	Bio- engineering RM	Oil milling RM	Plantation RM	Adjustments and eliminations RM	Consolidated RM
2018 - Restated							
External revenue	-	99,095,814	26,400,000	31,660,108	359,351	-	157,515,273
Inter-segment revenue	3,150,000	394,051	-	-	-	(3,544,051)	-
Total revenue	<u>3,150,000</u>	<u>99,489,865</u>	<u>26,400,000</u>	<u>31,660,108</u>	<u>359,351</u>	<u>(3,544,051)</u>	<u>157,515,273</u>
Results							
Interest income	-	321,777	-	-	-	-	321,777
Finance costs	-	(642,410)	-	-	(2,487)	-	(644,897)
Depreciation of:							
- Property, plant and equipment	-	(2,118,456)	(1,036)	(1,152,067)	(178,593)	-	(3,450,152)
- Investment properties	-	(5,000)	-	-	-	-	(5,000)
Amortisation of intangible assets	-	-	-	-	(275,556)	-	(275,556)
Other non-cash items	20,924	(6,884,496)	3,749	134,690	(35,002)	-	(6,760,135)
Segment (loss)/profit	<u>(1,427,713)</u>	<u>12,004,854</u>	<u>3,191,476</u>	<u>(537,526)</u>	<u>(1,000,369)</u>	<u>-</u>	<u>12,230,722</u>
Segment assets	<u>119,744,653</u>	<u>169,951,617</u>	<u>725,534</u>	<u>17,677,943</u>	<u>1,628,458</u>	<u>(123,066,369)</u>	<u>186,661,836</u>
Segment liabilities	<u>55,542,440</u>	<u>75,795,045</u>	<u>167,495</u>	<u>2,826,228</u>	<u>3,483,178</u>	<u>(80,121,330)</u>	<u>57,693,056</u>

42. Segment Information (Cont'd)

(a) Business segments (Cont'd)

Adjustments and eliminations

Inter-segment revenues and balances are eliminated on consolidation.

Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Group	
	2019	2018
	RM	RM
Gain on disposal of property, plant and equipment	93,562	27,969
Gain on disposal of other investment	36,350	20,924
Gain on disposal of associate	-	111,338
Written off of property, plant and equipment	-	15
Net loss arising from changes in fair value of biological assets	(2,902)	(66,000)
Impairment loss on intangible assets	(2,547,101)	(713,965)
Impairment loss on trade receivables	(493,000)	(188,751)
Reversal of impairment loss on trade receivables	38,751	-
Unrealised exchange loss	(13,140)	(60,155)
Realised exchange gain/(loss)	122,060	(383,358)
Taxation	<u>(9,366,352)</u>	<u>(5,508,152)</u>
	<u>(12,131,772)</u>	<u>(6,760,135)</u>

42. Segment Information (Cont'd)

(b) Geographical segments

The revenue information based on the geographical location of customers are presented as below:

	2019	Group
	RM	2018
		RM
		Restated
Continuing operations		
Malaysia	6,460,780	8,149,652
Indonesia	138,375,510	103,778,183
Thailand	1,982,265	5,944,179
Guatemala	2,518,165	5,393,628
Papua New Guinea	1,604,744	2,636,118
Colombia	1,125,097	1,940,002
Nigeria	3,906,192	5,130,577
Douala	206,889	381,231
Others outside Malaysia	13,745,707	24,161,703
	<u>169,925,349</u>	<u>157,515,273</u>

(c) Major customers

In prior financial year, revenue from one major customer amounting to approximately RM15,910,657, arising from sales in the manufacturing and oil milling segment.

43. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expense including fair values gains or losses are recognised.

43. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Amortised cost RM	Fair value through profit or loss RM	Fair value through other comprehensive income RM	Total RM
Group 2019				
Financial assets				
Other investment	-	-	5,848,190	5,848,190
Trade receivables	29,711,652	-	-	29,711,652
Other receivables (excluded prepayments)	4,370,958	-	-	4,370,958
Deposits, bank & cash balances	34,904,396	-	-	34,904,396
	<u>68,987,006</u>	-	<u>5,848,190</u>	<u>74,835,196</u>
Financial liabilities				
Finance lease liabilities	5,714,510	-	-	5,714,510
Right-of-use lease liabilities	5,793,327	-	-	5,793,327
Bank borrowings	1,276,012	-	-	1,276,012
Trade payables	13,074,901	-	-	13,074,901
Other payables	39,612,421	-	-	39,612,421
	<u>65,471,171</u>	-	-	<u>65,471,171</u>

43. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Fair value through other comprehensive income RM	Total RM
Group				
2018 - Restated				
Financial assets				
Other investment	-	-	1,571,922	1,571,922
Trade receivables	40,006,188	-	-	40,006,188
Other receivables (excluded prepayments)	4,992,924	-	-	4,992,924
Deposits, bank & cash balances	28,244,668	-	-	28,244,668
	<u>73,243,780</u>	<u>-</u>	<u>1,571,922</u>	<u>74,815,702</u>
Financial liabilities				
Finance lease liabilities	1,221,038	-	-	1,221,038
Bank borrowings	1,758,724	-	-	1,758,724
Trade payables	6,930,918	-	-	6,930,918
Other payables	40,299,318	-	-	40,299,318
Derivative financial liabilities	-	54,461	-	54,461
	<u>50,209,998</u>	<u>54,461</u>	<u>-</u>	<u>50,264,459</u>

43. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Fair value through other comprehensive income RM	Total RM
Company				
2019				
Financial assets				
Other investments	-	-	5,848,190	5,848,190
Other receivables (excluded prepayments)	504,700	-	-	504,700
Amounts owing by subsidiary companies	44,438,624	-	-	44,438,624
Cash & bank balances	1,741,105	-	-	1,741,105
	46,684,429	-	5,848,190	52,532,619
Financial liabilities				
Other payables	510,396	-	-	510,396
Amount owing to subsidiary companies	22,005,593	-	-	22,005,593
	22,515,989	-	-	22,515,989
2018				
Financial assets				
Other investments	-	-	1,571,922	1,571,922
Other receivables	3,158,724	-	-	3,158,724
Amounts owing by subsidiary companies	47,688,380	-	-	47,688,380
Cash & bank balances	1,925,434	-	-	1,925,434
	52,772,538	-	1,571,922	54,344,460
Financial liabilities				
Other payables	2,426,909	-	-	2,426,909
Amount owing to subsidiary companies	24,955,593	-	-	24,955,593
	27,382,502	-	-	27,382,502

43. Financial Instruments (Cont'd)

(b) Net gains/(losses) arising from financial instruments

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Equity instruments at fair value through other comprehensive income				
- Recognized in other comprehensive income	1,171,018	(420,457)	1,171,018	(420,457)
Financial liability at fair value through profit or loss	54,461	(54,461)	-	-
Net loss on impairment of financial instruments				
- Financial assets at amortised cost	(454,249)	(188,751)	-	-
	<u>771,230</u>	<u>(663,669)</u>	<u>1,171,018</u>	<u>(420,457)</u>

(c) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) 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 with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or 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. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM189,972 (2018: RM626,414), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by one customer (2018: one customer) which constituted approximately 38% (2018: 29%) of its trade receivables as at the end of the reporting period.

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group	
	2019	2018
	RM	RM
Belgium	321,784	11,480,428
Gabon	660,693	-
Columbia	364,266	81,366
Guatemala	-	1,696
Philippines	7,605	-
Indonesia	27,611,927	25,970,411
Malaysia	466,432	1,995,539
Papua New Guinea	217,786	143,958
Thailand	57,035	332,790
United States	4,124	-
	<u>29,711,652</u>	<u>40,006,188</u>

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Group	On demand or within 1 year RM	1-2 years RM	2-5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2019						
Non-derivative financial instruments						
Finance lease liabilities	1,054,982	940,350	2,287,135	2,822,250	7,104,717	5,714,510
Right-of-use lease liabilities	325,380	325,380	976,140	25,705,020	27,331,920	5,793,327
Bank borrowings	237,232	49,564	163,670	825,546	1,276,012	1,276,012
Trade payables	13,074,901	-	-	-	13,074,901	13,074,901
Other payables	39,612,421	-	-	-	39,612,421	39,612,421
	54,304,916	1,315,294	3,426,945	29,352,816	88,399,971	65,471,171

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1-2 years RM	2-5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2018 - Restated						
Non-derivative financial instruments						
Finance lease liabilities	555,850	346,344	404,527	-	1,306,721	1,221,038
Bank borrowings	560,484	292,143	294,120	1,158,441	2,305,188	1,758,724
Trade payables	6,930,918	-	-	-	6,930,918	6,930,918
Other payables	40,299,318	-	-	-	40,299,318	40,299,318
Derivative financial instruments						
Gross-Currency forwards	54,461	-	-	-	54,461	54,461
	48,401,031	638,487	698,647	1,158,441	50,896,606	50,264,459

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2019			
Non-derivative financial liabilities			
Other payables	510,396	510,396	510,396
Amounts owing to subsidiary companies	22,005,593	22,005,593	22,005,593
Financial guarantee liabilities *	189,972	189,972	-
	<u>22,705,961</u>	<u>22,705,961</u>	<u>22,515,989</u>
2018			
Non-derivative financial liabilities			
Other payables	2,426,909	2,426,909	2,426,909
Amounts owing to subsidiary companies	24,955,593	24,955,593	24,955,593
Financial guarantee liabilities *	626,414	626,414	-
	<u>28,008,916</u>	<u>28,008,916</u>	<u>27,382,502</u>

* Based on the maximum amount that can be called for under the financial guarantee contract.

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM189,972 as at 31 December 2019 (2018: RM626,414). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

(iii) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Indonesia Rupiah ("IDR").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD RM	Denominated in IDR RM	Others RM	Total RM
Group				
2019				
Trade receivables	4,229,053	2,471,537	498,090	7,198,680
Other receivables	14,097,012	4,888,456	344,241	19,329,709
Deposits, bank & cash balances	5,889,433	542,084	369,894	6,801,411
Trade payables	(8,021,863)	(2,301,739)	-	(10,323,602)
Other payables	(7,061,009)	(3,823,076)	-	(10,884,085)
	9,132,626	1,777,262	1,212,225	12,122,113
2018				
Trade receivables	14,072,506	1,265,244	-	15,337,750
Other receivables	9,091,227	4,599,122	-	13,690,349
Deposits, bank & cash balances	11,454,165	597,427	141,916	12,193,508
Trade payables	(1,285,773)	(427,070)	-	(1,712,843)
Other payables	(7,192,653)	(2,154,490)	-	(9,347,143)
	26,139,472	3,880,233	141,916	30,161,621

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, IDR and others exchange rates against RM, with all other variables held constant.

	Change in currency rate RM	2019 Effect on profit before tax RM	2018 Effect on profit before tax RM
USD	Strengthened 5% (2018: 5%)	456,631	1,306,974
	Weakened 5% (2018: 5%)	(456,631)	(1,306,974)
IDR	Strengthened 5% (2018: 5%)	88,863	194,012
	Weakened 5% (2018: 5%)	(88,863)	(194,012)
Others	Strengthened 5% (2018: 5%)	60,611	7,096
	Weakened 5% (2018: 5%)	(60,611)	(7,096)

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	2019	2018
	RM	RM
		Restated
Group		
Fixed rate instruments		
Financial asset	5,404,215	402,253
Financial liabilities	(11,507,837)	(1,221,038)
	<u>(6,103,622)</u>	<u>(818,785)</u>
Floating rate instrument		
Financial liabilities	<u>(1,276,012)</u>	<u>(1,758,724)</u>

Interest rate risk sensitivity analysisFair 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. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

43. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM12,760 (2018: RM17,587), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments 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.

43. Financial Instruments (Cont'd)

(d) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group 2019										
Financial asset										
Other investment	5,848,190	-	-	5,848,190	-	-	-	-	5,848,190	5,848,190
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	4,946,350	-	4,946,350	4,946,350	4,950,736

43. Financial Instruments (Cont'd)

(d) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2018										
Financial asset										
Other investment	1,571,922	-	-	1,571,922	-	-	-	-	1,571,922	1,571,922
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	704,361	-	704,361	704,361	710,692
Derivative financial liabilities	-	54,461	-	54,461	-	-	-	-	54,461	54,461
	-	54,461	-	54,461	-	704,361	-	704,361	758,822	765,153

43. Financial Instruments (Cont'd)

(d) Fair values of financial instruments (Cont'd)

(i) 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.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bond).

Non-derivative financial instruments

Fair value, 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.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

44. Capital Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

44. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	2019	Group
	RM	2018
		RM
		Restated
Finance lease liabilities (Note 25)	5,714,510	1,221,038
Right-of-use lease liabilities (Note 26)	5,793,327	-
Bank borrowings (Note 27)	1,276,012	1,758,724
	<u>12,783,849</u>	<u>2,979,762</u>
Less: Cash & cash equivalents	<u>(34,904,396)</u>	<u>(28,244,668)</u>
Net debts	<u>(22,120,547)</u>	<u>(25,264,906)</u>
Total equity	<u>146,314,305</u>	<u>128,968,780</u>
Gearing ratio (times)	<u>NA</u>	<u>NA</u>

NA - The gearing ratio is not applicable as the Group has sufficient cash and cash equivalents to settle the liabilities as at the financial year end.

There were no changes in the Group's approach to capital management during the financial year.

45. Disposal Group Held For Sale and Discontinued Operation

In the previous financial years, the Company announced the decision to discontinue and dispose of its subsidiary company, Sokor Gemilang Ladang Sdn. Bhd. ("SGLSB"), comprising its entire plantation division.

Accordingly, the assets and liabilities of SGLSB have been presented on the consolidated statement of financial position as a dispose group held for sale and results from this subsidiary company is presented separately on the consolidated statement of profit or loss and other comprehensive income as discontinued operation.

During the financial year, there was no further negotiations with potential buyer and the Company does not remains committed to its plan to sell SGLSB, as a results, the Company cease to classify the disposal group as held for sale. Accordingly, the financial statements for the prior periods has been restated. Impact on the Group's financial position, financial performance and cash flows is set out as follows:

45. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Reconciliation of consolidated statement of financial position as of 31 December 2018

	As previously reported RM	Restatement RM	As restated RM
ASSETS			
Non-current asset			
Property, plant and equipment	41,849,005	1,494,569	43,343,574
Investment properties	640,000	-	640,000
Intangible assets	2,742,533	23,422,220	26,164,753
Other investment	1,571,922	-	1,571,922
Deferred tax assets	134,690	-	134,690
	46,938,150	24,916,789	71,854,939
Current asset			
Inventories	23,997,573	-	23,997,573
Biological assets	-	54,000	54,000
Trade receivables	40,006,188	-	40,006,188
Other receivables	20,985,053	-	20,985,053
Tax recoverable	1,519,415	-	1,519,415
Deposits, bank and cash balances	28,164,779	79,889	28,244,668
	114,673,008	133,889	114,806,897
Assets included in disposal group classified as held for sale	27,123,617	(27,123,617)	-
	141,796,625	(26,989,728)	114,806,897
TOTAL ASSETS	188,734,775	(2,072,939)	186,661,836

45. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Reconciliation of consolidated statement of financial position as of 31 December 2018
(Cont'd)

	As previously reported RM	Restatement RM	As restated RM
EQUITY			
Share capital	59,271,801	-	59,271,801
Treasury shares	(596,855)	-	(596,855)
Revaluation reserve	6,415,063	-	6,415,063
Discount on shares	(12,796,824)	-	(12,796,824)
Warrant reserves	17,209,522	-	17,209,522
Fair value adjustment reserve	(420,457)	-	(420,457)
Foreign currency translation reserve	(817,252)	-	(817,252)
Retained earnings	56,827,586	(2,072,939)	54,754,647
Equity attributable to owners of the parent	125,092,584	(2,072,939)	123,019,645
Non-controlling interests	5,949,135	-	5,949,135
TOTAL EQUITY	131,041,719	(2,072,939)	128,968,780
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	710,692	-	710,692
Bank borrowings	1,276,862	-	1,276,862
Deferred tax liabilities	2,408,318	-	2,408,318
	4,395,872	-	4,395,872
Current liabilities			
Finance lease liabilities	482,120	28,226	510,346
Bank borrowings	481,862	-	481,862
Trade payables	6,930,918	-	6,930,918
Other payables	40,280,898	18,420	40,299,318
Contract liabilities	2,473,308	-	2,473,308
Derivative financial liabilities	54,461	-	54,461
Provision for taxation	2,546,971	-	2,546,971
	53,250,538	46,646	53,297,184
Liabilities included in disposal group classified as held for sale	46,646	(46,646)	-
	53,297,184	-	53,297,184
TOTAL LIABILITIES	57,693,056	-	57,693,056
TOTAL EQUITY & LIABILITIES	188,734,775	(2,072,939)	186,661,836

45. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Reconciliation of consolidated statement of profit or loss and other comprehensive income as of 31 December 2018 (Cont'd)

	As previously reported RM	Restatement RM	As restated RM
Revenue	157,155,922	359,351	157,515,273
Cost of sales	(106,237,085)	(375,981)	(106,613,066)
Gross profit	50,918,837	(16,630)	50,902,207
Other income	739,383	30,998	770,381
Distribution and administrative expenses	(32,087,817)	(1,012,249)	(33,100,066)
Net loss on impairment of financial instruments	(188,751)	-	(188,751)
Profit from operations	19,381,652	(997,881)	18,383,771
Finance costs	(642,410)	(2,487)	(644,897)
Profit before tax	18,739,242	(1,000,368)	17,738,874
Taxation	(5,508,152)	-	(5,508,152)
Profit from continuing operations	13,231,090	(1,000,368)	12,230,722
Discontinued operation			
Loss from discontinued operation, net of tax	(546,219)	546,219	-
	12,684,871	(454,149)	12,230,722
Profit/(Loss) for the financial year attributable to:			
Owners of the parent			
- From continuing operations	13,505,402	(1,000,368)	12,505,034
- From discontinued operations	(546,219)	546,219	-
	12,959,183	(454,149)	12,505,034
Non-Controlling interests	(274,312)	-	(274,312)
	12,684,871	(454,149)	12,230,722

45. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Reconciliation of consolidated statement of profit or loss and other comprehensive income as of 31 December 2018 (Cont'd)

	As previously reported RM	Restatement RM	As restated RM Restated
Profit for the financial year	12,684,871	(454,149)	12,230,722
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
- Realisation of revaluation surplus upon depreciation	72,078	-	72,078
- Transfer of revaluation reserve to retained earnings	(72,078)	-	(72,078)
- Net change in fair value of equity instrument designated at fair value through other comprehensive income	(420,457)	-	(420,457)
	<u>(420,457)</u>	<u>-</u>	<u>(420,457)</u>
Items that is or may be reclassified subsequently to profit or loss			
Exchange translation differences for foreign operations	(545,387)	-	(545,387)
Other comprehensive loss for the financial year	<u>(965,844)</u>	<u>-</u>	<u>(965,844)</u>
Total comprehensive income for the financial year	<u>11,719,027</u>	<u>(454,149)</u>	<u>11,264,878</u>
Total comprehensive income/(loss) attributable to:			
Owners of the parent	12,260,579	(454,149)	11,806,430
Non-controlling interests	(541,552)	-	(541,552)
	<u>11,719,027</u>	<u>(454,149)</u>	<u>11,264,878</u>

45. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Reconciliation of consolidated statement of cash flows as of 31 December 2018 (Cont'd)

	As previously reported RM	Restatement RM	As restated RM
Cash flows from operating activities			
Profit before tax			
- Continuing operations	18,739,242	(1,000,368)	17,738,874
- Discontinued operations	(546,219)	546,219	-
	18,193,023	(454,149)	17,738,874
Adjustments for:			
Depreciation of investment properties	5,000	-	5,000
Depreciation of property, plant and equipment	3,271,559	178,593	3,450,152
Amortisation of intangible assets	-	275,556	275,556
Finance costs	644,897	-	644,897
Gain on disposal of property, plant and equipment	(27,969)	-	(27,969)
Gain on disposal of an associate	(111,338)	-	(111,338)
Gain on disposal of other investment	(20,924)	-	(20,924)
Written off of property, plant and equipment	15	-	15
Impairment loss on intangible assets	713,965	-	713,965
Net loss arising from changes in fair value of biological assets	66,000	-	66,000
Impairment loss on trade receivables	188,751	-	188,751
Net fair value loss on derivative liabilities	54,461	-	54,461
Finance income	(321,777)	-	(321,777)
Unrealized loss on foreign exchange	60,155	-	60,155
Operating profit before working capital changes	22,715,818	-	22,715,818
Changes in working capital:			
Inventories	6,736,018	-	6,736,018
Receivables	(20,693,420)	-	(20,693,420)
Payables	22,087,385	-	22,087,385
Contract liabilities	2,473,308	-	2,473,308
	10,603,291	-	10,603,291
Cash generated from operations	33,319,109	-	33,319,109
Tax paid	(6,732,413)	-	(6,732,413)
Tax refund	24,594	-	24,594
Net cash from operating activities	26,611,290	-	26,611,290

45. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Reconciliation of consolidated statement of cash flows as of 31 December 2018 (Cont'd)

	As previously reported RM	Restatement RM	As restated RM
Cash flows from investing activities			
Acquisition of other investment	(2,560,382)	-	(2,560,382)
Acquisition of property, plant and equipment	(3,433,697)	-	(3,433,697)
Acquisition of shares from non-controlling interests	(15,000)	-	(15,000)
Interest received	321,777	-	321,777
Proceeds from disposal of associate	4,768,000	-	4,768,000
Proceeds from disposal of other investment	588,927	-	588,927
Proceeds from disposal of property, plant and equipment	31,388	-	31,388
Net cash used in investing activities	<u>(298,987)</u>	-	<u>(298,987)</u>
Cash flows from financing activities			
Dividend paid	(3,011,664)	-	(3,011,664)
Interest paid	(644,897)	-	(644,897)
Purchase of treasury shares	(26,169)	-	(26,169)
Proceeds from issuance of ordinary shares	10,428,237	-	10,428,237
Proceeds from warrants conversion	1,498,416	-	1,498,416
Placement of pledged fixed deposit	(12,033)	-	(12,033)
Repayment of bankers acceptance	(5,699,000)	-	(5,699,000)
Repayment of term loans	(11,439,542)	-	(11,439,542)
Repayment of finance lease liabilities	(489,541)	-	(489,541)
Net cash used in financing activities	<u>(9,396,193)</u>	-	<u>(9,396,193)</u>
Net increase in cash & cash equivalents	16,916,110	-	16,916,110
Effect of exchange translation differences on cash & cash equivalents	(169,675)	-	(169,675)
Cash & cash equivalents at the beginning of the financial year	<u>11,095,980</u>	-	<u>11,095,980</u>
Cash & cash equivalents at the end of the financial year	<u>27,842,415</u>	-	<u>27,842,415</u>

45. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Reconciliation of consolidated statement of cash flows as of 31 December 2018 (Cont'd)

	As previously reported RM	Restatement RM	As restated RM
Cash & cash equivalents at the end of the financial year comprises:			
Continuing operations			
Fixed deposits with licensed banks	402,253	-	402,253
Cash and bank balances	27,762,526	79,889	27,842,415
	28,164,779	79,889	28,244,668
Less : Fixed deposits pledged with licensed banks	(402,253)	-	(402,253)
	27,762,526	-	27,842,415
Discontinued operation			
Cash and bank balances	79,889	(79,889)	-
	27,842,415	-	27,842,415

46. Subsequent Events

- (a) On 2 March 2020, issued and paid up capital of ORMBL was increased from RM100,000, comprising of 100,000 ordinary shares to RM1,000,000, comprising of 1,000,000 ordinary shares by the issuance of 900,000 new ordinary shares. The Company had acquired 750,000 of these new ordinary shares. Subsequent to the increase in issued shares capital, the Company is holding 85% equity interest in ORMBL and its subsidiary status remain unchanged.
- (b) On 10 March 2020, issued and paid up capital of ORMBL was increased from RM1,000,000, comprising of 1,000,000 ordinary shares to RM1,500,000, comprising of 1,500,000 ordinary shares by the issuance of 500,000 new ordinary shares. The Company had acquired 425,000 of these new ordinary shares.
- (c) The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations and its financial position subsequent to the financial year end. The Group is cognizant of the challenges posed by these developing events and the potential impact on the Group business sector. The Group will continuously assess the situation, work closely with the local authorities to support their efforts in containing the spread of COVID-19, and put in place measures to minimise impact to the Group business. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be ascertained yet.

47. Comparative Information

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2018.

48. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 June 2020.