DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	3,149,840	4,119,084

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (Appointed on 1.8.2019)
Shamsul Anuar Bin Ahamad Ibrahim
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak
YBhg. Datu Haji Soedirman Bin Haji Aini
Haji Abdul Hadi Bin Datuk Abdul Kadir (Appointed on 1.4.2019)
Rosland Bin Othman (Appointed on 1.10.2019)
Mohd Nazri Bin Mat Noor (Appointed on 31.1.2020)
YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo (Resigned on 1.10.2019)
Haji Zaidi Bin Haji Ahmad (Resigned on 9.8.2019)
Rewi Hamid Bugo (Resigned on 1.10.2019)

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

Chai Tze Khang
Mohd Ariff Bin Abd Samat (Appointed on 1.10.2019)

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
Direct Interests				
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	-	40,820,055	-	40,820,055
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	75,100	24,500	59,600	40,000
Rosland Bin Othman	-	3,723,985	38,400	3,685,585

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 30(b) to the financial statements.

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

INDEMNIFICATION OF OFFICERS

There was no amount of indemnity given or professional indemnity insurance effected during the financial year, or since the end of the financial year for the officers of the Company.

DIRECTORS’ REMUNERATION

The details of the directors’ remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 29(a) to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Crowe Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Crowe Malaysia PLT during the financial period and up to the date of this report.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, do not express their willingness to continue in office.

The details of the auditors’ remuneration are disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2020.

YBhg. Dato’ Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah

Shamsul Anuar Bin Ahamad Ibrahim

STATEMENT BY DIRECTORS

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

We, YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah and Shamsul Anuar Bin Ahamad Ibrahim, being two of the directors of Sarawak Consolidated Industries Berhad, state that, in the opinion of the directors, the financial statements set out on pages 73 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2020.

YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah

Shamsul Anuar Bin Ahamad Ibrahim

STATUTORY DECLARATION

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

I, Chiew Jong Wei, MIA Membership Number: 38656, being the officer primarily responsible for the financial management of Sarawak Consolidated Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 73 to 175 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Chiew Jong Wei, NRIC Number: 750625-13-5435
at Kuching
in the State of Sarawak
on this 30 April 2020

Chiew Jong Wei

Before me

BRIAN BRYAN MASON
Second Class Magistrate
Magistrate Court
Kuching, Sarawak, Malaysia.
Date: 30 April 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK CONSOLIDATED INDUSTRIES BERHAD

(Incorporated in Malaysia)
Registration No.: 197501003884 (25583-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sarawak Consolidated Industries 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 73 to 175.

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 the IESBA Code.

Key Audit Matters

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

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

Valuation of Inventories
Refer to Note 9 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's inventories amounting to approximately RM24 million, representing 21% of the Group's total assets as at 31 December 2019. The valuation of the Group's inventories is stated at the lower of cost and net realisable value. Management periodically reviews the inventories for potential write-downs by considering their aging profile, estimation of market price fluctuations and net realisable value. These reviews involve judgments and estimation uncertainty in forming expectations about future assumptions, sales and demands.	Our procedures included, amongst others:- • We obtain an understanding on inventories valuation policy adopted by the Group; • We examine the condition of inventories during our stock count attendance; • We compare the latest selling prices of inventories sold to customers to evaluate management's assessment of the net realisable value for inventories; • We review ageing analysis of inventories and test the reliability thereof; • We inquire of management action plans to slow-moving and obsolete inventories; • We evaluate the reasonableness and adequacy of the allowance for inventories recognised for identified exposures; and • We evaluate the adequacy of the disclosures in the financial statements.

Key Audit Matters (Cont'd)

Impairment of Receivables
Refer to Note 10 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter

The Group has trade receivables amounting to approximately RM31 million, representing 27% of the Group's total assets as at 31 December 2019.
 	
The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.
	Our procedures included, amongst others:-
	• We obtain an understanding of:
	  • the Group's control over the receivables collection process;
	  • how the Group identifies and assesses the impairment of receivables; and
	  • how the Group makes the accounting estimates for impairment.
	• We review ageing analysis of receivables and test the reliability thereof;
	• We review subsequent cash collections for major receivables and overdue amounts;
	• We inquire of management action plans to recover overdue amounts;
	• We compare and challenge management's view on the recoverability of overdue amounts to historical patterns of collections;
	• We review the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix; and
	• We evaluate reasonableness and adequacy of the resulting loss allowance recognised.

Revenue Recognition Relating to EPCC contracts
Refer to Note 22 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recorded revenue from EPCC contracts amounted to approximately RM9 million, representing 10% of the total revenue for the financial year ended 31 December 2019. It is measured using contract accounting and the revenue recognition is based on stage of completion. Management estimates the revenue and costs at the inception of the contracts and regularly assess the progress of works as well as the financial impact arising from changes of scopes, claims, foreseeable losses and liquidated ascertained damages. The process to measure the revenue, budgeted costs, including the determination of the appropriate timing of revenue recognition, involves significant management judgement and these factors may give rise to a risk of incorrect recognition of revenue during the period. Considering the above, we determine this to be a key audit matter.	Our procedures included, amongst others:- • We evaluate the design and implementation of selected key controls over the approval of contracts and budgeted costs for respective projects; • We assess the reliability of the reports provided by management and the competency of management's experts; • We inspect all new contracts with customers to determine whether, based on the contract terms and billing schedule as well as overall performance of services, the Group has appropriately accounted for the contracts in accordance with the accounting policy; • We check completeness and accuracy of revenue by inspecting job completion certificates and other relevant documents whether the associated revenue was recognised in the correct period; • We check billed invoices against the document certified by engineers and acknowledgement by customers to support the contract works performed by the Group to-date; • We perform verification of the actual costs incurred during the financial year on sampling basis; • We recalculated the percentage of completion to determine that the amount of revenue is appropriately recognised; and • We assess the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK CONSOLIDATED INDUSTRIES BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No.: 197501003884 (25583-W)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK CONSOLIDATED INDUSTRIES BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No.: 197501003884 (25583-W)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER MATTERS

1. The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 18 April 2019 expressed an unmodified opinion.

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

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

Chai Tze Chek
02699/06/2021 J
Chartered Accountant

Kuching
30 April 2020

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	NOTE	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	36,800,039	36,800,039
Property, plant and equipment	6	26,122,088	35,633,710	20,761	5,302,581
Right-of-use assets	7	18,078,457	-	5,122,969	-
Other assets	8	6,189,520	7,362,267	6,189,520	5,762,267
		50,390,065	42,995,977	48,133,289	47,864,887
CURRENT ASSETS					
Inventories	9	24,419,891	21,755,569	-	-
Trade receivables	10	30,901,043	29,995,178	4,434,561	-
Other receivables, deposits and prepayments	11	1,153,864	1,709,178	72,678	63,553
Contract assets	12	199,486	-	199,486	-
Amount owing by subsidiaries	13	-	-	13,076	9,699
Current tax assets		10,075	82,667	963	4,000
Fixed deposits with licensed banks	14	561,558	382,501	398,558	382,501
Cash and bank balances		8,473,046	5,019,663	178,606	2,079
		65,718,963	58,944,756	5,297,928	461,832
TOTAL ASSETS		116,109,028	101,940,733	53,431,217	48,326,719

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

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

	NOTE	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	85,913,168	85,913,168	85,913,168	85,913,168
Foreign exchange translation reserves	16	98	-	-	-
Accumulated losses		(33,912,548)	(37,062,388)	(37,135,724)	(41,254,808)
TOTAL EQUITY		52,000,718	48,850,780	48,777,444	44,658,360
NON-CURRENT LIABILITIES					
Other payables	17	186,984	162,548	39,351	34,218
Bank borrowings	18	18,867,592	15,125,977	-	-
Lease liabilities	19	732,436	-	78,790	-
Hire purchase payables	20	-	1,164,307	-	111,192
		19,787,012	16,452,832	118,141	145,410
CURRENT LIABILITIES					
Trade payables	21	24,040,557	23,335,582	3,937,837	-
Other payables and accruals	17	2,418,756	3,286,306	395,589	361,778
Contract liabilities	12	36,514	-	-	-
Amount owing to a subsidiary	13	-	-	169,804	3,000,352
Bank borrowings	18	17,413,112	9,571,667	-	94,569
Lease liabilities	19	412,359	-	32,402	-
Hire purchase payables	20	-	443,566	-	66,250
		44,321,298	36,637,121	4,535,632	3,522,949
TOTAL LIABILITIES		64,108,310	53,089,953	4,653,773	3,668,359
TOTAL EQUITY AND LIABILITIES		116,109,028	101,940,733	53,431,217	48,326,719

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	NOTE	RM	RM	RM	RM
REVENUE	22	86,047,804	75,957,483	12,156,993	3,407,140
COST OF SALES		(68,750,992)	(64,547,175)	(3,980,066)	-
GROSS PROFIT		17,296,812	11,410,308	8,176,927	3,407,140
OTHER INCOME		2,994,563	1,329,818	475,874	536,684
		20,291,375	12,740,126	8,652,801	3,943,824
SELLING AND DISTRIBUTION EXPENSES		(7,705,778)	(6,582,528)	-	-
ADMINISTRATIVE EXPENSES		(7,858,546)	(12,094,529)	(4,354,301)	(7,965,840)
FINANCE COSTS		(1,850,791)	(1,911,575)	(134,372)	(95,918)
NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL ASSETS	23	317,239	(2,079,731)	(2,007)	(4,192,232)
PROFIT/(LOSS) BEFORE TAXATION	24	3,193,499	(9,928,237)	4,162,121	(8,310,166)
INCOME TAX EXPENSE	25	(43,659)	136,727	(43,037)	(55,355)
PROFIT/(LOSS) AFTER TAXATION		3,149,840	(9,791,510)	4,119,084	(8,365,521)
OTHER COMPREHENSIVE INCOME					
Items that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		98	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		3,149,938	(9,791,510)	4,119,084	(8,365,521)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		3,149,840	(9,791,510)	4,119,084	(8,365,521)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		3,149,938	(9,791,510)	4,119,084	(8,365,521)
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic and diluted	26	3.67	(11.40)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	NOTE	Share Capital RM	Foreign Exchange Translation Reserves RM	Accumulated Losses RM	Total Equity RM
Balance at 1.1.2018		85,913,168	-	(27,270,878)	58,642,290
Loss after taxation, representing total comprehensive expenses for the financial year		-	-	(9,791,510)	(9,791,510)
Balance at 31.12.2018/1.1.2019		85,913,168	-	(37,062,388)	48,850,780
Profit after taxation for the financial year		-	-	3,149,840	3,149,840
Other comprehensive income for the financial year:					
- Foreign currency translation differences	16	-	98	-	98
Total comprehensive income for the financial year		-	98	3,149,840	3,149,938
Balance at 31.12.2019		85,913,168	98	(33,912,548)	52,000,718

The Company	Share Capital RM	Accumulated Losses RM	Total Equity RM
Balance at 1.1.2018	85,913,168	(32,889,287)	53,023,881
Loss after taxation, representing total comprehensive expenses for the financial year	-	(8,365,521)	(8,365,521)
Balance at 31.12.2018/1.1.2019	85,913,168	(41,254,808)	44,658,360
Profit after taxation, representing total comprehensive income for the financial year	-	4,119,084	4,119,084
Balance at 31.12.2019	85,913,168	(37,135,724)	48,777,444

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		3,193,499	(9,928,237)	4,162,121	(8,310,166)
Adjustments for:-					
Bad debts written off		39,802	-	-	-
Depreciation of property, plant and equipment		3,091,475	4,826,305	9,814	152,161
Depreciation of right-of-use assets		624,141	-	155,078	-
Impairment loss:					
- investments in subsidiaries		-	-	-	4,135,733
- property, plant and equipment		-	3,318,276	-	-
- goodwill		-	283,700	-	-
- trade receivables		182,624	4,359,427	-	-
- other receivables		273,365	4,515	2,007	-
- amount owing by subsidiaries		-	-	-	4,192,232
Interest expense on lease liabilities		84,931	-	7,130	-
Interest expenses		1,765,860	1,911,575	127,242	95,918
Inventories written down		30,668	16,680	-	-
Inventories written off		567,087	778,103	-	-
Preliminary expenses written off		12,367	-	-	-
Property, plant and equipment written off		312	87	-	-
Unrealised loss on foreign exchange		12,591	-	12,591	-
Dividend income		-	-	(4,000,000)	-
Gain from a subsidiary under Creditors' Voluntary winding up	27	(1,045,853)	-	-	-
Gain on disposal of property, plant and equipment		(102,235)	-	-	-
Gain on disposal of right-of-use assets		(35,999)	-	(35,999)	-
Interest income		(236,124)	(53,071)	(12,622)	(138,684)
Interest accretion from profit guarantee receivable		(427,253)	(398,000)	(427,253)	(398,000)
Reversal of impairment loss on trade receivables		(773,228)	(2,284,211)	-	-
Operating profit/(loss) before working capital changes		7,258,030	2,835,149	109	(270,806)
(Increase)/Decrease in inventories		(3,262,077)	710,405	-	-
Increase in trade and other receivables		(5,597,947)	(9,133,180)	(4,500,513)	(13,350)
(Increase)/Decrease in other assets		(1,300,000)	519,965	-	-
(Increase)/Decrease in contract assets		(199,486)	4,427,664	(199,486)	-
Increase in amount owing by subsidiaries		-	-	(3,377)	(1,049,379)
Increase in trade and other payables		6,686,404	1,062,642	4,019,010	59,674
Increase/(Decrease) in contract liabilities		36,514	(13,266)	-	-
(Decrease)/Increase in amount owing to a subsidiary		-	-	(2,830,548)	999,715
CASH FROM/(FOR) OPERATIONS		3,621,438	409,379	(3,514,805)	(274,146)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		The Group		The Company	
		2019	2018	2019	2018
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES (CONT'D)		3,621,438	409,379	(3,514,805)	(274,146)
Dividend received		-	-	4,000,000	-
Interest paid		(1,850,791)	(1,911,575)	(134,372)	(95,918)
Interest received		236,124	53,071	12,622	138,684
Income tax paid		(49,712)	(109,382)	(40,000)	(76,055)
Income tax refunded		49,313	60,860	-	-
Preliminary expenses paid		(12,367)	-	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		1,994,005	(1,497,647)	323,445	(307,435)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Net cash outflows from a subsidiary under Creditors' Voluntary winding up	27	(63,316)	-	-	-
Proceeds from disposal of property, plant and equipment		103,084	-	2	-
Proceeds from disposal of right-of-use assets		36,000	-	36,000	-
Purchase of property, plant and equipment	28(a)	(4,548,421)	(87,419)	(6,044)	(42,451)
Purchase of right-of-use assets	28(b)	(5,044,429)	-	-	-
Increase in pledged fixed deposits with licensed banks		(179,057)	(6,342)	(16,057)	(6,342)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(9,696,139)	(93,761)	13,901	(48,793)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loans	28(c)	7,000,000	14,000,000	-	-
Drawdown of revolving credits	28(c)	2,969,084	1,588,478	-	-
Drawdown of bankers' acceptances	28(c)	12,727,820	2,997,000	-	-
Repayment of hire purchase obligations	28(c)	-	(565,306)	-	(58,724)
Repayment of lease liabilities	28(c)	(427,641)	-	(66,250)	-
Repayment of term loans	28(c)	(1,548,455)	(4,088,942)	-	-
Repayment of revolving credits	28(c)	(3,000,000)	(12,000,000)	-	-
Repayment of bankers' acceptances	28(c)	(6,470,820)	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		11,249,988	1,931,230	(66,250)	(58,724)

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

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

		The Group		The Company	
		2019	2018	2019	2018
	NOTE	RM	RM	RM	RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,547,854	339,822	271,096	(414,952)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		98	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,925,094	4,585,272	(92,490)	322,462
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28(e)	8,473,046	4,925,094	178,606	(92,490)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and principal place of business are as follows:-

Registered office and principal place of business	:	Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 April 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

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

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

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

3. BASIS OF PREPARATION (CONT'D)

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

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statements of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 37 to the financial statements.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

(b) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date are disclosed in Note 10 to the financial statements.

(c) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 11 and 13 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

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

(d) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 12 to the financial statements.

(e) Profit Guarantee Receivable

The valuation of the profit guarantee receivable is based on the estimate the expected future cash flows from the asset using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the profit guarantee receivable as at the reporting date are disclosed in Note 8 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

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

(a) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at 31 December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

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

(d) Loss of Control

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

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

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

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

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

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

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

(e) Financial Guarantee Contracts

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENTS IN SUBSIDIARIES

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

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

4.6 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Leasehold land	Not applicable (2018 - Over 60 years)
Buildings	5%
Concrete jetty	5%
Furniture, fittings and equipment	10% - 33.33%
Motor vehicles	25%
Plant and machineries	4% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.7 LEASES

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 LEASES (CONT'D)

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

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

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

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

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

(b) Operating Leases

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method except consumables which is on the first-in, first-out method, and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 CONTRACT ASSET AND CONTRACT LIABILITY

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

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

4.10 CASH AND CASH EQUIVALENTS

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

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT (CONT'D)

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

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

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

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

(b) Impairment of Non-financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT (CONT'D)

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

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment losses recognised in respect of cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

4.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 OPERATING SEGMENTS

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

4.16 EARNINGS PER ORDINARY SHARE

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

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

4.17 BORROWING COSTS

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

4.18 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

(a) Sale of Goods

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

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

(b) Construction Services

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE FROM OTHER SOURCES AND OTHER INCOME

(a) Dividend Income

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

(b) Rendering of Services

Revenue from providing management services is recognised over time in the period in which the services are rendered.

(c) Rental Income

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

(d) Interest Income

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

4.21 CONTINGENT ASSETS

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statement of financial position.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Unquoted shares, at cost	39,300,041	39,300,041
Accumulated impairment losses	(2,500,002)	(2,500,002)
	36,800,039	36,800,039

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019 %	Percentage of Issued Share Capital Held by Parent 2018 %	Principal Activities
Subsidiaries of the Company				
SCIB Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding
SCIB Industrialised Building System Sdn. Bhd. ^	Malaysia	100	100	Supply and installation of industrialised building system components
Carlton Gardens Sdn. Bhd. #	Malaysia	-	100	Engineering and construction, project and construction management, in the process of winding up
Subsidiaries of SCIB Holdings Sdn. Bhd.				
SCIB Concrete Manufacturing Sdn. Bhd.	Malaysia	100	100	Investment holding, trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products
SCIB Infraworks Sdn. Bhd. ^	Malaysia	100	100	Dormant
SCIB Properties Sdn. Bhd.	Malaysia	100	100	Property investment and development, engineering, procurement, construction and commissioning
Subsidiary of SCIB Concrete Manufacturing Sdn. Bhd.				
SCIB International (Labuan) Ltd. ^ *	Labuan, Malaysia	100	-	Dormant

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:- (Cont'd)

^ *The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.*

* *The subsidiary was audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*

The subsidiary is under Creditors' Voluntary winding up.

The Group had on 13 December 2019 incorporated SCIB International (Labuan) Ltd. at a cash consideration of USD100 which is wholly-owned by SCIB Concrete Manufacturing Sdn. Bhd..

6. PROPERTY, PLANT AND EQUIPMENT

The Group	< ---- 1.1.2019 As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM ---- >	Additions (Note 28(a)) RM	Disposals RM	Write Off RM	Transfer From Other Assets (Note 8) RM	Depreciation Charges RM	Deconsolidation of A Subsidiary under Creditors' Voluntary Winding Up RM	At 31.12.2019 RM
Carrying Amount										
Leasehold land	11,480,534	(11,480,534)	-	-	-	-	-	-	-	-
Buildings	8,274,929	-	8,274,929	3,903,419	-	-	2,900,000	(1,270,131)	-	13,808,217
Concrete jetty	16,453	-	16,453	-	-	-	-	(2,195)	-	14,258
Furniture, fittings and equipment	287,224	-	287,224	626,502	(2)	(312)	-	(125,971)	(41,220)	746,221
Motor vehicles	345,864	(158,927)	186,937	-	-	-	-	(2,608)	(178,017)	6,312
Plant and machineries	15,228,706	(1,890,709)	13,337,997	18,500	(847)	-	-	(1,690,570)	(118,000)	11,547,080
	35,633,710	(13,530,170)	22,103,540	4,548,421	(849)	(312)	2,900,000	(3,091,475)	(337,237)	26,122,088

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

The Group	At 1.1.2018 RM	Additions (Note 28(a)) RM	Adjustments (Note 28(a)) RM	Impairment Losses RM	Write Off RM	Depreciation Charges RM	At 31.12.2018 RM
Carrying Amount							
Leasehold land	11,944,158	-	-	-	-	(463,624)	11,480,534
Buildings	12,274,454	119,779	(153,922)	(2,197,728)	-	(1,767,654)	8,274,929
Concrete jetty	36,453	-	-	-	-	(20,000)	16,453
Furniture, fittings and equipment	310,133	96,824	(433)	-	(87)	(119,213)	287,224
Motor vehicles	50,470	410,786	-	-	-	(115,392)	345,864
Plant and machineries	18,296,500	309,150	(81,185)	(955,337)	-	(2,340,422)	15,228,706
Capital work-in-progress	165,211	-	-	(165,211)	-	-	-
	43,077,379	936,539	(235,540)	(3,318,276)	(87)	(4,826,305)	35,633,710

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Buildings	28,100,945	(14,292,728)	13,808,217
Concrete jetty	404,466	(390,208)	14,258
Furniture, fittings and equipment	3,547,806	(2,801,585)	746,221
Motor vehicles	873,663	(867,351)	6,312
Plant and machineries	57,550,069	(46,002,989)	11,547,080
	90,476,949	(64,354,861)	26,122,088

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
2018				
Leasehold land	16,556,855	(5,076,321)	-	11,480,534
Buildings	24,555,987	(14,083,330)	(2,197,728)	8,274,929
Concrete jetty	404,466	(388,013)	-	16,453
Furniture, fittings and equipment	3,045,501	(2,758,277)	-	287,224
Motor vehicles	1,718,938	(1,373,074)	-	345,864
Plant and machineries	67,266,642	(51,082,599)	(955,337)	15,228,706
Capital work-in-progress	165,211	-	(165,211)	-
	113,713,600	(74,761,614)	(3,318,276)	35,633,710

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

The Company	< ---- 1.1.2019 As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM ---- >	Additions (Note 28(a)) RM	Disposals RM	Depreciation Charges RM	At 31.12.2019 RM
Carrying Amount							
Leasehold land	5,126,331	(5,126,331)	-	-	-	-	-
Furniture, fittings and equipment	15,614	-	15,614	6,044	(2)	(7,206)	14,450
Motor vehicles	160,636	(151,717)	8,919	-	-	(2,608)	6,311
	5,302,581	(5,278,048)	24,533	6,044	(2)	(9,814)	20,761

The Company	At 1.1.2018 RM	Additions (Note 28(a)) RM	Depreciation Charges RM	At 31.12.2018 RM
Carrying Amount				
Leasehold land	5,234,730	-	(108,399)	5,126,331
Furniture, fittings and equipment	13,559	9,285	(7,230)	15,614
Motor vehicles	2	197,166	(36,532)	160,636
	5,248,291	206,451	(152,161)	5,302,581

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Furniture, fittings and equipment	42,387	(27,937)	14,450
Motor vehicles	228,712	(222,401)	6,311
	271,099	(250,338)	20,761

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Leasehold land	6,490,851	(1,364,520)	5,126,331
Furniture, fittings and equipment	40,100	(24,486)	15,614
Motor vehicles	685,439	(524,803)	160,636
	7,216,390	(1,913,809)	5,302,581

(a) In the last financial year, the carrying amount of property, plant and equipment acquired under hire purchase terms are as follows:-

	The Group 2018 RM	The Company 2018 RM
Motor vehicles	336,944	151,717
Plant and machineries	1,890,709	-
	2,227,653	151,717

These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 20 to the financial statements.

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

(b) Included in the property, plant and equipment of the Group and the Company are the following assets which have been pledged to licensed banks as securities for banking facilities granted to the Group and the Company:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Leasehold land	-	10,280,910	-	3,926,707
Buildings	9,853,218	6,539,313	-	-
	9,853,218	16,820,223	-	3,926,707

(c) During the financial year, the Company impaired certain assets of a subsidiary, Carlton Gardens Sdn. Bhd. by Nil (2018 – RM3,318,276) following its cessation of business.

7. RIGHT-OF-USE ASSETS

The Group	< ---- 1.1.2019 ---- > As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Additions (Note 28(b)) RM	Disposal RM	Depreciation Charges RM	At 31.12.2019 RM
Carrying Amount							
Leasehold land	-	11,480,534	11,480,534	5,011,012	-	(325,247)	16,166,299
Motor vehicles	-	158,927	158,927	-	(1)	(53,889)	105,037
Plant and machineries	-	1,890,709	1,890,709	161,417	-	(245,005)	1,807,121
	-	13,530,170	13,530,170	5,172,429	(1)	(624,141)	18,078,457

	Leasehold land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Analysed by:-				
Cost	21,567,867	359,755	2,463,578	24,391,200
Accumulated depreciation	(5,401,568)	(254,718)	(656,457)	(6,312,743)
	16,166,299	105,037	1,807,121	18,078,457

7. RIGHT-OF-USE ASSETS (CONT'D)

The Company	< ------------ 1.1.2019 As Previously Reported RM	Initial Application of MFRS 16 RM	------------ > As Restated RM	Disposal RM	Depreciation Charges RM	At 31.12.2019 RM
Carrying Amount						
Leasehold land	-	5,126,331	5,126,331	-	(108,397)	5,017,934
Motor vehicle	-	151,717	151,717	(1)	(46,681)	105,035
	-	5,278,048	5,278,048	(1)	(155,078)	5,122,969

	Leasehold land RM	Motor vehicle RM	Total RM
Analysed by:-			
Cost	6,490,851	186,726	6,677,577
Accumulated depreciation	(1,472,917)	(81,691)	(1,554,608)
	5,017,934	105,035	5,122,969

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

(a) The Group leases certain pieces of leasehold land, motor vehicles and plant and machineries of which the leasing activities are summarised below:-

Leasehold land	The Group acquired the right to use the leasehold land for 60 years.
Motor vehicles, plant and machineries	The Group has leased its motor vehicles and plant and machineries under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

(b) Included in the right-of-use assets of the Group and of the Company at the end of the reporting period were leasehold land with a total carrying amounts of RM14,989,972 and RM3,841,607 respectively, have been pledged to licensed banks as security for banking facilities granted to the Group and of the Company as disclosed in Note 18 to the financial statements.

8. OTHER ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit guarantee receivable	6,189,520	5,762,267	6,189,520	5,762,267
Other assets	-	1,600,000	-	-
	6,189,520	7,362,267	6,189,520	5,762,267

Profit guarantee receivable

On 28 December 2016, the Company entered into a share sale agreement ("SSA") to acquire the entire equity interest in Carlton Gardens Sdn. Bhd. ("CGSB") from Gaya Belian Sdn. Bhd., Asgari bin Mohd Fuad Stephens and Brian Francis Ticcioni ("Sellers") for a purchase consideration of RM9,500,000 which was satisfied by a combination of cash amounting to RM5,266,000 and the issuance of 7,300,000 new ordinary shares of the Company at an issue price of RM0.58 per share.

The SSA provides for a profit guarantee which is payable by the Sellers in the event that CGSB fails to achieve a profit before tax amounting to at least RM7,191,236 from the date of acquisition up to the financial year ended 31 December 2018. The profit guarantee is to be calculated based on any shortfall against the aforementioned profit before tax.

On 1 July 2017, the Company completed the acquisition of CGSB. The goodwill arising from the business combination was arrived at on a provisional basis as the directors had not finalised the purchase price allocation process. On completion of the purchase price allocation process (within 12 months from the date of acquisition), any changes in the fair value of identifiable assets and liabilities, as compared to the provisional value will be adjusted on a retrospective basis.

In the last financial year, the Group finalised the purchase price allocation ("PPA") within the measurement period and had determined that the profit of RM7.2 million guaranteed by the vendor of CGSB as part of the SSA was not expected to be achievable. As a result, the Group made its best estimate of the profit guarantee and recognised a profit guarantee receivable of RM5.4 million being RM7.2 million discounted over four years at 7.35% to account for the timing of recovery of such receivable. Consequently, goodwill had been restated to RM283,700.

On 19 April 2018, the Group issued a Notice of Termination of SSA and had also obtained a court order to injunct the shares which were issued to settle the purchase consideration. The directors of CGSB decided to cease the operations of CGSB due to its continued losses and non receipt of progress claims. Subsequently, CGSB was placed in liquidation. This was based on legal advice obtained and to contain any further losses of CGSB. In view of the termination of the SSA, the Group performed impairment test on the assets of CGSB. In the last financial year, the Group recorded an impairment loss of RM3.3 million on the property, plant and equipment and the restated goodwill has been fully impaired.

8. OTHER ASSETS (CONT'D)

Profit guarantee receivable (Cont'd)

During the financial year, the Company is in legal action against the Sellers for breach of SSA dated 28 December 2016 as disclosed in Note 35. Based on advice from the legal counsel, the Group is confident that the legal action will be successful and that profit guarantee receivable amounting to RM6,189,520 recognised up to the financial year ended 31 December 2019 will be recovered.

Other assets

Other assets represent properties received by the Group as settlement consideration for trade receivables outstanding balances.

The movements of other assets during the year are as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At cost:				
At 1 January	1,600,000	2,119,965	-	-
Additions	1,300,000	-	-	-
Disposal	-	(519,965)	-	-
Transfer to property, plant and equipment (Note 6)	(2,900,000)	-	-	-
At 31 December	-	1,600,000	-	-

9. INVENTORIES

	The Group	
	2019 RM	2018 RM
Properties held for sale	1,644,045	1,313,297
Raw materials	5,254,958	5,737,650
Finished goods	15,362,575	12,442,777
Stores and spares	2,158,313	2,261,845
	24,419,891	21,755,569
Recognised in profit or loss:-		
Inventories recognised as cost of sales	61,643,223	61,634,520
Amount written down to net realisable value	30,668	16,680
Inventories written off	567,087	778,103

10. TRADE RECEIVABLES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Third parties:				
- EPCC	8,349,387	-	4,434,561	-
- others	22,798,728	33,835,523	-	-
Related parties	-	1,334,369	-	-
	31,148,115	35,169,892	4,434,561	-
Allowance for impairment losses	(247,072)	(5,174,714)	-	-
	30,901,043	29,995,178	4,434,561	-
Allowance for impairment losses:-				
At 1 January	5,174,714	3,102,946	-	-
Deconsolidation of a subsidiary under Creditors' Voluntary winding up	(4,337,038)	-	-	-
Addition during the financial year	182,624	4,359,427	-	-
Reversal during the financial year	(773,228)	(2,284,211)	-	-
Written off during the financial year	-	(3,448)	-	-
At 31 December	247,072	5,174,714	-	-

10. TRADE RECEIVABLES (CONT'D)

(a) The Group's and the Company's normal trade credit term is 90 (2018 – 60 to 90) days. Late interest is charged at 1.5% (2018 – 1.5%) per month for sale of goods and are assessed on a case-by-case basis.

(b) The amount owing by related parties is amount due from companies in which certain directors of the Group and of the Company have financial interest. The amount is unsecured, bore interest at a rate of Nil (2018 – 8%) per annum and repayable on demand.

(c) Included in the trade receivables are retention sums totalling RM602,638 (2018 – RM581,267).

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables - third parties	7,256,882	429,322	4,205,619	15,759
Deposits	69,519	216,939	39,141	34,341
Prepayments	884,541	1,101,879	22,157	13,453
	8,210,942	1,748,140	4,266,917	63,553
Allowance for impairment losses	(7,057,078)	(38,962)	(4,194,239)	-
	1,153,864	1,709,178	72,678	63,553
Allowance for impairment losses:-				
At 1 January	38,962	34,447	-	-
Deconsolidation of a subsidiary under Creditors' Voluntary winding up	(4,515)	-	-	-
Additions during the financial year	273,365	4,515	2,007	-
Transfer from amount owing by a fellow subsidiary	6,749,266	-	4,192,232	-
At 31 December	7,057,078	38,962	4,194,239	-

12. CONTRACT ASSETS/(LIABILITIES)

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Contract Assets				
Contract assets relating to construction contracts	199,486	-	199,486	-
Contract Liabilities				
Contract liabilities relating to construction contracts	(36,514)	-	-	-

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 30 (2018 - Nil) days.

(b) The contract liabilities relate to advance considerations received from a customer for EPCC contracts of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 3 (2018 - Nil) months.

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

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	-	-	-	-
Revenue recognised in profit or loss during the financial year	8,567,178	-	4,688,866	-
Billings to customers during the financial year	(8,404,206)	-	(4,489,380)	-
At 31 December	162,972	-	199,486	-
Represented by:-				
Contract assets	199,486	-	199,486	-
Contract liabilities	(36,514)	-	-	-
	162,972	-	199,486	-

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts of the Group and of the Company is RM164,211,371 and RM109,888,288 (2018 - Nil) respectively. These remaining performance obligations are expected to be recognised as below:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Within 1 year	158,592,382	-	109,888,288	-
Between 1 and 5 years	5,618,989	-	-	-
	164,211,371	-	109,888,288	-

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Amount Owing By Subsidiaries		
Current		
Non-trade balances	13,076	4,201,931
Allowance for impairment losses	-	(4,192,232)
	13,076	9,699
Allowance for impairment losses:-		
At 1 January	4,192,232	-
Addition during the financial year	-	4,192,232
Transfer to other receivables	(4,192,232)	-
At 31 December	-	4,192,232
Amount Owing To A Subsidiary		
Current		
Non-trade balances	169,804	3,000,352

The amount owing by/(to) subsidiaries are unsecured, bore interest at a rate of 3.50% (2018 – 3.50%) per annum and repayable on demand.

14. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.90% to 3.35% (2018 – 2.95% to 3.45%) per annum and 2.90% to 3.35% (2018 – 2.95% to 3.45%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 36 (2018 – 1 to 36) months and 1 to 36 (2018 – 1 to 36) months for the Group and the Company respectively.

(b) The fixed deposits with licensed banks of the Group at the end of the reporting period have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

15. SHARE CAPITAL

	The Group/The Company			
	2019	2018	2019	2018
	Number Of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary Shares	85,882,500	85,882,500	85,913,168	85,913,168

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

16. FOREIGN EXCHANGE TRANSLATION RESERVES

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

	The Group	
	2019	2018
	RM	RM
At 1 January	-	-
Foreign currency translation differences	98	-
A 31 December	98	-

17. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-current				
Other liabilities	186,984	162,548	39,351	34,218
Current				
Other payables - third parties	1,052,662	1,924,848	43,236	80,417
Accruals	1,366,094	1,355,644	309,153	238,161
Deposits received from a subsidiary	-	-	43,200	43,200
Other liabilities	-	5,814	-	-
	2,418,756	3,286,306	395,589	361,778
	2,605,740	3,448,854	434,940	395,996

18. BANK BORROWINGS

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Short-term borrowings (Secured):-				
Bankers' acceptances	9,254,000	2,997,000	-	-
Bank overdraft	-	94,569	-	94,569
Revolving credits	6,087,842	4,908,268	-	-
Term loans	2,071,270	1,571,830	-	-
	17,413,112	9,571,667	-	94,569
Long-term borrowings (Secured):-				
Revolving credits	2,295,416	3,505,906	-	-
Term loans	16,572,176	11,620,071	-	-
	18,867,592	15,125,977	-	-
Total borrowings (Secured):-				
Bankers' acceptances	9,254,000	2,997,000	-	-
Bank overdraft	-	94,569	-	94,569
Revolving credits	8,383,258	8,414,174	-	-
Term loans	18,643,446	13,191,901	-	-
	36,280,704	24,697,644	-	94,569

(a) Bankers' acceptances were drawn down under conventional loan facility and is secured by a first legal charge over a leasehold land of the Company together with the building thereon as disclosed in Note 6 and corporate guarantee by the Company. Interest is charged at 1.25% (2018 – 1.25%) per annum above the licensed bank's Cost of Fund.

(b) Bank overdraft is secured by pledge of a fixed deposit as disclosed in Note 14 and corporate guarantee by a subsidiary. Interest is charged at 0.75% (2018 – 0.75%) per annum above the licensed bank's Base Lending Rate.

(c) Revolving credit was drawn down under Commodity Murabahah Revolving Financing-i (CMRF-i) and is secured by a debenture incorporating fixed and floating charge over all the assets and a first party third legal charge over a leasehold land of a subsidiary together with the building thereon as disclosed in Note 6 and corporate guarantee by the Company. Interest is charged at 0.5% (2018 – 0.5%) per annum above the licensed bank's Base Financing Rate.

18. BANK BORROWINGS (CONT'D)

(d) The details of term loans are as follows:-

Term loan I is secured by a first legal charge over a leasehold land of the Company together with the building thereon as disclosed in Note 6 and corporate guarantee by the Company. Interest is charged at 1% (2018 – 1%) per annum below the licensed bank's Base Lending Rate.

Term loan II is secured by a first party first legal charge over a leasehold land of a subsidiary together with the building thereon and a first or third party letter of set-off over fixed deposit pledged as disclosed in Notes 6 and 14 respectively, and corporate guarantee by the Company. Interest is charged at 2.20% (2018 – Nil) per annum below the licensed bank's Base Lending Rate.

Term loan III was drawn down under Commodity Murabahah Term Financing-i (CMTF-i) and is secured by a debenture incorporating fixed and floating charge over all the assets and a first legal charge over a leasehold land of a subsidiary together with the building thereon as disclosed in Note 6 and corporate guarantee by the Company. Interest is charged at 0.5% (2018 – 0.5%) per annum above the licensed bank's Base Financing Rate.

19. LEASE LIABILITIES

	The Group 2019 RM	The Company 2019 RM
At 1 January		
- As previously reported	-	-
- Initial application of MFRS 16	1,607,873	177,442
- As restated	1,607,873	177,442
Deconsolidation of a subsidiary under Creditors' Voluntary winding up	(163,437)	-
Acquisition of new lease	128,000	-
Interest expense recognised in profit or loss	84,931	7,130
Repayment of principal	(427,641)	(66,250)
Repayment of interest expense	(84,931)	(7,130)
At 31 December	1,144,795	111,192
Analysed by:-		
Current liabilities	412,359	32,402
Non-current liabilities	732,436	78,790
	1,144,795	111,192

19. LEASE LIABILITIES (CONT'D)

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

Lease liabilities of the Group and the Company are secured by the Group's and the Company's motor vehicles and plant and machineries under the hire purchase arrangements as disclosed in Note 7 to the financial statements, with lease terms ranging from 1 to 7 years and bear effective interest rates ranging from 4.67% to 6.55%.

20. HIRE PURCHASE PAYABLES

	The Group 2018 RM	The Company 2018 RM
Minimum hire purchase payments:		
- not later than 1 year	528,463	73,385
- later than 1 year and not later than 5 years	1,258,432	119,965
	1,786,895	193,350
Less: Future finance charges	(179,022)	(15,908)
Present value of hire purchase payables	1,607,873	177,442
Analysed by:-		
Current liabilities	443,566	66,250
Non-current liabilities	1,164,307	111,192
	1,607,873	177,442

(a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 19 to the financial statements following the application of MFRS 16 by the Group and the Company using the modified retrospective approach.

(b) In the last financial year, the hire purchase payables of the Group and of the Company were secured by the Group's and the Company's motor vehicles and plant and machineries under finance leases as disclosed in Note 6(a) to the financial statements. The hire purchase arrangements were expiring from 1 to 7 years.

(c) In the last financial year, the hire purchase payables of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 4.67% to 7.09% and 4.76% to 6.60% respectively. The interest rates were fixed at the inception of the hire purchase arrangements.

21. TRADE PAYABLES

(a) The normal trade credit term granted to the Group ranging from 30 to 90 (2018 – 30 to 90) days.

(b) Included in the trade payables are retention sum payables totalling RM559,417 (2018 – Nil).

22. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from Contracts with Customers				
Sales of goods	77,845,956	75,957,483	-	-
Construction contracts	8,567,178	-	4,688,866	-
Cancellation of sales of property	(365,330)	-	-	-
	86,047,804	75,957,483	4,688,866	-
Revenue from Other Sources				
Dividend income	-	-	4,000,000	-
Management fees from subsidiaries	-	-	3,208,927	3,147,940
Rental income	-	-	259,200	259,200
	-	-	7,468,127	3,407,140
	86,047,804	75,957,483	12,156,993	3,407,140

The other information on the disaggregation of revenue is disclosed in Note 31 to the financial statements.

23. NET IMPAIRMENT (GAINS)/LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment losses:				
- trade receivables	182,624	4,359,427	-	-
- other receivables	273,365	4,515	2,007	-
- amount owing by subsidiaries	-	-	-	4,192,232
Reversal of impairment losses:				
- trade receivables	(773,228)	(2,284,211)	-	-
	(317,239)	2,079,731	2,007	4,192,232

24. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	101,511	121,000	32,000	35,000
- non-audit fees	6,000	6,000	6,000	6,000
Bad debts written off	39,802	-	-	-
Depreciation of property, plant and equipment	3,091,475	4,826,305	9,814	152,161
Depreciation of right-of-use assets	624,141	-	155,078	-
Directors' remuneration (Note 29(a)):				
- fees	249,226	242,083	249,226	242,083
- salaries, bonuses and allowances	664,619	793,995	330,049	425,275
- E.I.S. contribution	198	95	71	-
- E.P.F. contribution	68,644	87,450	30,266	43,200
- SOCSO contribution	1,726	828	622	-
Impairment loss:				
- investments in subsidiaries	-	-	-	4,135,733
- property, plant and equipment	-	3,318,276	-	-
- goodwill	-	283,700	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- amount owing to a subsidiary	-	-	126,240	85,232
- bank overdraft	1,386	9,524	1,002	1,853
- bankers' acceptances	265,772	10,647	-	-
- hire purchase	-	113,534	-	8,833
- revolving credits	642,037	1,208,242	-	-
- term loans	856,665	569,628	-	-
Interest expense on lease liabilities	84,931	-	7,130	-
Inventories written down	30,668	16,680	-	-
Inventories written off	567,087	778,103	-	-
Rental expense on:				
- land and buildings	650,000	774,000	-	-
- office equipment	48,843	37,884	17,247	12,755
- plant and machineries	236,062	386,347	-	-
Preliminary expenses written off	12,367	-	-	-
Property, plant and equipment written off	312	87	-	-

24. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):- (Cont'd)				
Staff costs (including other key management personnel as disclosed in Note 29):				
- salaries, wages, bonuses and allowances	8,446,761	7,671,194	1,977,062	1,957,604
- E.I.S. contribution	13,609	11,937	2,541	2,384
- E.P.F. contribution	851,370	796,132	213,624	218,039
- SOCSO contribution	123,358	112,921	23,427	22,914
- others	312,659	330,931	132,963	154,728
Unrealised loss on foreign exchange	12,591	-	12,591	-
Gain from a subsidiary under Creditors' Voluntary winding up	(1,045,853)	-	-	-
Gain on disposal of property, plant and equipment	(102,235)	-	-	-
Gain on disposal of right-of-use assets	(35,999)	-	(35,999)	-
Interest accretion from profit guarantee receivable	(427,253)	(398,000)	(427,253)	(398,000)
Interest income on financial assets measured at amortised cost:				
- amount owing by subsidiaries	-	-	(475)	(128,184)
- bank balances	(39,077)	(25,280)	-	-
- fixed deposits with licensed banks	(13,514)	(10,500)	(12,147)	(10,500)
- trade receivables	(183,533)	(17,291)	-	-
Realised gain on foreign exchange	(1,398)	-	-	-
Rental income	(21,256)	(1,650)	(259,200)	(259,200)

25. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax:				
- current tax expense	49,600	56,000	49,000	56,000
- overprovision in the previous financial year	(5,941)	(75,321)	(5,963)	(645)
	43,659	(19,321)	43,037	55,355
Deferred tax:				
- origination and reversal of temporary differences	-	(117,406)	-	-
	43,659	(136,727)	43,037	55,355

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation	3,193,499	(9,928,237)	4,162,121	(8,310,166)
Tax at the statutory tax rate of 24% (2018 - 24%)	766,440	(2,382,777)	998,909	(1,994,440)
Tax effects of:-				
Non-taxable income	(20,020)	-	(960,000)	-
Non-deductible expenses	99,276	1,197,708	220,682	2,032,697
Utilisation of capital allowances and tax losses brought forward	(881,225)	(437,506)	(209,469)	-
Deferred tax movements not recognised during the year	85,129	1,561,169	(1,122)	17,743
Overprovision of income tax in the previous financial year	(5,941)	(75,321)	(5,963)	(645)
Income tax expense for the financial year	43,659	(136,727)	43,037	55,355

25. INCOME TAX EXPENSE (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised tax losses	15,797,000	16,231,000	5,254,000	5,960,000
Unabsorbed capital allowances	12,931,000	738,000	-	148,000
Other deductible temporary differences	1,384,000	4,520,000	210,000	220,000
	30,112,000	21,489,000	5,464,000	6,328,000

As at 31 December 2019 and 2018, the deferred tax assets were not recognised as it was not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

The unused tax losses are allowed to be carried forward for a maximum period of 7 consecutive years of assessment. The unabsorbed capital allowances do not expire under the current tax legislation in Malaysia and can be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

26. EARNINGS/(LOSS) PER SHARE

	The Group	
	2019	2018
Profit/(Loss) attributable to owners of the Company (RM)	3,149,840	(9,791,510)
Weighted average number of ordinary shares at 31 December	85,882,500	85,882,500
Basic earnings/(loss) per share (Sen)	3.67	(11.40)

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

27. SUBSIDIARY UNDER CREDITORS' VOLUNTARY WINDING UP

The Group had on 11 January 2019 announced that Carlton Gardens Sdn. Bhd., a wholly-owned subsidiary incorporated in Malaysia, is in the process of voluntary winding up.

The following summarises the amounts of assets and liabilities transferred at the date of winding up:-

(a) Financial Effect Arising from Winding Up

	The Group 2019 RM
Property, plant and equipment	337,237
Trade receivables	5,171,542
Other receivables, deposit and prepayments	298,471
Cash and bank balances	63,316
Current tax assets	29,332
Hire purchase payables	(163,437)
Trade payables	(6,127,611)
Other payables and accruals	(654,703)
Gain from a subsidiary under Creditors' Voluntary winding up	(1,045,853)

(b) Cash Flows Arising from Winding Up

	The Group 2019 RM
Net cash outflow from a subsidiary under Creditors' Voluntary winding up	(63,316)

There were no winding up of subsidiaries in the last financial year.

28. CASH FLOW INFORMATION

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost of property, plant and equipment purchased (Note 6)	4,548,421	700,999	6,044	206,451
Less: Amount financed through hire purchase (Note (c) below)	-	(613,580)	-	(164,000)
Cash disbursed for purchase of property, plant and equipment	4,548,421	87,419	6,044	42,451

(b) The cash disbursed for the additions of right-of-use assets is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost of right-of-use assets acquired (Note 7)	5,172,429	-	-	-
Less: Additions of new lease liabilities (Note (c) below)	(128,000)	-	-	-
Cash disbursed for additions of right-of-use assets	5,044,429	-	-	-

28. CASH FLOW INFORMATION (CONT'D)

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

The Group	Bankers' Acceptances RM	Revolving Credits RM	Term Loans RM	Hire Purchase RM	Lease Liabilities RM	Total RM
2019						
At 1 January, as previously reported	2,997,000	8,414,174	13,191,901	1,607,873	-	26,210,948
Effects on adoption of MFRS 16	-	-	-	(1,607,873)	1,607,873	-
At 1 January, as restated	2,997,000	8,414,174	13,191,901	-	1,607,873	26,210,948
Changes in Financing Cash Flows						
Proceeds from drawdown	12,727,820	2,969,084	7,000,000	-	-	22,696,904
Repayment of principal	(6,470,820)	(3,000,000)	(1,548,455)	-	(427,641)	(11,446,916)
Repayment of interests	(265,772)	(642,037)	(856,665)	-	(84,931)	(1,849,405)
	5,991,228	(672,953)	4,594,880	-	(512,572)	9,400,583
Non-cash Changes						
Deconsolidation of a subsidiary under Creditors' Voluntary winding up	-	-	-	-	(163,437)	(163,437)
Acquisition of a new lease (Note (b) above)	-	-	-	-	128,000	128,000
Interest expense recognised in profit or loss	265,772	642,037	856,665	-	84,931	1,849,405
	265,772	642,037	856,665	-	49,494	1,813,968
At 31 December	9,254,000	8,383,258	18,643,446	-	1,144,795	37,425,499

28. CASH FLOW INFORMATION (CONT'D)

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

The Group	Bankers' Acceptances RM	Revolving Credits RM	Term Loans RM	Hire Purchase RM	Total RM
2018					
At 1 January	-	18,825,696	3,280,843	1,559,599	23,666,138
Changes in Financing Cash Flows					
Proceeds from drawdown	2,997,000	1,588,478	14,000,000	-	18,585,478
Repayment of principal	-	(12,000,000)	(4,088,942)	(565,306)	(16,654,248)
Repayment of interests	(10,647)	(1,208,242)	(569,628)	(113,534)	(1,902,051)
	2,986,353	(11,619,764)	9,341,430	(678,840)	29,179
Non-cash Changes					
New hire purchase (Note (a) above)	-	-	-	613,580	613,580
Interest expense recognised in profit or loss	10,647	1,208,242	569,628	113,534	1,902,051
	10,647	1,208,242	569,628	727,114	2,515,631
At 31 December	2,997,000	8,414,174	13,191,901	1,607,873	26,210,948

28. CASH FLOW INFORMATION (CONT'D)

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

The Company	Hire Purchase RM	Lease Liabilities RM	Total RM
2019			
At 1 January, as previously reported	177,442	-	177,442
Effects on adoption of MFRS 16	(177,442)	177,442	-
At 1 January, as restated	-	177,442	177,442
Changes in Financing Cash Flows			
Repayment of principal	-	(66,250)	(66,250)
Repayment of interests	-	(7,130)	(7,130)
	-	(73,380)	(73,380)
Non-cash Changes			
Interest expense recognised in profit or loss	-	7,130	7,130
At 31 December	-	111,192	111,192

28. CASH FLOW INFORMATION (CONT'D)

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

The Company	Hire Purchase RM	Total RM
2018		
At 1 January	72,166	72,166
<u>Change in Financing Cash Flows</u>		
Repayment of principal	(58,724)	(58,724)
Repayment of interests	(8,833)	(8,833)
	(67,557)	(67,557)
<u>Non-cash Changes</u>		
New hire purchase (Note (a) above)	164,000	164,000
Interest expense recognised in profit or loss	8,833	8,833
	172,833	172,833
At 31 December	177,442	177,442

(d) The total cash outflows for leases as a lessee are as follows:-

	The Group		**The Company**	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest paid on lease liabilities	84,931	-	7,130	-
Payment of lease liabilities	427,641	-	66,250	-
	512,572	-	73,380	-

28. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed deposits with licensed banks	561,558	382,501	398,558	382,501
Cash and bank balances	8,473,046	5,019,663	178,606	2,079
Bank overdraft	-	(94,569)	-	(94,569)
	9,034,604	5,307,595	577,164	290,011
Less: Fixed deposits pledged to licensed banks (Note 14(b))	(561,558)	(382,501)	(398,558)	(382,501)
	8,473,046	4,925,094	178,606	(92,490)

29. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

(a) Directors

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
Short-term employee benefits:				
- fees	249,226	242,083	249,226	242,083
- salaries, bonuses and other benefits	330,049	425,275	330,049	425,275
	579,275	667,358	579,275	667,358
Defined contribution benefits	30,266	43,200	30,266	43,200
	609,541	710,558	609,541	710,558
Directors of the Subsidiaries				
Short-term employee benefits:				
- salaries, bonuses and other benefits	334,570	368,720	-	-
Defined contribution benefits	38,378	44,250	-	-
	372,948	412,970	-	-
Total directors' remuneration (Note 24)	982,489	1,123,528	609,541	710,558

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were Nil (2018 – RM9,900).

29. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) Other Key Management Personnel

	The Group/The Company	
	2019	2018
	RM	RM
Short-term employee benefits	482,745	609,944
Defined contribution benefits	56,833	70,902
Total compensation for other key management personnel (Note 24)	539,578	680,846

The estimated monetary value of benefits-in-kind provided by the Group and the Company were RM16,167 (2018 – RM30,882).

30. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

30. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions and Balances

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expense paid or payable to subsidiaries				
- SCIB Concrete Manufacturing Sdn. Bhd.	-	-	126,240	85,227
- SCIB Properties Sdn. Bhd.	-	-	-	5
Dividend income from a subsidiary				
- SCIB Holdings Sdn. Bhd.	-	-	(4,000,000)	-
Interest income from subsidiaries				
- SCIB Infraworks Sdn. Bhd.	-	-	(312)	(592)
- SCIB Industrialised Building System Sdn. Bhd.	-	-	(163)	-
- SCIB Properties Sdn. Bhd.	-	-	-	(18)
- Carlton Gardens Sdn. Bhd.	-	-	-	(127,574)
Management fees received or receivable from subsidiaries				
- SCIB Concrete Manufacturing Sdn. Bhd.	-	-	(3,190,235)	(3,148,497)
- SCIB Properties Sdn. Bhd.	-	-	(71)	557
- SCIB Industrialised Building System Sdn. Bhd.	-	-	(18,621)	-
Rental income from a subsidiary				
- SCIB Concrete Manufacturing Sdn. Bhd.	-	-	(259,200)	(259,200)
Insurance premium paid or payable to a related company				
- Transnational Insurance Brokers (M) Sdn. Bhd.	457,722	374,343	55,138	34,610

30. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions and Balances (Cont'd)

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Purchase of land and building from a related company				
- Reignvest Corporation Sdn. Bhd.	8,236,000	-	-	-
Purchase of roofing construction material from a related company				
- Super Glory Industries Sdn. Bhd.	8,652	26,827	-	-
Rental expenses paid or payable to a related company				
- Reignvest Corporation Sdn. Bhd.	540,000	720,000	-	-
Sales of construction materials to related companies				
- Zecon Berhad	-	(153,900)	-	-
- Petra Jaya Properties Sdn. Bhd.	(730,251)	-	-	-
- Oricon Sdn. Bhd.	-	(135,178)	-	-
- Rekaruang Sdn. Bhd.	(63,699)	-	-	-
Sales of motor vehicle to a director of the Company				
- Haji Zaidi Bin Haji Ahmad	(36,000)	-	(36,000)	-

The outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

31. OPERATING SEGMENTS

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

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

- Manufacturing/Corporate Segment – involved in the manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products, and investment holding.

- Property Trading Segment – involved in the business of property dealing and trading of properties.

- Construction/EPCC Segment – involved in the installation of industrialised building system components, construction contracts, engineering, procurement, construction and commissioning ("EPCC") which includes, among others, piping system, process control and instrumentation, equipment installation and other related services.

(a) The Group Senior Management assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS

2019	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
Revenue				
External revenue	77,511,131	(365,330)	8,902,003	86,047,804
Inter-segment revenue	11,676,470	-	-	11,676,470
	89,187,601	(365,330)	8,902,003	97,724,274
Consolidation adjustments				(11,676,470)
Consolidated revenue				86,047,804

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

2019	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
Revenue				
Represented by:-				
Revenue recognised at a point of time				
- Sales of goods	77,719,474	-	334,825	78,054,299
- Cancellation of sales of property	-	(365,330)	-	(365,330)
Revenue recognised over time				
- Construction services	-	-	8,567,178	8,567,178
Revenue from other sources				
- Management fees from subsidiaries	3,208,927	-	-	3,208,927
- Dividend income	8,000,000	-	-	8,000,000
- Rental income	259,200	-	-	259,200
	89,187,601	(365,330)	8,902,003	97,724,274
Consolidation adjustments				(11,676,470)
				86,047,804

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

2019	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
Results				
Segment profit/(loss)	10,737,751	(73,525)	1,578,210	12,242,436
Finance costs				(1,850,791)
Consolidation adjustments				(7,198,146)
Consolidated profit before taxation				3,193,499

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

2019	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
Results				
Segment profit/(loss) includes the followings:-				
Interest income	(152,614)	-	(83,510)	(236,124)*
Interest accretion from profit guarantee receivable	(427,253)	-	-	(427,253)
Interest expenses	1,765,860	-	-	1,765,860*
Interest expense on lease liabilities	84,931	-	-	84,931
Bad debts written off	39,802	-	-	39,802
Depreciation of property, plant and equipment	3,091,475	-	-	3,091,475*
Depreciation of right-of-use assets	624,141	-	-	624,141
Inventories written down	30,668	-	-	30,668
Inventories written off	567,087	-	-	567,087
Impairment loss:				
- trade receivables	182,624	-	-	182,624
- other receivables	273,365	-	-	273,365
Reversal of impairment losses on trade receivables	(169,572)	(22,389)	(581,267)	(773,228)
Preliminary expenses written off	-	-	12,367	12,367
Property, plant and equipment written off	312	-	-	312
Gain on disposal of property, plant and equipment	(102,235)	-	-	(102,235)
Gain on disposal of right-of-use assets	(35,999)	-	-	(35,999)
Loss on foreign exchange - unrealised	-	-	12,591	12,591

* After consolidation adjustments

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

2019	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
Assets				
Segment assets	183,338,777	1,604,884	8,768,576	193,712,237
Consolidation adjustments				(77,603,209)
Consolidated total assets				116,109,028
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	4,548,421	-	-	4,548,421
Right-of-use assets	5,172,429	-	-	5,172,429
Other assets	1,300,000	-	-	1,300,000
Liabilities				
Segment liabilities	56,604,598	69,614	8,725,019	65,399,231
Consolidation adjustments				(1,290,921)
Consolidated total liabilities				64,108,310

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
2018				
Revenue				
External revenue	75,957,483	-	-	75,957,483
Inter-segment revenue	3,407,140	-	-	3,407,140
	79,364,623	-	-	79,364,623
Consolidation adjustments				(3,407,140)
Consolidated revenue				75,957,483
Represented by:-				
Revenue recognised at a point of time				
- Sales of goods	75,957,483	-	-	75,957,483
Revenue from other sources				
- Management fees from subsidiaries	3,147,940	-	-	3,147,940
- Rental income	259,200	-	-	259,200
	79,364,623	-	-	79,364,623
Consolidation adjustments				(3,407,140)
				75,957,483

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

2018	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
Results				
Segment loss	(6,276,468)	(78,498)	(11,234,065)	(17,589,031)
Finance costs				(1,911,575)
Consolidation adjustments				9,572,369
Consolidated loss before taxation				(9,928,237)
Segment loss includes the followings:-				
Interest income	(53,071)	-	-	(53,071)*
Interest accretion from profit guarantee receivable	(398,000)	-	-	(398,000)
Interest expenses	1,903,918	-	7,657	1,911,575*
Depreciation of property, plant and equipment	3,677,680	-	1,148,625	4,826,305*
Inventories written down	16,680	-	-	16,680
Inventories written off	154,571	-	623,532	778,103
Impairment loss:				
- trade receivables	-	22,389	4,337,038	4,359,427
- other receivables	-	-	4,515	4,515
- property, plant and equipment	-	-	3,318,276	3,318,276*
Reversal of impairment losses on trade receivables	(1,684,211)	-	(600,000)	(2,284,211)
Property, plant and equipment written off	87	-	-	87

* After consolidation adjustments

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

2018	Manufacturing/ Corporate RM	Property Trading RM	Construction/ EPCC RM	The Group RM
Assets				
Segment assets	174,217,027	1,620,064	6,047,320	181,884,411
Consolidation adjustments				(79,943,678)
Consolidated total assets				101,940,733
Additions to non-current assets other than financial instruments is:-				
Property, plant and equipment	690,092	-	10,907	700,999
Liabilities				
Segment liabilities	48,211,694	9,386	15,328,572	63,549,652
Consolidation adjustments				(10,459,699)
Consolidated total liabilities				53,089,953

31. OPERATING SEGMENTS (CONT'D)

31.2 GEOGRAPHICAL INFORMATION

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

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Non-Current Assets	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	81,358,938	75,957,483	44,200,545	37,233,710
Indonesia	1,110,046	-	-	-
Oman	1,439,603	-	-	-
Qatar	2,139,217	-	-	-
	86,047,804	75,957,483	44,200,545	37,233,710

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		Group	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	77,480,626	75,957,483	3,878,312	-	81,358,938	75,957,483
Indonesia	-	-	1,110,046	-	1,110,046	-
Oman	-	-	1,439,603	-	1,439,603	-
Qatar	-	-	2,139,217	-	2,139,217	-
	77,480,626	75,957,483	8,567,178	-	86,047,804	75,957,483

31.3 MAJOR CUSTOMER

The following is a major customer with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2019 RM	2018 RM	
Customer #1	9,862,438	-	Manufacturing/Corporate

32. CAPITAL COMMITMENTS

	The Group 2019 RM	The Group 2018 RM
Purchase of property, plant and equipment:-		
Approved and contracted for	98,107	551,413
Approved but not contracted for	2,952,618	10,930,503
	3,050,725	11,481,916

33. OPERATING LEASE COMMITMENTS

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

(a) Leases as Lessee

In the previous financial year, the Group leased a piece of land under non-cancellable operating leases. The lease has tenure of 5 to 15 years with options to renew or to buy at prevailing market rates.

The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group 2018 RM
Not more than 1 year	774,000
Later than 1 year and not later than 5 years	1,848,000
Total	2,622,000

The Group has purchased the land during the current financial year and the land is classified as property, plant and equipment. There is no financial impact on the financial statements of the Group upon its initial application of MFRS 16.

34. FINANCIAL INSTRUMENTS

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

34.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	United States Dollar RM	Ringgit Malaysia RM	Total RM
2019			
Financial Assets			
Other assets	-	6,189,520	6,189,520
Trade receivables	4,434,561	26,466,482	30,901,043
Other receivables	-	199,804	199,804
Fixed deposits with licensed banks	-	561,558	561,558
Cash and bank balances	-	8,473,046	8,473,046
	4,434,561	41,890,410	46,324,971

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Ringgit Malaysia RM	Total RM
2019			
Financial Liabilities			
Trade payables	3,937,837	20,102,720	24,040,557
Other payables and accruals	-	2,605,740	2,605,740
Bank borrowings	-	36,280,704	36,280,704
Lease liabilities	-	1,144,795	1,144,795
	3,937,837	60,133,959	64,071,796
Net financial assets/(liabilities)	496,724	(18,243,549)	(17,746,825)
Less: Net financial liabilities denominated in the respective entities' functional currency	-	18,243,549	18,243,549
Currency Exposure	496,724	-	496,724

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Ringgit Malaysia RM	Total RM
2018		
Financial Assets		
Other assets	5,762,267	5,762,267
Trade receivables	29,995,178	29,995,178
Other receivables	390,360	390,360
Fixed deposits with licensed banks	382,501	382,501
Cash and bank balances	5,019,663	5,019,663
	41,549,969	41,549,969
Financial Liabilities		
Trade payables	23,335,582	23,335,582
Other payables and accruals	3,448,854	3,448,854
Bank borrowings	24,697,644	24,697,644
Hire purchase payables	1,607,873	1,607,873
	53,089,953	53,089,953
Net financial liabilities	(11,539,984)	(11,539,984)
Less: Net financial liabilities denominated in the respective entities' functional currency	11,539,984	11,539,984
Currency Exposure	-	-

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	United States Dollar RM	Ringgit Malaysia RM	Total RM
2019			
Financial Assets			
Other assets	-	6,189,520	6,189,520
Trade receivables	4,434,561	-	4,434,561
Other receivables	-	11,380	11,380
Amount owing by subsidiaries	-	13,076	13,076
Fixed deposits with licensed banks	-	398,558	398,558
Cash and bank balances	-	178,606	178,606
	4,434,561	6,791,140	11,225,701
Financial Liabilities			
Trade payables	3,937,837	-	3,937,837
Other payables and accruals	-	434,940	434,940
Amount owing to a subsidiary	-	169,804	169,804
Lease liabilities	-	111,192	111,192
	3,937,837	715,936	4,653,773
Net financial assets	496,724	6,075,204	6,571,928
Less: Net financial assets denominated in the Company's functional currency	-	(6,075,204)	(6,075,204)
Currency Exposure	496,724	-	496,724

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	Ringgit Malaysia RM	Total RM
2018		
Financial Assets		
Other assets	5,762,267	5,762,267
Other receivables	15,759	15,759
Amount owing by subsidiaries	9,699	9,699
Fixed deposits with licensed banks	382,501	382,501
Cash and bank balances	2,079	2,079
	6,172,305	6,172,305
Financial Liabilities		
Other payables and accruals	395,996	395,996
Amount owing to a subsidiary	3,000,352	3,000,352
Bank borrowings	94,569	94,569
Hire purchase payables	177,442	177,442
	3,668,359	3,668,359
Net financial assets	2,503,946	2,503,946
Less: Net financial assets denominated in the Company's functional currency	(2,503,946)	(2,503,946)
Currency Exposure	-	-

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Effects On Profit/ (Loss) After Taxation				
USD/RM				
- strengthened by 10%	37,751	-	37,751	-
- weakened by 10%	(37,751)	-	(37,751)	-

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Effects On Profit After Taxation				
Increase of 25 basis points	(68,934)	(46,925)	-	(179)
Decrease of 25 basis points	68,934	46,925	-	179

(iii) Equity Price Risk

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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

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

The Company's exposure to credit risk arises principally from corporate guarantee given to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of this subsidiary regularly and repayments made by the subsidiary.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by customers which constitute approximately Nil (2018 – 5%) of its trade receivables (including related parties) at the end of the reporting period.

(ii) Exposure to Credit Risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is presented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses.

- A nominal amount of RM37,314,307 (2018 – RM26,033,506) relating to corporate guarantee provided by the Company to a subsidiary's borrowings.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

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

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

Trade Receivables and Contract Assets

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

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

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 90 days, are deemed credit impaired and assesses for their risk of loss individually.

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

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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

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

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Current (not past due)	23,341,571	-	-	23,341,571
1 to 30 days past due	1,406,914	-	-	1,406,914
31 to 60 days past due	1,020,446	-	-	1,020,446
61 to 90 days past due	939,812	-	-	939,812
Credit impaired	4,439,372	(194,874)	(52,198)	4,192,300
Trade receivables	31,148,115	(194,874)	(52,198)	30,901,043
Contract assets	199,486	-	-	199,486
	31,347,601	(194,874)	(52,198)	31,100,529
2018				
Current (not past due)	15,293,799	-	-	15,293,799
1 to 30 days past due	2,645,766	-	-	2,645,766
31 to 60 days past due	1,899,474	-	-	1,899,474
61 to 90 days past due	1,300,344	-	-	1,300,344
Credit impaired	14,030,509	(4,965,664)	(209,050)	8,855,795
	35,169,892	(4,965,664)	(209,050)	29,995,178

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

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

The Company	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Current (not past due)	4,434,561	-	-	4,434,561
Trade receivables	4,434,561	-	-	4,434,561
Contract assets	199,486	-	-	199,486
	4,634,047	-	-	4,634,047

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 10 and 12 to the financial statements respectively.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The identified impairment loss is disclosed in Note 11 to the financial statements.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Amount Owing By Subsidiaries (Non-trade Balances)

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

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

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Low credit risk	45	-	45
Credit impaired	13,031	-	13,031
	13,076	-	13,076
2018			
Credit impaired	4,201,931	(4,192,232)	9,699

The movements in the loss allowances are disclosed in Note 13 to the financial statements.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2019						
Non-derivative Financial Liabilities						
Trade payables	-	24,040,557	24,040,557	24,040,557	-	-
Other payables and accruals	-	2,605,740	2,605,740	2,418,756	93,447	93,537
Bank borrowings	4.00% - 7.45%	36,280,704	43,990,961	19,620,505	11,775,054	12,595,402
Lease liabilities	4.67% - 6.55%	1,144,795	1,243,691	470,328	773,363	-
		64,071,796	71,880,949	46,550,146	12,641,864	12,688,939

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2018						
Non-derivative Financial Liabilities						
Trade payables	-	23,335,582	23,335,582	23,335,582	-	-
Other payables and accruals	-	3,448,854	3,448,854	3,286,306	81,324	81,224
Bank borrowings	5.42% - 7.90%	24,697,644	29,928,575	10,913,709	12,163,023	6,851,843
Hire purchase payables	4.67% - 7.09%	1,607,873	1,786,895	528,463	1,258,432	-
		53,089,953	58,499,906	38,064,060	13,502,779	6,933,067

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2019						
Non-derivative Financial Liabilities						
Trade payables	-	3,937,837	3,937,837	3,937,837	-	-
Other payables and accruals	-	434,940	434,940	395,589	33,929	5,422
Lease liabilities	4.76%	111,192	119,965	36,924	83,041	-
Amount owing to a subsidiary	3.50%	169,804	314,481	314,481	-	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	37,314,307	37,314,307	-	-
		4,653,773	42,121,530	41,999,138	116,970	5,422

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2018						
Non-derivative Financial Liabilities						
Other payables and accruals	-	395,996	395,996	361,778	29,578	4,640
Amount owing to a subsidiary	3.50%	3,000,352	3,104,486	3,104,486	-	-
Bank borrowings	7.90%	94,569	102,040	102,040	-	-
Hire purchase payables	4.76% - 6.60%	177,442	193,350	73,385	119,965	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	26,033,506	26,033,506	-	-
		3,668,359	29,829,378	29,675,195	149,543	4,640

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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

34.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2019 RM	2018 RM
Trade payables	24,040,557	23,335,582
Other payables and accruals	2,605,740	3,448,854
Bank borrowings	36,280,704	24,697,644
Lease liabilities	1,144,795	-
Hire purchase payables	-	1,607,873
	64,071,796	53,089,953
Less: Cash and bank balances	(8,473,046)	(5,019,663)
Net debt	55,598,750	48,070,290
Total equity	52,000,718	48,850,780
Debt-to-equity ratio	1.07	0.98

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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
Amortised Cost				
Other assets	6,189,520	5,762,267	6,189,520	5,762,267
Trade receivables	30,901,043	29,995,178	4,434,561	-
Other receivables	199,804	390,360	11,380	15,759
Amount owing by subsidiaries	-	-	13,076	9,699
Fixed deposits with licensed banks	561,558	382,501	398,558	382,501
Cash and bank balances	8,473,046	5,019,663	178,606	2,079
	46,324,971	41,549,969	11,225,701	6,172,305
Financial Liabilities				
Amortised Cost				
Trade payables	24,040,557	23,335,582	3,937,837	-
Other payables and accruals	2,605,740	3,448,854	434,940	395,996
Amount owing to a subsidiary	-	-	169,804	3,000,352
Bank borrowings	36,280,704	24,697,644	-	94,569
Lease liabilities	1,144,795	-	111,192	-
Hire purchase payables	-	1,607,873	-	177,442
	64,071,796	53,089,953	4,653,773	3,668,359

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
Amortised Cost				
Net gains/(losses) recognised in profit or loss	1,189,055	(1,628,659)	383,048	(3,655,548)
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(1,706,989)	(1,911,575)	(92,143)	(95,918)

34.5 FAIR VALUE INFORMATION

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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.5 FAIR VALUE INFORMATION (CONT'D)

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2018					
Financial Liability					
Hire purchase payables	-	1,570,632	-	1,570,632	1,607,873

The Company	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2018					
Financial Liability					
Hire purchase payables	-	173,163	-	173,163	177,442

34. FINANCIAL INSTRUMENTS (CONT'D)

34.5 FAIR VALUE INFORMATION (CONT'D)

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

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

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Hire purchase payables	-	3.25% - 4.10%	-	3.25% - 3.90%

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

35.1 LITIGATION BETWEEN SARAWAK CONSOLIDATED INDUSTRIES BERHAD ("SCIB") WITH ASGARI BIN MOHD FUAD STEPHENS, BRIAN FRANCIS TICCIONI AND GAYA BELIAN SDN. BHD.

On 19 April 2018, the Board of Directors issued a Notice of Termination to the respective Vendors terminating the Share Sale Agreement and demanding for refund of the whole of the Purchase Consideration and re-transfer all the shares allotted to the Sellers as part of the Purchase Consideration and restrain from transferring, disposing or dealing with the shares transferred to them.

On 25 May 2018, a Notice of Dispute was issued to the Sellers giving notice that a dispute has arisen pursuant to Clause 10.14 of the Share Sale Agreement and whether they are agreeable to the appointment of an Arbitrator to resolve the dispute or the commencement of a proceedings in the civil courts. However, there was no response from the Sellers to the said Notice.

On 2 July 2018, the Company through its solicitors filed an Originating Summons together with an Ex-Parte Notice of Application for an Injunction Order and the respective Affidavit in Support against the abovenamed Vendors, to restrain them from selling, transferring or dealing with the shares issued to them as part of the purchase consideration under the Share Sale Agreement. Ex-Parte Injunction Order was obtained on 3 July 2018.

At the inter-parte hearing on 16 July 2018, the Court issued directions to parties' Solicitors to file the Affidavit in Opposition, Affidavit in Reply and Cross Submissions.

On 16 August 2018, the Defendants' solicitors filed Affidavits in Opposition to the Originating Summons and Notice of Application and the Plaintiff's Affidavit in Reply to both the Affidavits in Opposition was filed on 18 September 2018.

Upon submissions and arguments in Court on 28 November 2018, the Court granted and sustained the Ex-Parte Injunction Order as an Inter-Parte Injunction.

The defendants had on 21 December 2018 filed Notice of Appeal against the decision of the High Court Judicial Commissioner in sustaining the Ex-Parte Injunction Order as an Inter-Parte Injunction.

The parties have agreed for the matter to proceed by way of mediation and the mediation was held on the 29 January 2019 in Kuala Lumpur at the Asian International Arbitration Centre.

The parties were unable to reach an amicable resolution.

However, the Defendants' solicitors had filed a Notice of Motion on the 10 October 2019 to discharge themselves from acting for the Defendants. The said Notice of Motion has been fixed for hearing on the 24 March 2020 at the Court of Appeal sitting at Kota Kinabalu.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

35.1 LITIGATION BETWEEN SARAWAK CONSOLIDATED INDUSTRIES BERHAD ("SCIB") WITH ASGARI BIN MOHD FUAD STEPHENS, BRIAN FRANCIS TICCIONI AND GAYA BELIAN SDN. BHD. (CONT'D)

In view of the above, the Company instructed its solicitors to issue a Further Notice of Arbitration to the Defendants on the 12 December 2019 together with an Offer of Settlement to return the Company the remaining shares held by the Defendants of 6,878,500 shares together with an additional sum of RM2,000,000 to be settled in cash.

The Defendants' solicitors had informed by their letter dated 20 December 2019 that they will revert by the 15 January 2020 as their clients were presently overseas. However, to-date, the Company's solicitors have not received a reply and a letter of reminder was issued to the Defendants' solicitors on the 3 February 2020.

35.2 CHANGES IN THE COMPOSITION OF THE GROUP

On 11 January 2019, the Company received a notice from the directors of Carlton Gardens Sdn. Bhd. ("CGSB"), a wholly owned subsidiary of the Company that CGSB cannot by reasons of its liabilities continue its business, and the directors of CGSB have made a statutory declaration to that effect pursuant to Section 440(1) of the Companies Act 2016, and that Mr. Wong Ching Yong has been appointed as the Interim Liquidator.

On 13 December 2019, the Group had incorporated a new subsidiary, SCIB International (Labuan) Ltd. at a cash consideration of USD100 which is wholly-owned by SCIB Concrete Manufacturing Sdn. Bhd.. The intended principal activities of the Company is to carry on engineering, procurement, construction and commissioning. The Company is dormant at the reporting date.

36. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

36.2 On 7 April 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn. Bhd. announced that the Group proposes to undertake proposed private placement of up to 36,750,000 new ordinary shares in SCIB, representing up to approximately 30.0% of the enlarged total number of issued SCIB Shares to placee(s) to be identified later ("Proposed Private Placement"). The listing application pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad on 22 April 2020.

37. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 January 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 January 2019 other than the reclassification of certain balances in the Group's statements of financial position on that date.

38. COMPARATIVE FIGURES

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

	The Group	
	As Previously Reported RM	As Restated RM
Statements of Financial Position (Extract):-		
Trade and other receivables	30,749,147	-
Other current assets	1,037,876	-
Trade receivables	-	29,995,178
Other receivables, deposits and prepayments	-	1,709,178
Current tax assets	-	82,667
Fixed deposits with licensed banks	-	382,501
Cash and bank balances	5,402,164	5,019,663
Trade and other payables	26,784,436	-
Trade payables	-	23,335,582
Other payables and accruals	-	3,448,854
Loans and borrowings	26,305,517	-
Bank borrowings	-	24,697,644
Hire purchase payables	-	1,607,873
Statements of Profit or Loss and Other Comprehensive Income (Extract):-		
Interest income	451,071	-
Other income	1,478,747	1,329,818
Administrative and other expenses	(14,774,260)	-
Administrative expenses	-	(12,094,529)
Net impairment losses on financial assets	-	(2,079,731)
Statements of Cash Flows (Extract):-		
Increase in trade and other receivables	(8,672,319)	(9,133,180)
Increase in other current assets	(460,861)	-
Income taxes paid, net of refund	(48,522)	-
Income tax refunded	-	60,860
Income tax paid	-	(109,382)
Proceeds from borrowings	18,585,478	-
Drawdown of term loans	-	14,000,000
Drawdown of revolving credits	-	1,588,478
Drawdown of bankers' acceptances	-	2,997,000
Repayment of borrowings	(16,088,942)	-
Repayment of term loans	-	(4,088,942)
Repayment of revolving credits	-	(12,000,000)

38. COMPARATIVE FIGURES (CONT'D)

The following figures have been reclassified to conform with the presentation of the current financial year:- (Cont'd)

	The Company	
	As Previously Reported RM	As Restated RM
Statement of Financial Position (Extract):-		
Other assets	-	5,762,267
Investment in subsidiaries	42,562,306	36,800,039
Trade and other receivables	59,799	-
Other current assets	17,453	-
Other receivables, deposits and prepayments	-	63,553
Amount owing by subsidiaries	-	9,699
Current tax assets	-	4,000
Fixed deposits with licensed banks	-	382,501
Cash and bank balances	384,580	2,079
Trade and other payables	3,396,348	-
Other payables and accruals	-	395,996
Amount owing to a subsidiary	-	3,000,352
Loans and borrowings	272,011	-
Bank borrowings	-	94,569
Hire purchase payables	-	177,442
Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Interest income	138,684	-
Other income	-	536,684
Administrative and other expenses	(11,760,072)	-
Administrative expenses	-	(7,965,840)
Net impairment losses on financial assets	-	(4,192,232)
Statement of Cash Flows (Extract):-		
Increase in other receivables	(1,065,372)	(13,350)
Increase in other current assets	2,643	-
Increase in amount owing by subsidiaries	-	(1,049,379)
Increase in trade and other payables	1,059,389	59,674
Increase in amount owing to a subsidiary	-	999,715

The comparative figures have been audited by a firm of Chartered Accountants other than Crowe Malaysia PLT.

LIST OF PROPERTIES

PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2019

Properties acquired by the Group

Tenure	Description/ Location	Approximate Area	Age of Building (Years)	Existing Use	Net Book Value @ 31.12.2019 (RM'000)	Date of Acquisition
60 years leasehold expiring year 2053	Leasehold land at Lot No. 830, Block No. 7, Sejingkat Industrial Park, Kuching, Sarawak	27,930 sq m (7 acres)	13	Factory Building & Office Premises	9,300	22 November 2019
60 years leasehold expiring 2064	Leasehold land at Lot No. 1166, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	40,470 sq m (10 acres)	14	Factory Building & Office Premises	8,903	24 August 2004
60 years leasehold expiring 2069	Leasehold land at Lot No. 2351, Jalan Utama, 93450 Kuching, Sarawak (Amalgamation of land at lot 1167 and land at lot 1258, Jalan Utama, 93450 Kuching, Sarawak)	44,760 sq m (11 acres)	40	Factory Building & Office Premises	6,641	12 May 1975 (Land lot 1258) 1 March 1995 (Land lot 1167) 14 January 2009 (Land lot 2351, Amalgamated Land lot 1258 and Land lot 1167)
60 years leasehold expiring 2070	Leasehold land at Lot No. 1541, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	12,500 sq m (3 acres)	7	Factory Building & Inventory Storage	2,243	26 July 2010
Yet to be determined*	Shophouses at Sublot 13, Lot 4871, Block 18, Salak Land District	564 sq m (0.139 acres)	4	Commercial Building	1,593	29 April 2014
Yet to be determined*	Shophouses at Sublot 24, Lot 4871, Block 18, Salak Land District	459 sq m (0.113 acres)	4	Commercial Building	1,295	22 January 2019

Remark:

* The Sales & Purchase Agreements were concluded in respect to the acquisition of the properties by the subsidiary of SCIB with the Vendor; and the individual land titles of the said properties are yet to be issued by the Land Office.

ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2020

SHARE CAPITAL

Number of Ordinary Shares	:	85,882,500
Share Capital	:	RM85,913,168
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	% over Total Holders	Total No. of Holdings	% over Total Holdings
1 to 99	364	15.18	13,519	0.02
100 to 1,000	344	14.35	246,617	0.29
1,001 to 10,000	1,360	56.71	5,624,328	6.55
10,001 to 100,000	282	11.76	7,872,500	9.16
100,001 to 4,294,124 (*)	44	1.83	20,522,135	23.90
4,294,125 and above (**)	4	0.17	51,603,401	60.08
	2,398	100.00	85,882,500	100.00

Remarks : * - Less than 5% of Issued Holdings
** - 5% and above of Issued Holdings

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares Held			
	Direct	%	Indirect	%
1. YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	40,820,055	47.53	-	-
2. Gaya Belian Sdn. Bhd.	6,878,496	8.01	-	-
3. Sarawak Economic Development Corporation	6,481,250	7.55	-	-
4. Pn. Marinah Binti Harris	-	-	6,878,496 [(a)]	8.01
5. Pn. Halijah Binti Harris	-	-	6,878,496 [(a)]	8.01

Note:
(a) Deemed interested by virtue of her substantial shareholdings in Gaya Belian Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Shares Held			
		Direct	%	Indirect %
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	40,820,055	47.53	-	-
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	45,000	0.05	-	-
YBhg. Datu Haji Soedirman Bin Haji Aini	-	-	-	-
Encik Shamsul Anuar Bin Ahamad Ibrahim	-	-	-	-
Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir	-	-	-	-
Encik Rosland Bin Othman	4,075,785	4.75		
Encik Sr. Mohd Nazri Bin Mat Noor	-	-	-	-

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
AS AT 23 APRIL 2020

No.	Name of Shareholders	No. of Shares	% of Shareholdings
1.	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	19,860,800	23.13
2.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (PB)	18,382,855	21.40
3.	Gaya Belian Sdn. Bhd.	6,878,496	8.01
4.	Sarawak Economic Development Corporation	6,481,250	7.55
5.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chor Sek Choon	3,000,000	3.49
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (PBCL-0G0715)	2,576,400	3.00
7.	Azhan Bin Azmi	1,885,800	2.20
8.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rosland Bin Othman	1,574,485	1.83
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rosland Bin Othman	1,122,200	1.31
10.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rosland Bin Othman	1,073,900	1.25
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Foo San	732,800	0.85
12.	Amanah Raya Berhad Kumpulan Wang Bersama Syariah	602,900	0.70
13.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Bhd for BIMB I Tactical Fund	600,000	0.70
14.	Teo Wee Keong	537,100	0.63
15.	Yeow Kheng Chew	500,000	0.58
16.	Tan Saw Gnoh	446,500	0.52
17.	Universal Trustee (Malaysia) Berhad TA Islamic Fund	401,500	0.47
18.	Malacca Equity Nominee (Tempatan) Sdn. Bhd. Exempt AN for Phillip Capital Management Sdn. Bhd.	300,200	0.35
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Boon Siong	300,100	0.35
20.	Malacca Equity Nominee (Tempatan) Sdn. Bhd. Exempt AN for Phillip Capital Management Sdn. Bhd.	292,200	0.34
21.	Goh Teck Lian	265,000	0.31
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Too Boon Siong	260,200	0.30
23.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Foo San	255,000	0.30
24.	Gan Lee Choo	249,000	0.29
25.	Su Ming Keat	219,200	0.26
26.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad for Phillip Master Equity Growth Fund (50144 TR01)	200,000	0.23
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account Mok Mee Yoke	200,000	0.23
28.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Moy Koh (Segamat-CL)	182,000	0.21
29.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ung Chin Min (M05)	174,000	0.20
30.	Rosland Bin Othman	172,200	0.20
	Total	**69,726,086**	**81.19**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty Fourth (44th) Annual General Meeting of Sarawak Consolidated Industries Berhad ("SCIB" or "the Company") will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 18 June 2020 at 11:30 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

(1) To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. — Please refer to Explanatory Note (i)

(2) To approve the following payments to Directors:

(i) fees of the Directors at an amount not exceeding RM486,000 in aggregate for the financial year ending 31 December 2020 until the next annual general meeting of the Company; — Resolution 1

(ii) benefits of the Non-Executive Directors at an amount not exceeding RM714,000 for the financial year ending 31 December 2020 until the next annual general meeting of the Company. — Resolution 2

(3) To re-elect the Director, YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah who retires in accordance with Article 127 of the Company's Constitution and being eligible, offers himself for re-election. — Resolution 3

(4) To re-elect the Director, Encik Rosland Bin Othman who retires in accordance with Article 127 of the Company's Constitution and being eligible, offers himself for re-election. — Resolution 4

(5) To re-elect the Director, Encik Sr. Mohd Nazri Bin Mat Noor who retires in accordance with Article 127 of the Company's Constitution and being eligible, offers himself for re-election. — Resolution 5

(6) To re-elect the Director, YBhg. Datu Haji Soedirman Bin Haji Aini who retires in accordance with Article 122(1) of the Company's Constitution and being eligible, offers himself for re-election. — Resolution 6

(7) To appoint Auditors and authorize the Directors to fix their remuneration. — Resolution 7

Notice of Nomination, a copy of which is annexed hereto, has been received by the Company for the nomination of Messrs. KPMG PLT, who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:

"THAT Messrs. KPMG PLT be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Malaysia PLT, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

SPECIAL BUSINESS

(8) To consider and, if thought fit, pass the following ordinary resolution: — Resolution 8

- **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016**

"**THAT** pursuant to section 76 of the Companies Act 2016, and subject always to the approval of the relevant authorities, the directors be and are hereby empowered to issue shares in the company from time to time and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the company for the time being **AND THAT** the directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the bursa malaysia securities berhad **AND FURTHER THAT** that such authority shall continue in force until the conclusion of the next annual general meeting of the company."

(9) To consider and, if thought fit, pass the following ordinary resolution:

- **Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholder Mandate")** Resolution 9

"**THAT**, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries ("SCIB Group") to enter into any of the categories of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the day-to-day operations of SCIB Group as outlined in Sections 3.2 and 3.3 on pages 2 to 4 of the Circular to Shareholders dated 18 May 2020 ("Circular"), with the specific related parties mentioned therein subject further to the followings:

(i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders of the Company; and

(ii) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Proposed Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the directors of the company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed shareholder mandate."

(10) To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board of Directors
Voon Jan Moi (MAICSA 7021367)
SSM Practicing Certificate No.: 202008001906
Company Secretary

Dated: 18 May 2020
Kuching, Sarawak

Explanatory Notes:

i) This agenda item is meant for discussion only and hence it will not be put forward for voting.

ii) **Resolutions 3, 4, 5 and 6 - Re-election of Directors**
The Remuneration and Nomination Committee and the Board of Directors have assessed YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, Encik Rosland Bin Othman, Encik Sr. Mohd Nazri Bin Mat Noor and YBhg. Datu Haji Soedirman Bin Haji Aini and recommended them to be re-elected as Directors of the Company at the forthcoming annual general meeting.

iii) **Resolution 8 - Authority to issue shares pursuant to Section 76 of the Companies Act 2016**
The proposed resolution 8 will empower the Directors to issue shares up to an aggregate amount not exceeding 20% of the total number of issued shares of the Company for the time being, for such purposes as the Board of Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the Company's annual general meeting held on 30 May 2019 ("AGM 2019"). The Company did not utilize mandate obtained at the AGM 2019.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

iv) **Resolution 9 - Proposed renewal of shareholder mandate for recurrent related party transaction of a revenue or trading nature**

Please refer to the Circular to Shareholders dated 18 May 2020 for further information.

Notes:

1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the meeting to be present at the main venue of the AGM. Shareholders will NOT be physically present at the Broadcast Venue on the day of the AGM*

2) *Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide;*

3) *A proxy or attorney or a duly authorised representative may, but need not be a Member. There shall be no restriction as to the qualification of the proxy;*

4) *A Member of the Company who is entitled to attend and vote at the AGM via RPV may appoint not more than 2 proxies to attend and vote instead of the Member at the meeting;*

5) *Where a Member of the Company is an authorised nominee as defined in the Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act, it may appoint not more than 2 proxies in respect of each securities account it holds;*

6) *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds;*

7) *Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies; and*

8) *A proxy appointed to attend and vote at the AGM via RPV shall have the same rights as the Member to speak at the meeting;*

9) *To be valid, the duly completed Form of Proxy must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via TIIH Online website at https://tiih.online not less than 48 hours before the time set for holding the meeting or any adjournment thereof;*

10) *A member who has appointed a proxy or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy or authorized representative to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in Administrative Guide; and*

11) *A depositor whose name appears in the Record of Depositors as at 10 June 2020 shall be regarded as a member of the Company entitled to attend this AGM via RPV or appoint a proxy to attend, speak and vote on his behalf.*

Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah

Level 15, Menara Serba Dinamik,
Persiaran Perbandaran,
Seksyen 14, 40000 Shah Alam,
Selangor Darul Ehsan

Date: 9 April 2020

The Board of Directors

Sarawak Consolidated Industries Berhad
Lot 1258, Jalan Utama,
Pending Industrial Estate,
93450 Kuching, Sarawak

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS. KPMG PLT AS AUDITORS

I, being a member of SCIB ("the Company"), hereby give notice, pursuant to Section 280(2) of the Companies Act 2016 of my nomination of Messrs. KPMG PLT as new Auditors of the

Company in place of the retiring auditors, Messrs. Crowe Malaysia PLT and I hereby propose the following ordinary resolution at the forthcoming Annual General Meeting of the Company:

> *"THAT, Messrs. KPMG PLT, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs. Crowe Malaysia PLT and to hold office until the conclusion of the next annual general meeting of the Company and that the Directors be authorised to determine their remuneration."*

Yours faithfully,

....
Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah

SARAWAK CONSOLIDATED INDUSTRIES BERHAD *Registration No.: 197501003884 (25583-W)*
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of shares held	

*I/We *(full name)* ....
**NRIC No./Passport No./Company No* .... of *(full address)* ....
....
....
being a member of **SARAWAK CONSOLIDATED INDUSTRIES BERHAD** ("**the Company**") hereby appoint *(full name)*
.... *NRIC No./Passport No./Company No.
....
of *(full address)* ....
....
or failing *him/her *(full name)* ....*NRIC No./Passport No./Company No.
of *(full address)* ....
....
as *my/our proxy to vote for *me/us and on *my/our behalf at the Forty Fourth (44^{th}) Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 18 June 2020 at 11.30 a.m. and at any adjournment thereof for/against the resolutions to be proposed thereat.

*My/our proxy is to vote as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	To approve the fees of the Directors for the financial year ending 31 December 2020 until the next annual general meeting of the Company		
2.	To approve the benefits of the Non-Executive Directors for the financial year ending 31 December 2020 until the next annual general meeting of the Company		
3.	To re-elect the Director, YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah as a Director		
4.	To re-elect the Director, Encik Rosland Bin Othman as a Director		
5.	To re-elect the Director, Encik Sr. Mohd Nazri Bin Mat Noor as a Director		
6.	To re-elect the Director, YBhg. Datu Haji Soedirman Bin Haji Aini		
7.	To appoint Messrs. KPMG PLT as auditors of the Company in place of the retiring Auditors, Messrs. Crowe Malaysia PLT and to authorise the Board of Directors to fix their remuneration		
8.	To authorise the Directors to issue shares pursuant to Section 76 of the Companies Act 2016		
9.	To approve the Proposed Renewal of Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

** Strike out whichever is not applicable*

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

*The proportions of *my/our holdings to be presented by *my/our proxies are as follows:*

Proxy 1	*%*
Proxy 2	*%*
Total	*100%*

Dated this .... day of .... 2020.

....
Signature of shareholder(s)/ Common Seal

Notes:

1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the meeting to be present at the main venue of the AGM. Shareholders will NOT be physically present at the Broadcast Venue on the day of the AGM*
2) *Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide;*
3) *A proxy or attorney or a duly authorised representative may, but need not be a Member. There shall be no restriction as to the qualification of the proxy;*
4) *A Member of the Company who is entitled to attend and vote at the AGM via RPV may appoint not more than 2 proxies to attend and vote instead of the Member at the meeting;*
5) *Where a Member of the Company is an authorised nominee as defined in the Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act, it may appoint not more than 2 proxies in respect of each securities account it holds;*
6) *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds;*
7) *Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies; and*
8) *A proxy appointed to attend and vote at the AGM via RPV shall have the same rights as the Member to speak at the meeting;*
9) *To be valid, the duly completed Form of Proxy must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via TIIH Online website at https://tiih.online not less than 48 hours before the time set for holding the meeting or any adjournment thereof;*
10) *A member who has appointed a proxy or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy or authorized representative to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in Administrative Guide; and*
11) *A depositor whose name appears in the Record of Depositors as at 10 June 2020 shall be regarded as a member of the Company entitled to attend this AGM via RPV or appoint a proxy to attend, speak and vote on his behalf.*

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AFFIX
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To: The Poll Administrator

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

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www.scib.com.my

SARAWAK
CONSOLIDATED
INDUSTRIES
BERHAD
Registration No.: 197501003884 (25583-W)

Lot 1258, Jalan Utama,
Pending Industrial Estate,
93450 Kuching, Sarawak, Malaysia.
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Email : scib@scib.com.my