Able
AbleGroup Bhd

Delivering Excellence in Bespoke Craftmanship

ANNUAL REPORT
2018

CONTENTS

Corporate Information

BOARD OF DIRECTORS

YEOH CHONG KEAT
Chairman/
Independent Non-Executive Director

WONG HEANG FINE
Deputy Chairman/
Independent Non-Executive Director

DATO' LIM KIM HUAT
Managing Director

LOI HENG SEWN
Independent Non-Executive Director

CHEONG MARN SENG
Independent Non-Executive Director

AUDIT COMMITTEE

CHEONG MARN SENG
Chairman

WONG HEANG FINE
Member

YEOH CHONG KEAT
Member

LOI HENG SEWN
Member

NOMINATION COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member

REMUNERATION COMMITTEE

YEOH CHONG KEAT
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member

COMPANY SECRETARIES

LIM FEI CHIA
(MAICSA 7036158)

TAN FONG SHIAN @ LIM FONG SHIAN
(MAICSA 7023187)

CORPORATE OFFICE

Block D4-U2-10
Level 2, Solaris Dutamas
No 1, Jalan Dutamas 1
50480 Kuala Lumpur

Tel : 03-6207 8186
Fax : 03-6207 8786

REGISTERED OFFICE

Suite 11.1A, Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

Tel : 03-2031 1988
Fax : 03-2031 9788

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

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

Tel : 03-2783 9299
Fax : 03-2783 9222

AUDITORS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower, Level 10
Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

PRINCIPAL BANKERS

Bangkok Bank Berhad
Alliance Bank Malaysia Berhad

WEBSITE

www.ablegroup.com.my

STOCK EXCHANGE LISTING

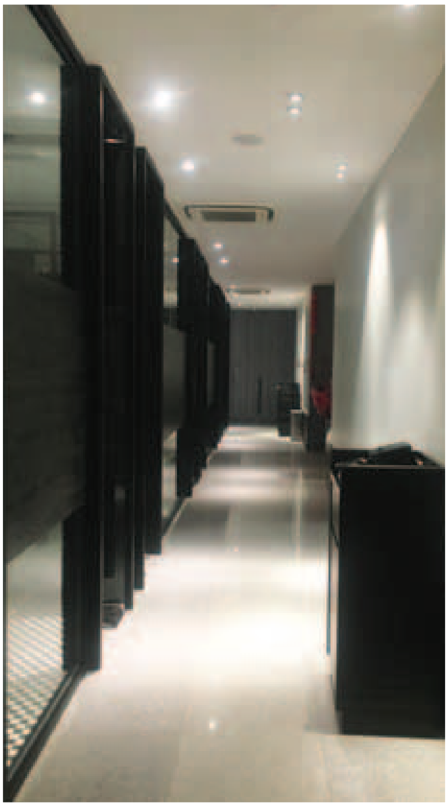
Main Market of Bursa Malaysia Securities Berhad

Sector/Sub-sector: Industrial Products & Services/Building Materials

Stock Name : ABLEGRP

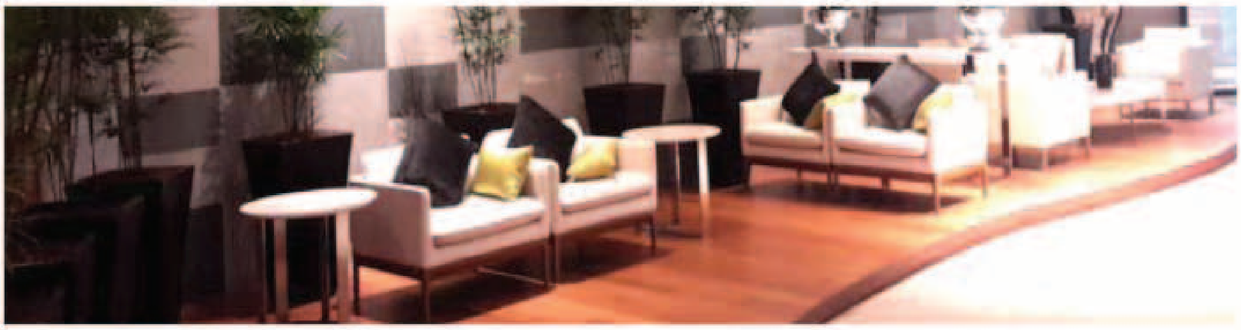
Stock Code : 7086

Corporate Structure



Able
AbleGroup Bhd

- Syarikat Bukit Granite Sdn. Bhd. — **100%**
  - Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey) — **100%**
- Atlas Rhythm Sdn. Bhd. — **100%**



DIRECTORS

From left : Mr Loi Heng Sewn, Mr Wong Heang Fine, Mr Yeoh Chong Keat (Chairman), Dato' Lim Kim Huat (Managing Director), Mr Cheong Marn Seng

Directors' Profile

Yeoh Chong Keat
(61 years of age – Malaysian / Male) - ***Chairman, Independent Non-Executive Director***

Yeoh Chong Keat, an Independent Non-Executive Director and Chairman of the Board, was appointed to the Board of the Company on 1 August 2011 as a Non-Independent Non-Executive Director. Mr Yeoh was re-designated as an Independent Director of the Company on 19 August 2013. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Board.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PwC network.) and was formerly the head of a leading corporate services firm for over 10 years before founding Archer Corporate Services Sdn. Bhd. which provides corporate secretarial and advisory services to private and public listed companies. He is the President/ CEO of Archer Corporate Services Sdn. Bhd.

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with "Big Four" firms in the United Kingdom and Malaysia. He is also a director of Advancecon Holdings Berhad and Lien Hoe Corporation Berhad, which are both listed on the Main Market of Bursa Securities.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

As at 29 March 2019, he has direct shareholdings of 900,000 ordinary shares in the Company. He attended all the five (5) Board of Directors' meetings of the Company held during the financial year ended 31 December 2018.

Dato' Lim Kim Huat
(59 years of age – Malaysian / Male) - ***Managing Director***

Dato' Lim Kim Huat was appointed as Managing Director of the Company on 15 September 2009.

He is a Certified Public Accountant by profession and is a member of The Malaysian Institute of Certified Public Accountants. He began his career at PricewaterhouseCoopers in Kuala Lumpur in 1980 before venturing into the commercial sector. Dato' Lim is a businessman and entrepreneur with extensive exposure and experience across diverse industries including manufacturing, trading, property development, agriculture, leisure and entertainment, and food services.

Dato' Lim sits on the board of Widetech (Malaysia) Berhad, a public company listed on the Main Market of Bursa Securities and Golden Agro Plantation (Mukah) Berhad. He was formerly the Deputy Executive Chairman of Sunrise Berhad, where he led the development of multiple internationally acclaimed projects including "10 Mont' Kiara", "28 Mont' Kiara" and "Solaris Dutamas – Publika".

He is the major shareholder of the Company through Parallel Pinnacle Sdn Bhd with holdings of 140,816,400 ordinary shares as at 29 March 2019. He has no family relationship with any Director of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all the five (5) Board of Directors' meetings of the Company held during the financial year ended 31 December 2018.

Directors' Profile (cont'd)

Wong Heang Fine

(61 years of age – Singaporean / Male) - *Deputy* ***Chairman, Independent Non-Executive Director***

Wong Heang Fine, an Independent Non-Executive Director and Deputy Chairman of the Board, was appointed to the Board of the Company on 15 November 2007 as a Non-Independent Non-Executive Director. Mr Wong was re-designated as an Independent Director of the Company on 1 August 2011. He is the Chairman of the Nomination Committee and a member of the Audit Committee of the Board.

He holds a Master of Science in Engineering Production & Management from the University of Birmingham, UK and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, UK.

He joined Temasek as Corporate Advisor on 7 November 2014 with the task of overseeing the merger of Surbana International Consultants and Jurong International Holdings. On 16 February 2015, he was appointed as Group Chief Executive Officer for the merged entity that provides sustainable urban and infrastructure life-cycle solutions globally. He was recently appointed a member of the Board of Building and Construction Authority in Singapore and an Adjunct Professor at NTU Singapore.

He has held several key leadership positions prior to this appointment. He was the Chief Executive Officer of CapitaLand Singapore Limited (Residential) and CapitaLand GCC Holdings, and also the Country Chief Executive Officer in charge of developing CapitaLand's business in the Gulf Cooperation Council (GCC) region. Mr Wong was also appointed as Chief Executive Officer of Capitala, a joint venture company between CapitaLand Singapore and Mubadala Development Company, UAE. He was appointed as President of Real Estate Developers' Association of Singapore (REDAS) for Term 2011 to 2012.

Prior to this, he was the President & Chief Executive Officer of SembCorp Engineers and Constructors Pte Ltd (SEC) [now known as Sembawang Engineers and Constructors]. In 1998, he joined Cathay Organisation Pte Ltd as Deputy President, where he helped realize the company's 40-year ambition of going public by utilising a reverse takeover strategy through IMM Multi-Enterprise (IME) which was listed on SESDAQ. In July 1999, he was appointed as President & CEO of Cathay Organisation Holdings.

On 15 August 2018, he was appointed as Director of Surbana Jurong Capital (Holdings) Ptd Ltd. From November 1996 to February 1998, he was the Director (Infrastructure) of L&M Group Investments Ltd, where he was involved in the restructuring of L&M Group Investments Ltd (LMGI) by spearheading diversifications into infrastructure and property projects. From August 1991 to November 1996, he joined Singapore Technologies Industrial Corporation (STIC). Under STIC, he pioneered the infrastructure development of the industrial estate and a 24,000 hectare international resort belt on Bintan Island (Indonesia), which was completed in just less than five years. He was also instrumental in developing and later managing the Bintan Lagoon Resort, the first 4-star international resort hotel on the island, two 18-hole signature golf courses and 57 units of bungalow housing costing S$240 million. From 1981 to 1984, Mr Wong was recruited by the Singapore Public Service Commission office in London to join the Economic Development Board as a Senior Industry Officer. His responsibilities included the promotion and development of investments in the area of manufacturing of Industrial Machinery and Tools and Dies.

He is not a director of any other public companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company, has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended three (3) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2018.

Directors' Profile (cont'd)

Loi Heng Sewn
(59 years of age – Malaysian / Male) - ***Independent Non-Executive Director***

Loi Heng Sewn, an Independent Non-Executive Director, was appointed to the Board of the Company on 28 September 2006 as a Non-Independent Non-Executive Director. Mr Loi was re-designated as an Independent Director of the Company on 28 February 2018. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board.

He holds a Bachelor of Business Administration (Management) from Lakehead University, Thunder Bay, Ontario, Canada. He started his career with the MBf group of companies as a member of their senior management team. He was also a member of the Board of Directors on a number of the MBf group of companies.

He has vast operational and managerial experience in the manufacturing, plantation and real estate industries after having involved in the capacity as a business owner.

He is not a director of any other public companies, has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

As at 29 March 2019, he has direct shareholdings of 548,100 ordinary shares in the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2018.

Cheong Marn Seng
(54 years of age – Malaysian / Male) - ***Independent Non-Executive Director***

Cheong Marn Seng, an Independent Non-Executive Director, was appointed to the Board of the Company on 28 September 2006. He is the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Board.

He holds a Bachelor of Commerce degree in economic and finance from The University of Melbourne, Australia and is a Chartered Accountant of The Malaysian Institute of Accountants. He has wide experience and knowledge in corporate finance, after working in the corporate finance department of an investment bank for more than 8 years in senior management position. Prior to his stint with the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial service division.

He has since 2001 been an executive director of Lien Hoe Corporation Berhad, a company listed on the Main Market of Bursa Securities.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

As at 29 March 2019, he has direct shareholdings of 9,000 ordinary shares in the Company. He attended four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2018.

Key Senior Management

Anthony Toh
(57 years of age – Malaysian / Male) - ***Chief Operating Officer***

Anthony Toh was appointed as the Chief Operating Officer on 16 June 2008 and he is primarily responsible for the overall operations as well as developing business opportunities in the domestic and overseas markets for the building material business of the Group.

He is a qualified management accountant from the Chartered Institute of Management Accountants (UK) and has been with the Company for more than 15 years and together has about 20 years of working experience in the stone business.

He does not hold any directorship in other public listed companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 31 December 2018.

Management Discussion And Analysis

Overview Of Business And Operations

AbleGroup Berhad is an investment holding company, with two (2) wholly owned subsidiaries, namely Syarikat Bukit Granite Sdn Bhd which is involved with the processing of high quality granite and marble for supply and installation to the domestic market, and Atlas Rythm Sdn Bhd which is in the property development business.

Overview Of Group Objectives And Strategies

AbleGroup Berhad strives to be a leading player in the supply and installation of building materials in the local market and upon launching of its property development project aims to create a niche market for itself in property development.

Heading our Management team is Dato' Lim Kim Huat, our Managing Director who has been in business for most of his career and had during his tenure as Deputy Executive Chairman in Sunrise Berhad successfully developed internationally acclaimed projects in Mont Kiara. He is supported by a dedicated team in both building material and property sectors.

Dato' Lim is inculcating his culture in the Group that the success of every business is very much dependent on ensuring that its deliverables are attained timely, successfully and quality expectations are consistently being met to the satisfactions of its customers. In this respect, Dato' Lim advocates for constructive and continuous operational and financial efficiencies, supported by clarity of roles and responsibilities, accountability and incentive compensation programs at all levels of its workforce. In order to maintain its competitive edge, the processes within the Company are continuously being reviewed and enhanced as a means to improve on the quality of our work and end products, indirectly improving on our market position in the business. During these challenging times, the Company is also cautious in its approach in the selection of its job orders, to minimise the Group's exposure to the heightened risk of payment default faced by many in the construction industry, with the objective of mitigating cash flow disruptions and improving credit collections.

We believe these strategies will continuously improve the fundamentals of the long-term growth for the Group and meet our objective of delivering value and returns to our stakeholders.

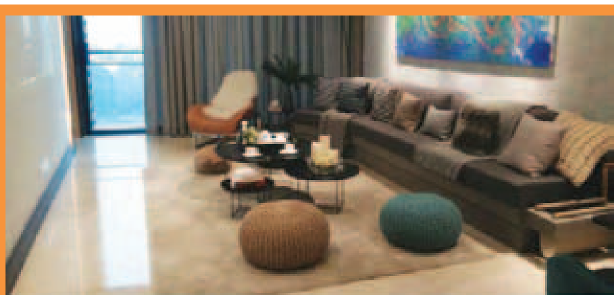
Financial Performance Review

Summary Of 2018 Results

In financial year ended 31 December 2018 ("FYE18"), AbleGroup Berhad recorded consolidated revenue of RM3.96 million, a decrease of 56% compared to revenue of RM9.06 million in the preceding financial year ended 31 December 2017 ("FYE17") on the back of lower job orders and billings during the year. The projects secured during the year namely Quarza Residence, DBKL's Heritage Trail 5 and The Astaka which have a combined contract value of RM3.34 million, have progressed up to RM2.17 million in value of works in FYE18 as compared to the contract works of RM5.80 million reported in FYE17 from the completed projects such as Aman Country Clubs and Villa, Ritz-Carlton Residence Tower and Hard Rock Hotel in Desaru.

In line with the lower revenue in FYE18, the Group recorded a net loss of RM0.987 million as compared to net profit of RM0.003 million for FYE17 largely due to lower profit generated from operations to account for the Group's administrative expenses and corporate overheads.

Notwithstanding the uncertainty and slower momentum growth in the economic and market environment, the Group will continue to take cognitive measures to mitigate risk and exposure in replenishment of its order book in the building material segment by securing new jobs that meet our stringent criteria. The Group will also continue to assess the demand for new properties in moving forward with the development of our land.



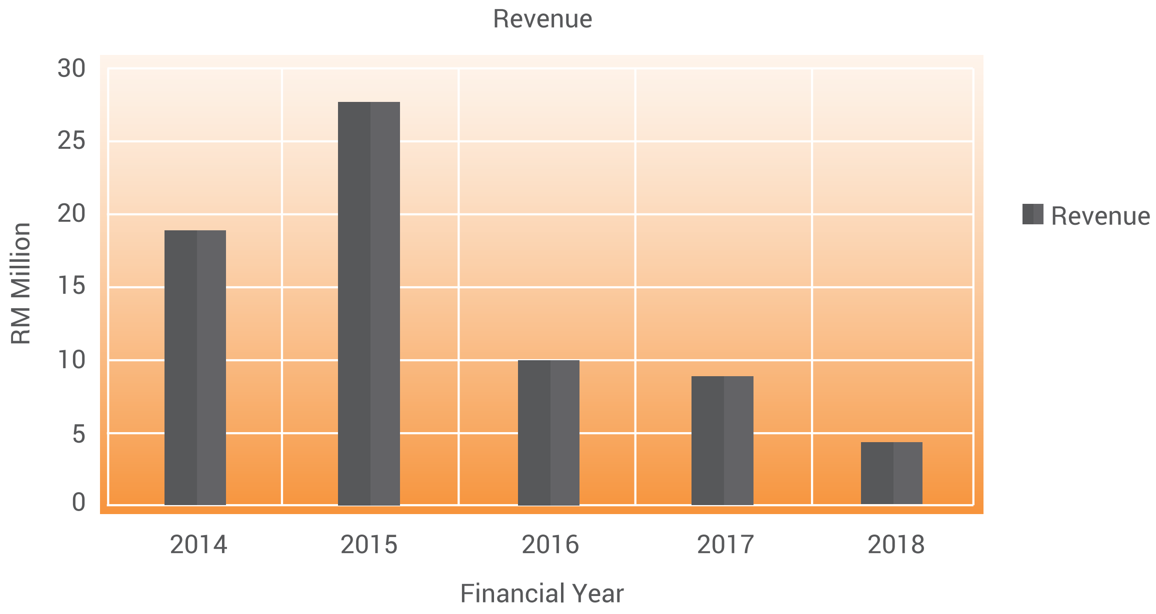
Management Discussion And Analysis (cont'd)

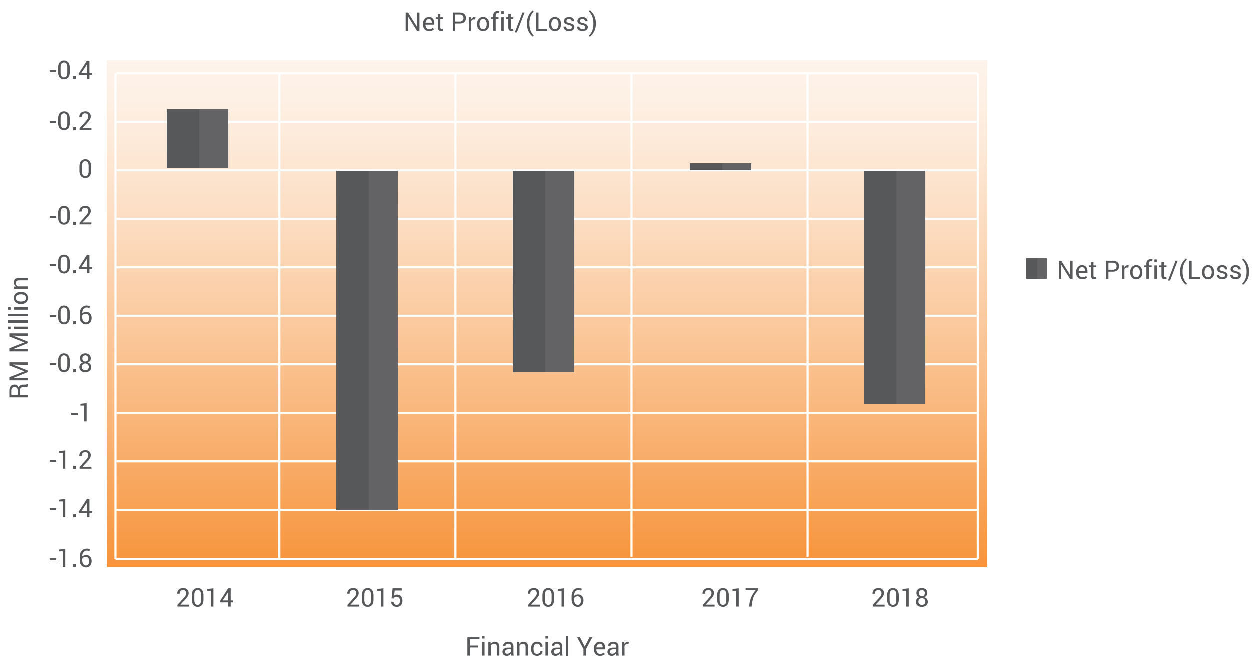
5-year Financial Highlights

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2018 RM'000	**2017 RM'000**	**2016 RM'000**	**2015 RM'000**	**2014 RM'000**
FINANCIAL PERFORMANCE					
Revenue	3,957	9,063	9,894	27,726	18,749
Gross Profit	744	2,021	1,421	2,432	2,638
(Loss) / Profit after tax	(987)	3	(869)	(1,425)	245
(Loss) / Profit Attributable to Owners of the Company	**(987)**	**3**	**(870)**	**(1,427)**	**245**
FINANCIAL POSITION					
ASSETS					
Non-Current Assets	1,351	1,494	1,668	1,840	1,966
Current Assets	46,076	47,371	47,831	54,465	53,277
Total Assets	**47,427**	**48,865**	**49,499**	**56,305**	**55,243**
LIABILITIES AND SHAREHOLDERS' FUNDS					
Non-current Liabilities	-	4	28	51	73
Current Liabilities	2,583	3,030	3,643	9,556	7,045
Total Liabilities	**2,583**	**3,034**	**3,671**	**9,607**	**7,118**
Paid-Up Share Capital	39,585	39,585	39,585	39,585	39,585
Other Reserves	(409)	(409)	569	570	572
Retained Profits	5,668	6,655	5,674	6,543	7,968
Total Equity	44,844	**45,831**	**45,828**	**46,698**	**48,125**
Net Operating Cash Flow	**(850)**	**1,165**	**2,729**	**(1,255)**	**(7,701)**
SHARE INFORMATION					
Per ordinary share (Sen)					
Basic (Loss)/Earnings	(0.374)	0.001	(0.33)	(0.54)	0.09
Share price as at 31 December (Sen)	0.08	0.13	0.09	0.12	0.12
FINANCIAL RATIOS					
Gross Margin (%)	18.80	22.30	14.36	8.77	14.07
Return on Net Assets (%)	(2.20)	0.01	(1.90)	(3.05)	0.51
Return on Shareholders' funds (%)	(2.18)	0.01	(1.88)	(3.01)	0.51
Current ratio (times)	17.84	15.63	13.13	5.70	7.56
Gearing ratio (times)	0.02	0.01	0.02	0.13	0.10

Management Discussion And Analysis (cont'd)

The following charts illustrate the Group's revenue contributions as well as the profit/(loss) before tax:-





Management Discussion And Analysis (cont'd)

Operational Review

A) BUILDING MATERIAL SEGMENT

Syarikat Bukit Granite Sdn Bhd ("SBG") is principally engaged in the building material business encompasses the processing, trading, exporting and contract workmanship of high quality marble and granite slabs.

In FYE18, SBG was focussed on three (3) supply and installation of stoneworks projects, namely The Astaka in Johor Bahru and Quarza Residence and DBKL's Heritage Trail 5 in Klang Valley. These projects have a combined contract value of RM3.34 million, and have progressed up to RM2.17 million in value of works in FYE18. The Company has also worked on related party projects with value of works completed in FYE18 at the sum of RM0.97 million.

Our core products comprise of a variety range of natural marble and granite. Recognising the customer's perception that quality and price are the predominant factors in deciding on a purchase, the Company embarks on a constant review to expand its range of granite and marble products through extensive sourcing efforts and exploring new sources of supplies such as in Vietnam. With a wider and varied range of products, it is hoped that we are able to offer customers more choice of selection. Secondly, we believe in delivering quality products through stringent QAQC measures being instituted at the different stages of processing to ensure compliance with QAQC standards. At the same time, we believe in operational cost efficiencies so that we are able to provide more competitive pricing for our customers.

PROSPECTS OF THE MARBLE AND GRANITE SEGMENT

SBG's outstanding order book stood at RM3.53 million at the end of 2018 and our team is working hard pursuing new jobs that can meet our stringent quality and credit criteria to add to the order book.

B) PROPERTY DEVELOPMENT SEGMENT

Atlas Rhythm Sdn Bhd is our wholly-owned property development subsidiary with land bank comprising 1.214 hectares freehold land for property development. The land was purchased through internal generated funds.

PROSPECTS OF THE PROPERTY DEVELOPMENT SEGMENT

The property market in FYE18 remained soft, especially amongst the mid to high range properties for condominiums and apartments, resulting in an overhang of unsold developer units.

Moving forward into 2019, we expect sentiments to improve barring unforeseen circumstances, especially in the residential property market as policies announced in Budget 2019 are expected to strengthen demand particularly among first time home buyers. The full exemption of stamp duty for properties up to RM1 million was a move to increase home ownership as well as to stimulate the sluggish real estate market.

In this respect, the Company will closely monitor the market conditions as well as the surrounding developments in moving forward with the development of our land. Currently, the Company has the ready resources to launch the project and is awaiting the opportunity for the right time and price. In the meantime, the Company is enhancing and refining the development concepts and layouts of the project for better take up upon launching.

FUTURE PROSPECTS

The Group will continuously monitor and realign its business plans taking into consideration market conditions to achieve positive results.

On the contracts side, we expect to win bids for new projects in 2019 with stable margins given our track record of specialising in delivering quality stone works to prestigious projects.

Upon launching of our property project, we are confident that there will be a good uptake for our products which should be attractive to our target market.

The Group will continue to place emphasis on growing its brand name through enhanced workmanship quality, strategic new project launches, and development of our core competencies.

Sustainability Report

Sustainability at AbleGroup Berhad

This is the Group's second Sustainability Statement which focuses on the Group's approach and management of material economic, environmental and social risks and opportunities. The statement covers an overview of activities carried out by the Group during the financial year ended 31 December 2018.

The Group strives to balance its commercial goals and objectives with efforts towards sustainability always. To this end, the Group is committed to continuously engage its stakeholders and report on the efforts to address the issues that matter to them.

This statement is prepared in accordance with Part III Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") issued by Bursa Malaysia Securities Berhad.

Sustainability Management

The Board of Directors ("Board") is ultimately responsible for the Group's sustainability matters and places importance on sustainability being integrated with operations. The Board is supported by the Managing Director ("MD") and Chief Operating Officer ("COO"), who oversee and implement the Group's sustainability initiatives and strategies.

Sustainability Engagement

The Group recognises the importance of understanding and addressing stakeholders' concerns and issues for business sustainability. It aims for stakeholders engagements to be a continuous dialogue. From time to time, the Group engages with the following groups of stakeholders through meetings, reviews, discussions, calls and focus groups to better identify and understand any sustainability expectations these stakeholders may have:

- Employees
- Directors
- Investors and shareholders
- Customers
- Suppliers (including contractors)
- Senior Management
- Government and regulators

Sustainability Report (cont'd)

Sustainability Engagement (cont'd)

Tabled below is a summary of their identified areas of interest and our response to these interests:

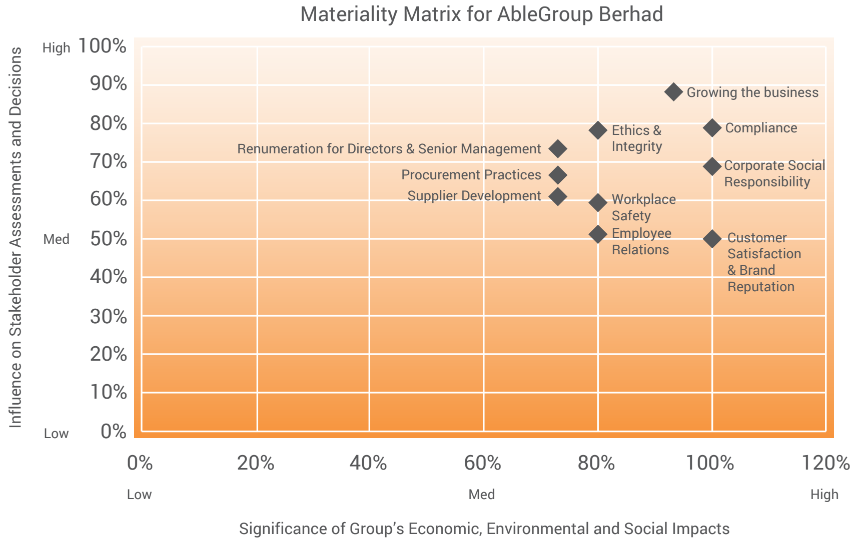
Stakeholder Group	Key Areas of Interest	Methods of Engagement
Employees	• Corporate directions and growth plans • Job security • Remuneration and benefits • Workplace health and safety • Labour and human rights	• Management meetings • Circulation of Internal Policies • Annual performance evaluation sessions • Code of Conduct and Ethics
Directors	• Continuous business and operational improvement • Financial risk and company compliance to laws and regulations • Financial results • Interest of stakeholders and share-holders • Environmental matters	• Quarterly and ad-hoc Board and Board Committee meetings • Code of Conduct and Ethics
Investors and Shareholders	• Continuous business growth • Financial returns for property project	• Annual General Meeting • Quarterly announcements
Customers	• Competitive pricing • Quality and workmanship assurance • Innovative design and features • Product safety and reliability • Defects rectification • Customer service and experience	• Customer feedbacks • Face to face meetings
Suppliers/Contractors	• Payment schedule • Fair tender practices • Competitive prices • Business continuity and supply commitment • Quality materials and services	• Email communications • Ad-hoc tender exercises and meetings • Supplier briefings • Contract negotiation
Senior Management	• Ensure safe and humane work environment • Ensure customer requirements are met, including security of customer data • Management of the supply chain • Ensure talent retention by providing competitive compensation and benefit packages for employees, and ensuring human rights of all employees are respected	• Management meetings • Ad-hoc meetings • Code of Conduct and Ethics
Government & Regulators	• Regulatory disclosure • Accountability • Adherence to relevant laws and regulations • Corporate governance and compliances	• Quarterly announcements • Compliance with government legislative framework

Sustainability Report (cont'd)

Managing Sustainability on Matters that are Material

In our first reporting cycle, we generated our first materiality matrix through a materiality assessment exercise in which we identified the key material sustainable matters based on consideration on our internal and external stakeholders' expectations before deliberated and prioritised according to their importance to the Group and its key stakeholder groups. This year, we enhanced the ranking for our material sustainability matters by reassessing the weightage to the stakeholders.

The ten (10) material topics remain unchanged in 2018 to allow the Group to further focus on sustainability management and performance on these key areas.



Building Economic Sustainability: Corporate Governance & Compliance

The Board recognises that sound corporate governance is essential for long-term sustainable growth of the Group. Consequently, the Board, together with the Senior Management team, led by Managing Director and Chief Operating Officer, are fully committed to ensuring that the Group practices the highest standard of corporate governance and transparency in line with the principles and recommendations of the Malaysian Code on Corporate Governance to achieve the Group's objective and enhancing shareholders' value.

Maintaining a Sustainable Environment Awareness

A) **Usage of Paper**

The Group is aware of the importance of paper and its volume of usage. As we have pledged ourselves to environmental awareness, a conservative approach on paper usage is communicated to all staff and employees. The Group's initiatives in undertaking the following actions with the aim of preserving the environment include:

i) Reduce usage of paper via email communications and projector
ii) Print double sided
iii) Reuse recycled paper
iv) Unused papers, recycled papers and boxes are sent for recycling.

Sustainability Report (cont'd)

Maintaining a Sustainable Environment Awareness (cont'd)

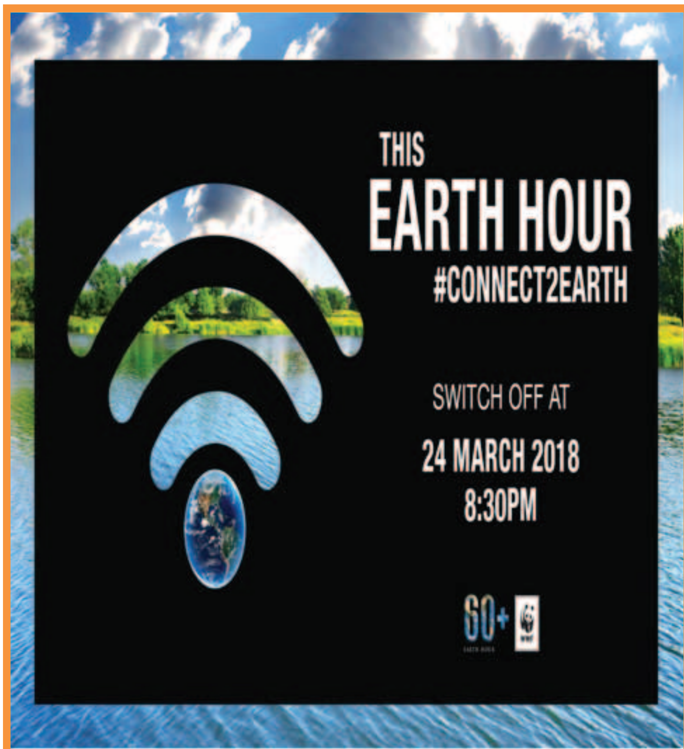
B) **Recycling wooden crates**

It is normal in the stone industry, to use wooden crates for packing of its granite and marble panels for delivery to the site. These wooden crates are extensively being used during the importation of the material from overseas suppliers and subsequently deliveries to the site locally.

As a concerted effort, the Company is committed and engaged in recycling these wooden crates that are still durable for subsequent reuse. Such efforts besides cost savings, will evidently reduce our consumption of the timber that is procured to make the wooden crates.

C) **Earth Hour 2018**

The Group took part in the Earth Hour 2018 which was held on 24 March 2018, from 8.30pm to 9.30pm by encouraging its staff to switch off non-essential lights and registering with the relevant official website such as www.earthhour.org. The Group has regularly participated in such events with the objective of promoting and instilling greater awareness amongst employees, customers, business partners, suppliers and other stakeholders on taking care of the environment.



24 MARCH 2018, 8.30PM

EARTH HOUR

We We Need You, Every Action Count

Earth Hour is a global environmental initiative. We urged your participation in the Earth Hour 2018. Everyone is invited to turn off their lights for one hour on Saturday, 24 March 2018 at 8.30pm (local time) to show support for environmentally sustainable action.

Together we work for better future

Alliance we formed,
Befriend to Mother Earth,
Little savings of lights,
Everyone's a superhero.

We need your participation on energy savings!

Everyone has power to make real change and impact in the world. Including you. We are inviting you to join us in our global movement.

Simply turn off non-essential electrical items, just for an hour from 8.30pm on 24 March 2018.

Sustainability Report (cont'd)

Promoting Social Sustainability: Employee Welfare

The Group recognises that commitment to the welfare of employees is fundamental to its long-term success as it contributes to improved efficiency and performance as well as delivering core values.

Get together occasions such as lunches and dinners held for employees to foster positive relationships amongst one another.

Corporate Governance Overview Statement

The Board of Directors of AbleGroup Berhad and its subsidiaries ("the Group") recognises the importance of adopting good corporate governance practise and is fully committed to ensuring that the Group practices the highest standard of corporate governance and transparency in line with the principles and recommendations of the Malaysian Code on Corporate Governance ("Code") to achieve the Group's objective and enhancing shareholders' value.

The Board is pleased to report the Company's application of the principles and practices of the Code during the financial year ended 31 December 2018 ("FYE18").

This Statement should be read together with the CG Report 2018 of the Company which is available on the Company's corporate website at www.ablegroup.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITY

Clear functions of the Board and Management

The role of the Board includes to lead and control the Group's business and affairs on behalf of the shareholders. The Board takes into consideration the interest of shareholders under their decision to ensuring that the Group's objectives and shareholders value are met. The Board oversees the Group's performance and operation progress towards the corporate objectives.

The Group is controlled and led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

In line with the Code, the roles and responsibilities of the Chairman and Managing Director are separated to ensure balance of power and authority, and facilitate division of responsibilities and accountability between them. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner and ensures that appropriate procedures are in place whilst the Managing Director manages the daily business and implementation of Board policies. The Managing Director led a team of Management Team who is responsible for the implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board. The responsibilities and authorities of the Management Team are clearly defined.

Clear Roles and Responsibilities

There are five (5) members on the Board of Directors, comprising the Managing Director and four (4) Independent Non-Executive Directors, including the Chairman of the Board.

4 out of 5 members of the Board are Independent Directors and are essential in providing unbiased and independent opinion, advice and judgement thus play a key role in corporate accountability. All Independent Directors act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making. The main duties and responsibilities of the Board comprise the following:-

- Setting the objectives, goals and strategic plan for the Group with a view to maximising shareholders' value;
- Adopting and monitoring the progress of the Group's strategy, budgets, plans and policies;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed to sustain the value for shareholders;
- Considering and approving reserved matters covering corporate policies, material investment and acquisition/ disposal of assets;
- Promoting better investor relations and shareholders communications;
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Group's financial statements are true and fair and conform with the accounting standards.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITY (CONT'D)

Clear Roles and Responsibilities (cont'd)

The Board has delegated specific responsibilities to the Board Committees namely the Audit Committee ("AC"), Remuneration Committee ("RC") and Nomination Committee ("NC"), each with defined terms of reference and responsibilities which are available at the Company's website. The Board receives reports and minutes of the Committees' proceedings and deliberations at their respective meetings. Where these Committees have no authority to make decisions on matters reserved for the Board, recommendation would be presented to the Board for approval. The Chairman of the Committees report the outcome of their meetings to the Board and relevant decisions are recorded in the minutes of the Board of Directors' meetings. The functions and activities undertaken by these Committees are elaborated in their respective report set out in this Annual Report.

The Board is satisfied with its current composition with balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

Qualified and Competent Company Secretary

The Board is supported by two (2) professional Company Secretaries who are experienced and qualified pursuant to the requirements of the Companies Act 2016. The Board has full and unrestricted access to the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary plays an advisory role and keeps the Board abreast of statutory and regulatory requirements, corporate governance practices and other relevant rules or guidelines from time to time.

The Company Secretary is also responsible for advising the Directors of their obligations including duties to disclose interest in securities, any conflict of interest in transactions involving the Group, prohibition on dealings in securities as well as to update the Board members regularly on any new/amendments to applicable rules and regulations.

The Company Secretary organises and attends all Board and Board Committees' meetings and ensures the meetings are properly convened as well as proper record of the proceedings and/or resolutions passed are maintained accordingly. The appointment and removal of Company Secretary shall be the decision of the Board.

Access to Information and Professional Advice

The Board recognises the importance of providing timely, relevant and updated information in ensuring an effective decision making process by the Board. Hence, the Board is provided with quantitative and qualitative information which is pertinent to enable the Board to discharge their duties effectively.

The Board Member receives regular reports, including comprehensive review and analysis of the Group's performance. Board agenda together with the relevant documents and information are compiled and distributed to all Directors prior to the Board meeting to enable them to have sufficient time to review and be prepared for discussion. The Managing Director and/or the key management personnel will provide comprehensive explanation of pertinent issues and/or recommendations by the Management. Any matters requiring the Board's approval will be deliberated and discussed thoroughly by the Board prior to decision making. Proceedings of the Board meetings are recorded and signed by the Chairman of the meeting. Decision made and policies approved by the Board will appropriately be communicated to the Management Team for action after the meeting.

Where necessary, member of the Management Team will be invited to attend Board/Board Committees' meetings to report and update on areas of the business within their responsibility to provide Board members with insights into the business, and clarify any issues raised by the Directors in relation to the Group operations. Directors are encouraged to share their views and insights in the course of deliberation and to participate in discussions.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITY (CONT'D)

Access to Information and Professional Advice (cont'd)

The Board members are updated on the Company's activities and its operations on a quarterly basis. In order to facilitate the Directors' time planning, the annual meeting calendar setting out the scheduled dates for the meetings of the Board and Board Committees is prepared and circulated in advance by the Company Secretary to enable the Directors to plan effectively. All Directors and Principal Officers of the Group are reminded quarterly of the closed periods for dealings in the securities of the Company based on the targeted date of announcement of the Group's interim financial results. All Directors whether as a full board or in their individual capacity have access to all information of the Group on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary on matters relating to procedures regulating the Group and their compliance by the Group. The Directors, in their individual capacity or collectively, may take independent professional advice in furtherance of their duties, whenever necessary and in appropriate circumstances, at the Company's expense. If such advice is considered necessary, it shall first be discussed with the Chairman before proceeding further.

Board Charter

The Board has adopted a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and functions, amongst others. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and Senior Management.

The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and responsibilities.

The Board Charter is accessible at the Company's website.

Code of Conduct and Ethics

The Group has in place a Code of Conduct and Ethics which governs the conduct of all the Group employees including the Board members with the aim to cultivate good ethical conduct, amongst others. The Code of Conduct and Ethics is based on the core principles of integrity, transparency, fairness, accountability and contributing towards the social and environmental growth of the surroundings in which it operates. The Code of Conduct and Ethics is formulated to enhance the standard of corporate governance and corporate behaviour by establishing a standard of ethical behavior for Directors based on acceptable beliefs and values.

The Code of Conduct and Ethics also sets standards for the employees within the Group to promote professionalism and improve competency of Management and employees at all times. The Group adopts to ensure adequate safety measures are in place by providing proper protection to workers and employees at work places.

The Group has in place a Whistle-Blowing Policy which provides a platform where an individual can raise genuine and legitimate concern on a reportable misconduct. The Whistle-Blowing Policy is available on the Company's website.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION

The current composition of the Board that comprised of one (1) Managing Director and four (4) Independent Non-Executive Directors complies with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires one-third (1/3) of the Board Members of the Company to be independent directors.

The four (4) Independent Non-Executive Directors bring their independent and objective judgment to the Board to carry weight on the decision-making process of the Group, mitigating risks due to conflict of interest or undue influence from interested parties.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision-making at the Board level.

The Board is responsible to determine the appropriate size of the Board and the appointment of new director is a matter for consideration and decision by the Board, upon the recommendation of the NC. The NC will consider the required mix of skills, experience, other qualities and diversity, including gender, amongst other attributes needed to ensure an effective Board in the review and selection of potential Board member. In the case of candidates for the position of Independent Non-Executive Directors, the NC and Board shall also evaluate the candidates' ability to discharge responsibilities/functions as expected from an Independent Non- Executive Director.

In accordance with the Company's Constitution, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting (AGM). A retiring Director is eligible for re-election. The Constitution also provides that any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election.

The NC is tasked to review and determine the Directors retiring and subject to re-election at the AGM in accordance with the provisions of the Constitution of the Company. All retiring Directors, being eligible, have offered themselves for re-election at the AGM.

Boardroom and Workplace Diversity

The Board is committed to provide a fair and equal opportunities and nurturing diversity in the boardroom and workplace. The Board believes that while it is important to promote gender diversity, it is of the view that Board membership should be determined based on a candidate's skills, experience, and knowledge in areas identified by the Board. The Board will take opportunities and endeavours that suitably qualified women candidates will be sought and included in the pool of candidates for evaluation in respect of new appointments to the Board.

Annual Assessment of Board effectiveness and Independence

The Board, through the NC and facilitated by the Company Secretary, carried out annual assessment on the effectiveness of the Board and Board Committees.

The NC also assesses the Independence of the Independent Directors annually based on the established criteria to ensure that the Independent Directors continue to provide unbiased, objective and independent views and judgement in Board deliberations.

The assessment criteria for independence shall not limit to the length of an Independent Director. Particular emphasis is placed on the role of Independent Directors to facilitate independent and objective decisions making of the Group, free from undue influence and bias.

The Board and NC concluded that all the Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the prescribed definition and established criteria of independence.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Tenure of Independent Directors

The Code provides that the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

The NC and the Board have deliberated and is of the view that a Director's independence cannot be determined solely with reference to tenure of service. The Group benefits from having long serving directors who have accumulated valuable knowledge of the Group's operations and have shown competence in advising and overseeing the management of the Group.

The NC and the Board have assessed the independence of Mr. Cheong Marn Seng, who have served for a cumulative period of more than twelve (12) years, considers him to be independent and remain unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. Mr Cheong had also devoted sufficient time and attention to his responsibilities as Independent Director besides exercising due care during his tenure as Independent Director of the Company and carrying out his duty in the best interest of the Company and shareholders.

The length of his services on the Board has not in any way interfere with his exercise of balance and objective view to Board deliberations. Furthermore, his experience and knowledge of the Group's businesses and operations enables him to contribute effectively to Board deliberations and decision making.

Therefore, the Board proposes to retain Mr. Cheong Marn Seng as Independent Director of the Company and will seek shareholders' approval at the forthcoming AGM of the Company to retain Mr Cheong Marn Seng as Independent Director of the Company.

Fostering Commitment

All Directors are expected to devote sufficient time and attention to carry out their responsibilities. In this regard, annual meetings timetable is circulated to the Board with details of the proposed scheduled date of meetings of the Board and Board Committees to enable the Directors to plan ahead.

The Board Charter sets out a policy where Director shall notify the Chairman before accepting any new directorship and indicate the time to be spent on the new appointment.

Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. Five (5) board meetings were held during the financial year ended 31 December 2018 and the attendance records were tabulated as follows: -

Directors	No. of Board Meetings attended
Yeoh Chong Keat	5/5
Wong Heang Fine	3/5
Dato' Lim Kim Huat	5/5
Loi Heng Sewn	5/5
Cheong Marn Seng	4/5

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Directors' Training

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight and keep abreast with the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Board encourages its Directors to attend talks, seminars, workshops and in-house conferences to updates and enhance their skills and knowledge and to keep abreast with development in regulatory and corporate governance issues.

The training programmes attended by the Directors during the financial year ended 31 December 2018 are summarised as follows: -

Name	Date of Training	Subject
Yeoh Chong Keat	27 March 2018	Audit Committee Conference 2018
	16 & 17 July 2018	National Tax Conference 2018
	27 July 2018	Corporate Rescue Mechanism and Duties & Responsibilities of Company Directors & Officers under Companies Act 2016
	15 October 2018	The Malaysian Anti-Corruption Commission (Amendment) Act 2018: Corporate Liability Provision - Implications to the Company, Directors & Management
	13 November 2018	*Seminar Percukaian Kebangsaan 2018*
Cheong Marn Seng	5 July 2018	Sustainability Engagement Series for Directors / Chief Executive Officers
	27 July 2018	Corporate Rescue Mechanism and Duties & Responsibilities of Company Directors & Officers under Companies Act 2016

During the financial year, all the Directors have been continuously updated with changes to corporate governance developments, Listing Requirements besides other applicable laws and regulations. The Board was also briefed by the External Auditors on changes to the accounting standards that may affect the Group's financial statements from time to time during the Audit Committee and Board meetings.

The Board is satisfied that the Directors have gathered sufficient experience and knowledge from their daily business activities to assist them in the discharge of their duties and responsibilities.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION

Directors' Remuneration

The RC's primary responsibilities is to review and recommend to the Board the remuneration package of the Executive Directors. The objective is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Director is to be appropriately rewarded giving due regard to the corporate and/ or individual performance. In the case of Non-Executive Directors, the level of remuneration should be appropriate to the level of responsibilities undertaken by the Non-Executive Directors concerned, taking into account factors such as effort and time spent and responsibilities of the Directors including their appointment in the Board Committees.

The Group also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The Board shall recommend the fees and allowance of the Non-Executive Directors for approval by the shareholders at the AGM of the Company.

Details of Directors' remuneration for the financial year ended 31 December 2018 are set out below: -

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
Executive Director				
Dato' Lim Kim Huat	–	135	–	135
Non-Executive Directors				
Yeoh Chong Keat	50	–	–	50
Wong Heang Fine	38	–	–	38
Loi Heng Sewn	38	–	–	38
Cheong Marn Seng	38	–	–	38
Total	**164**	**135**	**–**	**299**

Total remuneration of the only Key Senior Management that consists of salary, bonus, benefits in-kind and other emoluments, analysed into bands of RM50,000, for the financial year ended 31 December 2018 ranges between RM250,001 to RM300,000.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The Audit Committee of the Company comprises four (4) members, all of whom are Independent Non-Executive Directors. During the FYE18, after due consideration by the Board to facilitate rotation of duties and responsibilities amongst the Directors, Mr Cheong Marn Seng was re-designated as the Chairman of AC in place of Mr Wong Heang Fine who relinquish his chairmanship but remain as a member of the AC. Mr Loi Heng Sewn was appointed as the additional member of AC to further strengthen the objectivity of the Committee in the discharge of its duties and responsibilities.

The AC has established a transparent and professional relationship with the External Auditors, Messrs Baker Tilly Monteiro Heng PLT ("BTMH"). The AC met the External Auditors at least twice during the year under review without the presence of the Executive Director and Management to facilitate the exchange of independent views on matters which require the Committee's attention, to review the scope and adequacy of the audit process, the annual financial statements and their audit findings.

On annual basis, the AC shall carry out evaluation of the External Auditors which shall encompass an assessment of the qualifications and performance of the Auditor; the independence, objectivity, and professional scepticism; and the quality and candour of the External Auditors' communications with the Committee and the Company.

BTMH have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountant's Code of Ethics for Professional Accountants and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice) during the Audit Committee meeting. A written confirmation from BTMH on their compliance to the requirements for independence is obtained and presented to the AC through the Audit Planning Memorandum.

The AC was satisfied with the External Auditors' quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit.

A summary of the activities of the AC during the year under review is set out in the AC Report on pages 26 to 28 of this Annual Report.

Risk Management and Internal Control

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control system to safeguard the interest of shareholders and the Group's assets. The responsibility of reviewing the adequacy and integrity of the Group's risk management and internal control system is delegated to the AC which is empowered by its Terms of Reference to seek assurance on the adequacy and integrity of financial, operational and compliance control and internal control system and risk management procedures through independent reviews carried out by the internal audit function and management.

The Board has established an ongoing process in identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the risk management and internal control system when there are changes in the business environment or regulatory guidelines is reviewed by the Board.

The Board recognises that risk cannot be totally eliminated and the system of internal control instituted can only help to minimise and manage risk and provides reasonable assurance that assets of the Company and of the Group are safeguard against material loss and unauthorised use and the financial statements are not materially misstated.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control (cont'd)

The Company has outsourced its internal audit function to an independent professional consultancy firm with the aim of providing independent and systematic reviews on the systems of internal control within the Group whose role is to provide independent and objective reports on the organisation's management, records, accounting policies and control to the Board, amongst others. The internal audits include evaluation of the processes where significant risks are identified, assessed and managed.

The internal audit function is conducted in a manner that is consistent with and meets the Standards for the Professional Practice of Internal Auditing and Code of Ethics of the Institute of Internal Auditors Malaysia.

The Internal Auditors presents and reports to the Audit Committee internal audit reports on their findings and recommendations with respect to identified control weaknesses and Management responses to the recommendations.

The Statement on Risk Management and Internal Control as set out in pages 32 to 35 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

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

Investor Relations and Shareholders Communication

The Board values dialogue with its shareholders and investors through the maintenance of an open communication policy with investors and shareholders alike. In ensuring effective communication, the various means and forums such as press releases, public announcements of the Group's interim financial report on quarterly basis, annual report and financial statements, disclosures to the Bursa Malaysia Securities Berhad and other Group activities are made.

In addition to its published annual report and quarterly reports announced to Bursa Malaysia Securities Berhad, the Group has established a website at www.ablegroup.com.my from which shareholders can assess for information.

The Company ensures that all members of the Board including the Chairman of the Board and Board Committees attend the general meetings and available to address shareholders' queries at these meetings.

Annual General Meeting (AGM)

The notice convening the AGM of the Company will be sent to the shareholders at least twenty-one days before the AGM in accordance with the provisions of the Listing Requirements of Bursa Securities and the Company's Constitution. Notice of general meetings including AGM will also be advertised in the newspaper giving shareholders sufficient time to prepare and/or to appoint proxy to attend and vote for their behalf.

The AGM of the Company represents the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders at the general meetings to seek clarifications on the Group's operations and business and to exchange views are encouraged. Pursuant to the Listing Requirements, all resolutions proposed for shareholders' approval at the general meeting of the Company will be voted by poll, and the Company will appoint a scrutineer to validate the votes cast at the general meeting. The Company will consider and introduce electronic voting and leverage on technology to facilitate greater shareholders' participation in general meetings at appropriate time.

This statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 4 April 2019.

Audit Committee Report

1. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee consists of four (4) members, all of whom are Independent Non-Executive Directors.

Director	Designation
Cheong Marn Seng (Chairman)	Independent Non-Executive Director
Yeoh Chong Keat	Independent Non-Executive Director
Wong Heang Fine	Independent Non-Executive Director
Loi Heng Sewn	Independent Non-Executive Director

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available at www.ablegroup.com.my.

3. MEETINGS AND ATTENDANCE

A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2018 and the details of attendance were as follows: -

Director	Designation	Attendance
Cheong Marn Seng	Independent Non-Executive Director	4/5
Yeoh Chong Keat	Independent Non-Executive Director	5/5
Wong Heang Fine	Independent Non-Executive Director	3/5
Loi Heng Sewn	Independent Non-Executive Director	4/4

Audit Committee Report (cont'd)

4. SUMMARY OF ACTIVITIES

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

(a) reviewed the unaudited quarterly financial results and audited financial statements for the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;

(b) reviewed the report from the External Auditors arising from the audit of the Group and seeks clarifications and explanations from Management on key issues and matters for control improvements, with no significant issues within the Group reported that required Audit Committee's attention;

(c) reviewed and discussed with the External Auditors the audit plan and timetable, covering:
   (i) the nature and scope of work including non-audit services provided by the External Auditors to the Company;
   (ii) confirmation by the External Auditors of compliance with relevant ethical requirements regarding professional independence;
   (iii) consideration of fraud;
   (iv) new developments on accounting standards and regulatory requirements;
   (v) areas of audit focus includes potential key audit matters ("KAM") that in the Auditor's judgement the most significant in the audit for the financial year and selected from matters communicated with those charged with governance;
   (vi) new MFRS in particular MFRS 9 and MFRS 15 that are expected to change current practices and impact the financial statements of the Company for the financial year ended 31 December 2018;

(d) met with the External Auditors without the presence of Management on 9 February 2018 and 13 April 2018 to discuss matters relating to the Company's financial reporting and audit and assistance provide by Management to the Auditors;

(e) reviewed the Internal Audit Report submitted by the Internal Auditors on Revenue & Receivables Management functions of Syarikat Bukit Granite Sdn Bhd as well as Recurrent Related Party Transactions ("RRPT") and Intercompany Transactions involving the Group with audit recommendations in respect of identified control weaknesses and management responses;

(f) reviewed the Internal Audit Plan submitted by the Internal Auditors to ensure the adequacy of the scope and frequency of reports on internal control during the year;

(g) evaluated the performance of the External Auditors with consideration of the independence of the External Auditors, the adequacy and experience of the personnel involved; the resources of the Firm against the adopted evaluation criteria in accordance with the Listing Requirements. The Audit Committee was satisfied with the performance, suitability and independence of the External Auditors and had accordingly recommended to the Board the proposed re-appointment of the External Auditors;

(h) reviewed the proposed fees of the External Auditors commensurate with the audit assignment carried out on the Group;

(i) reviewed the adopted guidelines and procedures for the RRPT involving the Group to ensure that the RRPT are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders, and made the relevant Audit Committee's statement in the Company's Circular to Shareholders on Proposed Shareholders' Mandate for RRPT; and

(j) reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2017 of the Company.

Audit Committee Report (cont'd)

5. REVIEW OF AUDIT COMMITTEE

An annual review and assessment on the terms of office and performance of the Audit Committee was undertaken by the Nomination Committee for the financial year ended 31 December 2018.

The assessment covers amongst others, main role and responsibilities of the Audit Committee and its key areas of oversight, specifically the review of internal control and risk management systems, effectiveness of internal and external audits, integrity of financial statements and review of significant financial reporting judgments.

The Board was satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with the Audit Committee's Terms of Reference.

6. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the outsourced Internal Auditors in discharging its duties and responsibilities. The Internal Auditors provides an independent and objective feedback to the Audit Committee and Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. The Internal Auditors report to the Audit Committee on their audit findings and recommendations of corrective actions together with Management's responses in relation thereto. Follow-up reviews will be performed on the status of implementation of recommendations/corrective actions by Management for reporting to the Audit Committee.

The Audit Committee ensures that the Internal Auditors have the necessary resources and are given full access to all documents and information relating to the Company's governance, financial statements and operational reports to enable them to fulfill their responsibilities, besides having direct access to the Audit Committee.

The Internal Auditors undertake internal audit functions based on the audit plan approved by the Audit Committee. The audit plan was drafted based on the level of business activities of the Group and covers the review of the adequacy of the Group's operational control, risk management, compliance with established policies and procedures, laws and regulations.

The Internal Auditors had during the financial year under review carried out internal audit reviews on the adopted guidelines and procedures for RRPT and Intercompany Transactions as well as the Revenue and Receivables Management functions of Syarikat Bukit Granite Sdn Bhd and reported that the required policies, procedures and controls for RRPT and Intercompany Transactions are in place and the terms of the RRPT are fair, reasonable and on normal commercial terms, are not more favourable to the related parties than those generally available to the public, not detrimental to the minority shareholders and are in the best interest of the Company and Group. From its review of the Revenue and Receivables Management functions, the Internal Auditors reported that the relevant processes are in place to safeguard the Group's assets.

The Internal Auditors reported that overall, the internal control for the key areas reviewed are in place and adequate and there are no major exceptions noted and reported by the Internal Auditors that requires Audit Committee's attention.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2018 was RM20,000.

Remuneration Committee Report

1. COMPOSITION OF REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises:-

Director	Designation
Yeoh Chong Keat (Chairman)	Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Loi Heng Sewn	Independent Non-Executive Director

2. TERMS OF REFERENCE

The Terms of Reference of the Remuneration Committee is available at www.ablegroup.com.my.

3. MEETINGS AND ATTENDANCE

The Remuneration Committee met once during the financial year ended 31 December 2018 with full attendance recorded by the members of the Remuneration Committee.

4. ACTIVITIES OF THE REMUNERATION COMMITTEE

During the financial year, the Remuneration Committee reviewed the remuneration packages of the Executive Director of the Company and for the Non-Executive Directors, the Directors' fees and meeting allowance.

Consistent with the adopted remuneration policy that inter-alia provides the principles and guidelines for remuneration offered to the members of the Board including the Executive and Non-Executive Directors of the Company, the Remuneration Committee ensures that remuneration of the Executive Director is linked to the financial performance which are aligned to the Company's business objectives. The remuneration of Non-Executive Directors should be appropriate for their contributions to the Company, taking into account factors such as effort and time spent, and responsibilities of the Directors including their appointment in Board Committees.

The individual Director concerned would abstain from discussion of his own remuneration as appropriate.

During the financial year, the Remuneration Committee, in discharging its duties also reviewed the Report of the Remuneration Committee for inclusion in the Annual Report 2017 of the Company.

Nomination Committee Report

1. COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:-

Director	Designation
Wong Heang Fine (Chairman)	Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Loi Heng Sewn	Independent Non-Executive Director

2. TERMS OF REFERENCE

The Terms of Reference of the Nomination Committee is available at www.ablegroup.com.my.

3. ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year, the Nomination Committee, in discharging its duties and responsibilities, reviewed the size and composition of the Board, assessed the effectiveness and performance of the Board of Directors and Board Committees as well as their respective functions. The assessment and evaluation was carried out by the Nomination Committee facilitated by the Company Secretary and the process was conducted through questionnaires which were circulated to the Directors in advance for completion prior to the meeting. The Nomination Committee, upon reviewed, was satisfied that the performance of the current Board, with appropriate mix of knowledge, skills, attributes and core competencies were adequate to enable the Board to discharge its duties and responsibilities effectively, and that all the Board Committees were assessed to be effective as a whole in discharging their roles and responsibilities. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly recorded and documented.

The performance of the Company Secretary was also reviewed and it was concurred and recorded that the Board is satisfied with the duties and functions performed by the Company Secretary.

In accordance with the Company's Constitution, the Nomination Committee reviewed and determined the directors retiring by rotation at the Company's Annual General Meeting. All retiring Directors, being eligible, have offered themselves for re-election at the Annual General Meeting.

The Nomination Committee assessed the independence of the Independent Directors of the Company including the tenure of the Independent Directors and based on the self-assessment checklist completed by all Independent Directors of the Company, the Nomination Committee and Board were satisfied that all the Independent Directors continue to demonstrate conduct and behaviour that are essential indicators of independence and that each of them continues to fulfil the prescribed definition and established criteria of independence and their ability to act in the best interest of the Company and/or the Group. The Nomination Committee and the Board are of the view that a Director's independence cannot be determined solely with reference to tenure of service. The Group benefits from having long serving directors who have accumulated valuable knowledge of the Group's operations and have shown competence in advising and overseeing the management of the Group.

Nomination Committee Report (cont'd)

3. **ACTIVITIES OF THE NOMINATION COMMITTEE (CONT'D)**

The Nomination Committee also reviewed, in accordance with the Listing Requirements of Bursa Securities, the term of office and performance of the Audit Committee and each of its members for the year under review against the assessment checklist encompassing the review of existing requisite composition of the Audit Committee prescribed by the Listing Requirements, the terms of reference and activities carried out by the Audit Committee in the discharge of its responsibilities and was satisfied that the Audit Committee had carried out its duties in accordance with its Terms of Reference.

The Nomination Committee in discharging its duties also reviewed and discussed the training needs of the Directors and training program available to Directors to equip themselves with relevant knowledge and keep abreast of latest regulatory developments to effectively discharge their duties.

The Board is satisfied that the Nomination Committee is able to discharge its duties and responsibilities effectively. The minutes of the Nomination Committee meetings was recorded and tabled for confirmation at the following Nomination Committee meeting and subsequently tabled to the Board for notation. The Chairman of Nomination Committee reported to the Board the matters reviewed and discussed at the meeting and its recommendations for the Board's consideration and decision.

Statement on Risk Management and Internal Control

1. INTRODUCTION

The Board of AbleGroup Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2018, which has been prepared pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities and in accordance with the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

2. BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control system to safeguard the interest of shareholders, customers, employees and the Group's assets. The responsibility of reviewing the adequacy and integrity of the Group's risk management and internal control system is delegated to the Audit Committee ("AC"), which is empowered by its terms of reference to seek assurance on the adequacy and integrity of financial, operational and compliance control and internal control system and risk management procedures through independent reviews carried out by the internal audit function and management.

The Board in consultation with the AC has appraised the adequacy and effectiveness of risk management and internal control processes which were in place during the financial year under review. Assurance has been received by the Board from the Managing Director that the Company's risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognising that the internal control system must be continuously reviewed and improved to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's risk management and internal control system.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process in identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the risk management and internal control system when there are changes in the business environment or regulatory guidelines is reviewed by the AC and the Board.

The Board is of the view that risk management and internal control system in place for the year under review and up to the date of the issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the Group's assets and the interests of other stakeholders.

3. RISK MANAGEMENT FRAMEWORK

The Group's internal control mechanism is embedded in the various work processes and procedures at appropriate levels within the Group. The management team lead by the Managing Director comprising experienced personnel with vast specialised industry knowledge is assigned with the responsibility of managing the Group. They are accountable for the conduct and performance of respective operation units under their care.

The Heads of Department have been delegated with the responsibility of identifying, evaluating and managing the risks of their department on an on-going basis. Significant risks identified and the corresponding internal control processes implemented are reviewed and discussed at periodic management meetings attended by the Managing Director.

Statement on Risk Management and Internal Control (cont'd)

3. RISK MANAGEMENT FRAMEWORK (CONT'D)

In addition, significant risks identified, material issues and updated information affecting the Group which requires decisions or appropriate actions to be taken are brought to the attention of the Board.

The AC is also responsible for reviewing and monitoring the effectiveness of the Group's internal control system. In this respect, the Group has outsourced the internal audit function to an independent professional service provider to undertake the responsibility of conducting regular reviews on the Group's operation processes in accordance with adopted audit plan. The internal audit reports on the findings and recommendations with respect to identified control weaknesses and Management responses to the recommendations are reported to the AC. Subsequent follow up reviews were carried out to ensure that the agreed action plans have been implemented.

4. INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors monitor compliance based on the established policies and procedures and the effectiveness of the internal control system and highlights significant findings for any non-compliance. The internal audit function adopts risk-based approach and prepares its audit plan based on key risks identified.

The Internal Auditors carried out internal audit review based on the annual audit plan approved by the AC. More reviews on the business processes by the Internal Auditors may be called by the AC as the need arises. The scope of work encompasses the examination and evaluation of the adequacy, integrity and effectiveness of the system of internal control, risk management framework and corporate governance of the Group, which include: -

- Reviewing the reliability and integrity of the financial and operating information and the means used to identify, classify and report such information;
- Evaluating the system established to ensure compliance with policies, plans, procedures, laws and regulations which could have significant impact on the operations and performance of the Group;
- Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Assessing the economy and efficiency with which resources are employed; and
- Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned.

During the financial year under review, the Internal Auditors had performed audit reviews in accordance with the approved audit plan. The results of their review were tabled to the AC at their schedule meetings. Senior Management is responsible for ensuring that corrective actions are implemented within the stipulated timeframe on the reported weaknesses. There were no significant control weaknesses identified during the FYE2018. The Internal Auditors work closely and engage with Management team on salient audit issues noted during audit meetings. Respective Head of Department will be called to explain to the Management team and develop actions plans with relevant timeline to rectify issues noted. Subsequent follow-up audits will be conducted to ensure that corrective measures are taken to address the identified weaknesses.

Statement on Risk Management and Internal Control (cont'd)

5. OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

- A well-defined organisation chart with clear lines of accountability, which has a delegation of authority that sets out decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval.

- The AC reviews quarterly the financial reports and internal audit reports at the scheduled meetings and discuss with Management on internal control matters or appropriate corrective actions that are required to be taken to address internal control weaknesses identified.

- All the AC members are Independent Non-Executive Directors to further strengthen and provide independent objective judgement and opinion on internal control matters of the Group.

- The Managing Director and senior management personnel with support teams are dedicated and closely involved in the running of business and operations of the Group. Any significant changes in business and/or external environment which may affect operations of the Group at large were reported by the Managing Director to the Board accordingly.

- Timely and effective internal reporting involving the advice and services of qualified professionals such as Internal Auditors and Company Secretary are in place.

- Regular operational meetings are held among senior management personnel to discuss and review the business plans, budgets, financial and/or operational performances of the Group. Monthly meetings of the Heads of Department are held to review and monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the AC and Board for review. The Management updates the status of tenders and projects being pursued and current projects status during weekly operational meetings and quarterly Board meetings.

- The Credit Control Committee is chaired by the Chief Operating Officer and held monthly meeting to review reports from the Finance Manager and Marketing Manager with the objective of maximising the account receivables into cash flow and minimising impaired debts written off.

6. REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

The Board is dedicated to operating a sound system of internal control and recognizes that the system must continuously evolve to support the business and the size of the Group.

The Board is satisfied that the process for identifying, evaluating and managing risks as outlined in this Statement had been in place for the year under review and up to the date of approval of this Statement upon due and careful assessment and based on the information and assurance provided. The Board is satisfied that there were no material control deficiencies, losses or contingencies noted during the financial year under review as the reported internal control weakness are considered to be at an acceptable level within the context of the Group's business environment.

The Board and Management will continue to take proactive measures to enhance and strengthen the control environment and the internal control system of the Group.

Statement on Risk Management and Internal Control (cont'd)

7. REVIEW OF STATEMENT ON INTERNAL CONTROL

The External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the annual report of the Group for the financial year ended 31 December 2018 in accordance with Audit and Assurance Practice Guide 3 [previously Recommended Practice Guide 5] ("AAPG3") by the Malaysian Institute of Accountants ("MIA") and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 4 April 2019.

Additional Compliance Information

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal during the financial year ended 31 December 2018.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors for the financial year ended 31 December 2018 are as follows:

	Group (RM'000)	Company (RM'000)
Audit services		
- current year	86	58
- prior year	24	17
Non-audit services	10	10
Total	120	85

3. MATERIAL CONTRACT

There were no material contracts of the Company and its subsidiaries involving the interests of the Directors or major shareholders, either still subsisting at the end of the financial year under review, or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

The aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 8 June 2018 is as follows:

Type of RRPT	Related Party	Relationship	Actual Value Transacted from 1 January 2018 to 31 December 2018 (RM'000)
Sale of stones and provision of contract workmanship and other related services by Syarikat Bukit Granite Sdn Bhd to GPL Group	GPL Group Sdn Bhd and companies related to Dato' Lim Kim Huat ("GPL Group")	Dato' Lim Kim Huat is a Director and major shareholder of the Company as well as a director and shareholder of GPL Group.	974

Directors' Responsibility Statement

in preparing the Audited Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of financial year ended 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements, the Directors have:-

- Adopted suitable accounting policies and applying them consistently;
- Made judgement and estimates that are prudent and reasonable;
- Ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with a reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements as prepared to comply with the Companies Act 2016. The Directors are also responsible for safeguarding the assets of the Company and the Group and to take reasonable steps for prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	987	763
Attributable to:		
Owners of the Company	987	763
Non-controlling interests	–	–
	987	763

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2018.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 doubtful debts and had satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make allowance for doubtful debts 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 prepared, 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 values as shown in the accounting records of the Group and of the Company had 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 of the Group and of the Company 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 method 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:

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or 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 will or may affect the ability of the Group or of the Company to meet their obligations as and 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

Directors' Report (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Yeoh Chong Keat
Wong Heang Fine
Dato' Lim Kim Huat *
Loi Heng Sewn *
Cheong Marn Seng

* *Directors of the Company and of certain subsidiaries*

Other than as stated above, the names of the director of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Seo Aik Leong

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 01.01.2018 '000	Bought '000	Sold '000	At 31.12.2018 '000
Direct interests:				
Yeoh Chong Keat	900	–	–	900
Loi Heng Sewn	–	548	–	548
Cheong Marn Seng	9	–	–	9
Indirect interests:				
Dato' Lim Kim Huat #	140,816	–	–	140,816

\# *Held through Parallel Pinnacle Sdn. Bhd. ("Parallel"). Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his interest in Golden Century Overseas Ltd, the holding company of Parallel.*

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Lim Kim Huat is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other director in office at the end of financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

Directors' Report (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 27 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than any deemed benefits which may arise from transactions as disclosed in Note 29(c) to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the 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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiary did not contain any qualification.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

INDEMNITY FOR AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur

Date: 4 April 2019

Statements of Financial Position

as at 31 December 2018

		Group			Company		
	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	5	724	851	1,009	4	6	8
Investment property	6	627	643	659	627	643	659
Intangible asset	7	–	–	–	–	–	–
Investment in subsidiaries	8	–	–	–	39,961	39,550	39,423
Total non-current assets		1,351	1,494	1,668	40,592	40,199	40,090
Current assets							
Inventories	9	39,066	38,667	39,181	–	–	–
Contract assets	10	1,427	1,487	1,753	–	–	–
Current tax assets		15	7	15	–	–	–
Trade and other receivables	11	1,933	3,074	3,658	12	9	415
Amount owing by a subsidiary	12	–	–	–	2,881	3,598	4,983
Short-term investment	13	–	41	–	–	–	–
Deposits placed with licensed banks	14	3,562	3,972	3,051	850	1,250	400
Cash and bank balances		73	123	173	9	20	6
Total current assets		46,076	47,371	47,831	3,752	4,877	5,804
TOTAL ASSETS		47,427	48,865	49,499	44,344	45,076	45,894

Statements of Financial Position (cont'd)
as at 31 December 2018

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000	Group 1.1.2017 RM'000	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000	Company 1.1.2017 RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	15	39,585	39,585	39,585	39,585	39,585	39,585
Other reserves	16	(409)	(409)	569	–	–	1,636
Retained profits		5,668	6,655	5,674	4,620	5,383	4,465
Total equity		44,844	45,831	45,828	44,205	44,968	45,686
Non-current liability							
Loans and borrowings	17	–	4	28	–	–	–
Total non-current liability		–	4	28	–	–	–
Current liabilities							
Contract liabilities	10	–	–	6	–	–	–
Trade and other payables	18	1,809	2,457	2,739	139	108	208
Loans and borrowings	17	774	573	898	–	–	–
Total current liabilities		2,583	3,030	3,643	139	108	208
TOTAL LIABILITIES		2,583	3,034	3,671	139	108	208
TOTAL EQUITY AND LIABILITIES		47,427	48,865	49,499	44,344	45,076	45,894

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

Statements of Comprehensive Income

for the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	19	3,957	9,063	–	–
Cost of sales	20	(3,213)	(7,042)	–	–
Gross profit		744	2,021	–	–
Other income	21	432	236	76	137
Selling and marketing expenses		(24)	(24)	–	–
Administrative expenses		(2,092)	(2,131)	(839)	(855)
Operating (loss)/profit		(940)	102	(763)	(718)
Finance costs	22	(55)	(91)	–	–
(Loss)/Profit before tax	23	(995)	11	(763)	(718)
Income tax expense	25	8	(8)	–	–
(Loss)/Profit for the financial year		(987)	3	(763)	(718)
Other comprehensive loss for the financial year		–	–	–	–
Total comprehensive (loss)/ income for the financial year		(987)	3	(763)	(718)
(Loss)/Profit attributable to:					
Owners of the Company		(987)	3	(763)	(718)
Non-controlling interests		–	–	–	–
		(987)	3	(763)	(718)
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(987)	3	(763)	(718)
Non-controlling interests		–	–	–	–
		(987)	3	(763)	(718)
(Loss)/earnings per share (sen)					
- basic	26	(0.37)	0.00		
- diluted	26	(0.37)	0.00		

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2018

	Share capital RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Group				
At 1 January 2017	39,585	569	5,674	45,828
Total comprehensive income for the financial year	–	–	3	3
Transactions with owners				
Exercise of Warrants 2012/2017	*	#	–	–
Warrants lapsed	–	(1,636)	1,636	–
Realisation of exchange reserve	–	658	(658)	–
Total transactions with owners	–	(978)	978	–
At 31 December 2017	39,585	(409)	6,655	45,831
Total comprehensive loss for the financial year	–	–	(987)	(987)
At 31 December 2018	39,585	(409)	5,668	44,844

* *Represents RM15*
\# *Represents negative RM15*

Statement of Changes in Equity

for the financial year ended 31 December 2018

	Share capital RM'000	Warrants reserves RM'000	Retained profits RM'000	Total equity RM'000
Company				
At 1 January 2017	39,585	1,636	4,465	45,686
Total comprehensive loss for the financial year	–	–	(718)	(718)
Transactions with owners				
Exercise of Warrants 2012/2017	*	#	–	–
Warrants lapsed	–	(1,636)	1,636	–
Total transactions with owners	–	(1,636)	1,636	–
At 31 December 2017	39,585	–	5,383	44,968
Total comprehensive loss for the financial year	–	–	(763)	(763)
At 31 December 2018	39,585	–	4,620	44,205

* *Represents RM15*

\# *Represents negative RM15*

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

Statements of Cash Flows

for the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(995)	11	(763)	(718)
Adjustments for:					
Depreciation of:					
- property, plant and equipment		127	158	2	2
- investment property		16	16	16	16
Gain on disposal of property, plant and equipment		(26)	–	(26)	–
Reversal of impairment loss on trade and other receivables		(211)	(136)	–	(113)
Interest expenses		55	91	–	–
Interest income		(126)	(96)	(50)	(23)
Operating (loss)/profit before changes in working capital		(1,160)	44	(821)	(836)
Changes in working capital:					
Contract assets		60	266	–	–
Contract liabilities		–	(6)	–	–
Inventories		(399)	514	–	–
Trade and other receivables		1,352	720	(3)	519
Trade and other payables		(648)	(282)	31	(100)
Net cash (used in)/ generated from operations		(795)	1,256	(793)	(417)
Interest paid		(55)	(91)	–	–
Income tax paid		(8)	(8)	–	–
Income tax refunded		8	8	–	–
Net cash flows (used in)/ from operating activities		(850)	1,165	(793)	(417)

Statements of Cash Flows (cont'd)

for the financial year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flow from investing activities					
Proceeds from disposal of property, plant and equipment		26	–	26	–
Withdrawal of deposits pledge for banking facilities		94	61	–	–
Cash pledged for bank guarantees		–	(71)	–	–
Uplift/(Placement) of unit trust		41	(41)	–	–
Net repayment from subsidiaries		–	–	306	1,258
Interest received		54	96	50	23
Net cash flows from investing activities		215	45	382	1,281
Cash flows from financing activities	(a)				
Net repayment of bankers' acceptance		–	(75)	–	–
Drawndown of trust receipts		770	549	–	–
Repayment of trust receipts		(549)	(800)	–	–
Repayment of finance lease liabilities		(24)	(23)	–	–
Net cash flows from/(used in) financing activities		197	(349)	–	–
Net (decrease)/ increase in cash and cash equivalents		(438)	861	(411)	864
Cash and cash equivalents at the beginning of the financial year		1,361	500	1,270	406
Cash and cash equivalents at the end of the financial year		923	1,361	859	1,270

Statements of Cash Flows (cont'd)

for the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Analysis of cash and cash equivalents:					
Deposits placed with licensed banks		3,562	3,972	850	1,250
Cash and bank balances		73	123	9	20
		3,635	4,095	859	1,270
Less:					
Cash pledged as security for banking facilities		–	(12)	–	–
Pledged deposits		(2,712)	(2,722)	–	–
		923	1,361	859	1,270

(a) Reconciliation of liabilities arising from financing activities:

	As at 1.1.2018 RM'000	Cash flows RM'000	Non-cash Acquisition RM'000	Non-cash Addition RM'000	As at 31.12.2018 RM'000
Finance lease liabilities	28	(24)	–	–	4
Trust receipts	549	(549)	–	770	770
	577	(573)	–	770	774

	As at 1.1.2017 RM'000	Cash flows RM'000	Non-cash Acquisition RM'000	Non-cash Addition RM'000	As at 31.12.2017 RM'000
Finance lease liabilities	51	(23)	–	–	28
Bankers' acceptances	75	(75)	–	–	–
Trust receipts	800	(800)	–	549	549
	926	(898)	–	549	577

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Block D4-U2-10, Level 2, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 4 April 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Explanation of transition to MFRSs and change in accounting policy

(a) Transition to MFRSs

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. For periods up to and including the financial year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group's and the Company's opening MFRSs statements of financial position were prepared as at 1 January 2017 (the date of transition to MFRSs).

The Group and the Company have opted to adopt the short-term exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group's and the Company's first MFRS financial statements need not comply with MFRS 7 *Financial Instruments: Disclosure* or the completed version of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRS reporting period (1 January 2018).

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

The Group and the Company have consistently applied the same accounting policies in the preparation of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative financial statements for the financial year ended 31 December 2017, and the opening MFRSs statements of financial position as at 1 January 2017, other than those as discussed below. The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) MFRS 3 Business Combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

For the acquisition before date of transition i.e. 1 January 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 "Consolidated Financial Statements".

(ii) MFRS 15 Revenue from Contracts with Customers

The Group has applied MFRS 15 in accordance with the full retrospective transitional approach with elected practical expedients as follows:

- not restating contracts that are completed at 1 January 2017;
- not restating contracts that are modified at 1 January 2017;
- non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the first MFRS reporting period, i.e. 1 January 2018.

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group has complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

(a) Presentation of contract assets and contract liabilities

The Group has changed the presentation of contracts liabilities/assets recognised in relation to construction contracts which were previously presented as part of amount due to/by contract customers in the statements of financial position to reflect the terminology of MFRS 15.

(b) Presentation of property development costs

The Group has reclassified the property development costs to inventories with separate disclosure of these balances have been made in the notes to the financial statements.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

(ii) MFRS 15 Revenue from Contracts with Customers (cont'd)

(c) Identification of the performance obligations in the contract

A performance obligation is a promise in a contract with customer to transfer to the customer either a distinct good or serice or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The performance obligations is separated if the performance obligation is capable of being distinct and if it is distinct within the context of the contract.

The determined price will then be allocated to each performance obligation in an amount that depicts the amount of consideration to which the Group expected to be entitled.

(iii) MFRS 9 Financial instruments

(a) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

(i) Loans and receivables classified as amortised cost

Trade and other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

(ii) Financial assets at fair value through profit or loss classified as fair value through profit or loss

Short term investments previously been classified as financial assets at fair value through profit or loss as at 31 December 2017 are now classified as fair value through profit or loss. The Group intend to sell or repurchase in the near term and this cash flows is not solely payments of principal and interest. The fair value as at 1 January 2018 was equivalent to the fair value for this asset. There was no impact on retained earnings at 1 January 2018. Accordingly, this financial asset is classified and measured at fair value through profit or loss beginning 1 January 2018.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

(iii) MFRS 9 Financial instruments (cont'd)

(a) Classification and measurement (cont'd)

In summary, the Group and the Company had the following required or elected reclassifications as at 1 January 2018:

		MFRS 9 measurement category	
MFRS 139 measurement category	**RM'000**	**Fair value trough profit or loss RM'000**	**Amortised cost RM'000**
Financial assets			
Group			
Loans and receivables			
Trade and other receivables *	3,039	–	3,039
Deposits placed with licensed banks	3,972	–	3,972
Cash and bank balances	123	–	123
Fair value through profit or loss			
Short term investments	41	41	–
	7,175	41	7,134

* *Exclude prepayments and GST refundable*

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

(iii) MFRS 9 Financial instruments (cont'd)

(a) Classification and measurement (cont'd)

In summary, the Group and the Company had the following required or elected reclassifications as at 1 January 2018 (cont'd):

		MFRS 9 measurement category	
MFRS 139 measurement category	**RM'000**	**Fair value trough profit or loss RM'000**	**Amortised cost RM'000**
Financial assets			
Company			
Loans and receivables			
Trade and other receivables *	8	–	8
Amount owing by a subsidiary	3,598	–	3,598
Deposits placed with licensed banks	1,250	–	1,250
Cash and bank balances	20	–	20
	4,876	–	4,876
Financial liabilities			
Group			
Other financial liabilities			
Loans and borrowings	577	–	577
Trade and other payables	2,457	–	2,457
	3,034	–	3,034
Company			
Other financial liabilities			
Trade and other payables	108	–	108

* *Exclude prepayments and GST refundable*

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

(iv) IFRS Interpretations Committee ("IFRIC")'s Agenda Decision (March 2019) on MFRS 123 Borrowing Costs

In the previous financial years, under FRSs framework, borrowing costs incurred on property under development were capitalised in property development costs. In March 2019, the IFRS Interpretations Committee ("IFRIC") has issued an agenda decision concluding that receivable and contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets in relation to the construction of a residential multi-unit real estate development (building). Accordingly, an entity does not capitalised borrowing costs on those assets in accordance to the principle and requirements of IAS 23 Borrowing Costs. Upon adoption of MFRSs framework, the Group changed its accounting policy of not capitalising borrowing costs incurred on property under development when the properties are ready for their intended sale in their current condition. The change in accounting policy was applied retrospectively from the date of transition as permitted in MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. The Group elected to apply the optional exemption to not restate the borrowing costs that were capitalised under FRSs framework and that were included in the carrying amount of the assets at the date of transition and shall account for borrowing costs, incurred on or after that date in accordance with MFRS 123 Borrowing Costs, including those borrowing costs incurred on or after that date on qualifying assets already under construction. The change in accounting policy does not have any significant impact on the financial statements of the Group.

(b) (i) Consolidated statement of financial position

Group	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
At 1 January 2017				
Property development costs	2.2(a)(ii)(b)	35,839	(35,839)	–
Inventories:				
- Property under development	2.2(a)(ii)(b)	–	35,839	35,839
Amount owing by contract customers	2.2(a)(ii)(a)	1,753	(1,753)	–
Amount owing to contract customers	2.2(a)(ii)(a)	(6)	6	–
Contract assets	2.2(a)(ii)(a)	–	1,753	1,753
Contract liabilities	2.2(a)(ii)(a)	–	(6)	(6)

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(b) (i) Consolidated statement of financial position (cont'd)

Group	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
At 31 December 2017				
Property development costs	2.2(a)(ii)(b)	35,950	(35,950)	–
Inventories:				
- Property under development	2.2(a)(ii)(b)	–	35,950	35,950
Amount owing by contract customers	2.2(a)(ii)(a)	1,487	(1,487)	–
Contract assets	2.2(a)(ii)(a)	–	1,487	1,487

(ii) Reconciliation of statements of cash flows

Group	As previously reported RM'000	Adjustments RM'000	As restated RM'000
At 31 December 2017			
Changes in working capital:			
Property development cost	(111)	111	–
Amount due from/(to) contract customers	260	(260)	–
Inventories	625	(111)	514
Contract assets	–	266	266
Contract liabilities	–	(6)	(6)

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

Following the adoption of MFRSs framework, the Group and the Company also have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

Amendments/Improvements to MFRSs

IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

(a) MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

(i) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group assessed that no additional expected credit losses is required to be recognised on its trade and other receivables.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

(b) MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has applied MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as permitted under the standard. The Group has elected the practical expedients to apply the standard only to contracts that are not completed as at 1 January 2017 and those contracts begin and end within the same annual reporting period. The Group has elected the practical expedient not to restate contracts that are modified as at 1 January 2017. The Group also elected the practical expedient in not disclosing the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the comparative period.

Impact of the adoption of MFRS 15

The Group has applied MFRS 15 in accordance with the full retrospective transitional approach with elected practical expedients as follows:

- not restating contracts that are completed at 1 January 2017;
- not restating contracts that are modified at 1 January 2017;
- non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the first MFRS reporting period, i.e. 1 January 2018.

The adoption of MFRS 15 resulted in changes in accounting policies which have been disclosed in Note 3.15 to the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group has complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

Impact of the adoption of MFRS 15

(a) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

(i) Contract liabilities/assets recognised in relation to construction contracts which were previously presented as amount due to/from contract customers.

(b) Presentation of property development costs

The Group has reclassified the property development costs to inventories measured at lower of cost and net realisable value.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (cont'd):

		Effective for financial periods beginning on or after
New IC Int IC		
Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 32	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contract*

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on their statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto their statements of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group and the Company as a lessee currently accounts for as operating leases. On adoption of this standard, the Group and the Company will be required to capitalise its rented premises, equipment and on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group and the Company is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below (cont'd).

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period. This standard is not applicable to the Group and the Company.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below (cont'd).

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below (cont'd).

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The amendments to the nine Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 5, MFRS 7, MFRS 15, MFRS 107, MFRS 116, MFRS 132, MFRS 136 and MFRS 140.

(b) The detailed analysis on the financial effects of the adoption of other new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are currently still being assessed by the Group and the Company.

2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.6 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.7 Use of estimates and judgement

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The consolidated financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities), over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquire and the equity instruments issued by the Group. Any amounts that relate to pre- existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquire, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquire either at fair value of at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisitions-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition date fair value of the previously held equity interest in the acquire; less
- the net fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed at the acquisition date.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

The accounting policy for goodwill is set out in Note 3.12(b) to the financial statements.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amount arising from interests in the comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each of reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively.

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Accounting policies applied from 1 January 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows (cont'd):

(i) Financial assets (cont'd)

Debt instruments

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

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows (cont'd):

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

(b) 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 a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

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

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(d) Derecognition (cont'd)

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied from 31 December 2017

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are measure at fair value plus transaction costs that are directly attributable or issue of the financial instruments.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Accounting policies applied from 31 December 2017 (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(i) Financial assets (cont'd)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting period which are classified as non-current.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

(ii) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(b) 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 a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting period and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Accounting policies applied from 31 December 2017 (cont'd)

(d) Derecognition

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

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

(e) Offsetting of financial instruments

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

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

(b) Subsequent costs

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

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (cont'd)

(c) Depreciation

Property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The annual depreciation rates are as follows:

Building	2%
Plant and machinery	2%
Motor vehicles	10%
Office and other equipment	5% - 10%

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

(d) Derecognition

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

3.6 Investment property

Investment property is property held to earn rental income or for capital appreciation or for both.

Investment property is initially measured at cost, including transaction costs. The Group and the Company use the cost model to measure their investment property after initial recognition. Accordingly, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use.

3.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

3.8 Intangible asset - goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of the impairment losses is in accordance with Note 3.12(b) to the financial statements.

3.9 Inventories

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

Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

- finished goods: costs of direct materials and labour based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

Where necessary, due allowance is made for all damaged, obsolete and slow- moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

Property under development

Cost includes:

- freehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. The cash and cash equivalents are presented net of deposits pledged for banking facilities.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

<u>**Accounting policies applied from 1 January 2018**</u>

Financial assets measured at amortised cost, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or

- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

Accounting policies applied from 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, and the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

Accounting policies applied from 31 December 2017 (cont'd)

Loans and receivables (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off loan is later recovered, the recovery is credited to the profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company makes an estimate of the asset's recoverable amount. For goodwill that has an indefinite useful life, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (cont'd)

(b) Impairment of non-financial assets (cont'd)

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.13 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.14 Employee benefits

(i) Short term employee benefits

Short-term employee benefits obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non- monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(ii) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the construction business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue and other income (cont'd)

(a) Construction contracts

The Group supply, delivery and installation of stone and tilling works under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the supply, delivery and installation of stone and tilling works is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term ranging from 30 days to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for supply, delivery and installation of stone and tilling works based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(b) Sale of goods

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(c) Interest income

Interest income is recognised using the effective interest method.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs are recognised in profit or loss using the effective interest method.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income tax (cont'd)

(c) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(d) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

3.19 Operating segments

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

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Fair value measurements

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

For the non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

4.1 Construction revenue and expenses

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and when necessary, by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 10.

4.2 Write-down of obsolete or slow-moving finished goods

The Group writes down its obsolete or slow-moving finished goods based on the assessment of their estimated net selling price. Finished goods are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write- down of obsolete or slow-moving finished goods. Where expectations differ from the original estimates, the differences will impact the carrying amount of finished goods.

The carrying amounts of the Group's finished goods are disclosed in Note 9.

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

	Building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Group					
31.12.2018					
Cost					
At 1 January 2018	621	1,333	622	914	3,490
Disposals	–	–	(163)	–	(163)
At 31 December 2018	621	1,333	459	914	3,327
Accumulated depreciation					
At 1 January 2018	226	1,281	459	673	2,639
Depreciation for the financial year	12	24	46	45	127
Disposals	–	–	(163)	–	(163)
At 31 December 2018	238	1,305	342	718	2,603
Carrying amount at 31 December 2018	383	28	117	196	724
31.12.2017					
Cost					
At 1 January 2017/31 December 2017	621	1,333	622	914	3,490
Accumulated depreciation					
At 1 January 2017	213	1,230	413	625	2,481
Depreciation for the financial year	13	51	46	48	158
At 31 December 2017	226	1,281	459	673	2,639
Carrying amount at 31 December 2017	395	52	163	241	851
Carrying amount at 1 January 2017	408	103	209	289	1,009

Notes to the Financial Statements (cont'd)

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

	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Company			
31.12.2018			
Cost			
At 1 January 2018	163	21	184
Disposals	(163)	–	(163)
At 31 December 2018	–	21	21
Accumulated depreciation			
At 1 January 2018	163	15	178
Depreciation for the financial year	–	2	2
Disposals	(163)	–	(163)
At 31 December 2018	–	17	17
Carrying amount at 31 December 2018	–	4	4
31.12.2017			
Cost			
At 1 January 2017/31 December 2017	163	21	184
Accumulated depreciation			
At 1 January 2017	163	13	176
Depreciation for the financial year	–	2	2
At 31 December 2017	163	15	178
Carrying amount at 31 December 2017	–	6	6
Carrying amount at 1 January 2017	–	8	8

(a) The building of the Group is constructed on a piece of leasehold land in which the Group has operating lease arrangement.

(b) Included in motor vehicle of the Group with carrying amount of RM70,000 (31.12.2017: RM84,000; 1.1.2017: RM92,000) was acquired under finance lease arrangement. The leased motor vehicle of the Group is pledged as security for the related finance lease liabilities as disclosed in Note 17(a) to the financial statements.

Notes to the Financial Statements (cont'd)

6. INVESTMENT PROPERTY

	Group and Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Freehold building, at cost			
At 1 January/31 December	804	804	804
Accumulated depreciation			
At 1 January	(161)	(145)	(129)
Depreciation for the financial year	(16)	(16)	(16)
At 31 December	(177)	(161)	(145)
Carrying amount at 31 December	627	643	659
At fair value	1,324	1,394	980

The direct operating expenses in respect of the investment property recognised in the profit or loss of the Group and of the Company are amounted to RM9,000 (31.12.2017: RM8,000; 1.1.2017: RM9,000).

Fair value information

Fair value of the investment property is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group and Company				
31.12.2018				
Freehold building	–	1,324	–	1,324
31.12.2017				
Freehold building	–	1,394	–	1,394
1.1.2017				
Freehold building	–	980	–	980

There were no transfers between Level 1 and Level 3 during the financial year ended 31 December 2018, 31 December 2017 and 1 January 2017.

Notes to the Financial Statements (cont'd)

6. INVESTMENT PROPERTY (CONT'D)

Level 2 fair value

Level 2 fair values of buildings have been derived using the comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

7. INTANGIBLE ASSETS

		Group	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Goodwill			
Cost			
At 1 January/31 December	1,477	1,477	1,477
Accumulated impairment losses			
At 1 January/31 December	1,477	1,477	1,477
Carrying amount at 31 December	–	–	–

8. INVESTMENT IN SUBSIDIARIES

		Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At Cost			
Unquoted shares	15,825	15,825	15,825
Less: Impairment loss	(12,825)	(12,825)	(12,825)
	3,000	3,000	3,000
Loans that are part of net investments	36,961	36,550	36,423
	39,961	39,550	39,423

Loans that are part of net investments represent amount owing by subsidiary which is non- trade in nature, unsecured, and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the Company's intention to treat them as a long-term source of capital to a subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less impairment loss, if any.

Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of Company	Principal place of business/ country of incorporation	Ownership interests 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Direct Subsidiaries					
Syarikat Bukit Granite Sdn. Bhd. ("SBG")	Malaysia	100	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs and investment holding.
Atlas Rhythm Sdn. Bhd. ("AR")	Malaysia	100	100	100	Property development.
Held through SBG					
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") ^	Republic of Turkey	100	100	100	Ceased operation.

^ *Subsidiary without audited financial statements and auditors' reports.*

9. INVENTORIES

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At lower of cost and net realisable value:				
Current				
Property under development				
- Freehold land at cost		28,202	28,202	28,202
- Development costs		8,107	7,748	7,637
Finished goods	(a)	2,757	2,717	3,342
		39,066	38,667	39,181

a) The Group's cost of inventories recognised as an expenses in cost of sales during the financial year amounting to RM1,253,000 (2017: RM4,168,000).

Notes to the Financial Statements (cont'd)

10. CONTRACT ASSETS/(LIABILITIES)

	Group 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Contract assets relating to construction service contracts	1,427	1,487	1,753
Total contract assets	1,427	1,487	1,753
Contract liabilities relating to construction service contracts	–	–	6
Total contract liabilities	–	–	6

(a) Significant changes in contract balances

	2018		2017	
	Contract assets Increase/ (decrease) RM'000	Contract liabilities Increase/ (decrease) RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities Increase/ (decrease) RM'000
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	–	–	(6)
Increases due to revenue recognised, but no rights to consideration	3,339	–	8,510	–
Transfers from contract assets recognised at the beginning of the period to receivables	(3,399)	–	(8,776)	–

(b) Revenue recognised in relation to contract balances

	Group 2018 RM'000	2017 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	–	(6)

Notes to the Financial Statements (cont'd)

11. TRADE AND OTHER RECEIVABLES

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000	Group 1.1.2017 RM'000	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000	Company 1.1.2017 RM'000
Trade							
Trade receivables	(a)	3,144	4,626	4,787	–	–	–
Less: Impairment losses for trade receivables		(1,482)	(1,693)	(1,720)	–	–	–
		1,662	2,933	3,067	–	–	–
Non-trade							
Other receivables		1,507	1,367	1,859	1,314	1,314	1,829
GST refundable		–	18	32	–	–	–
Deposits		747	747	801	8	8	8
Prepayments		25	17	20	4	1	5
		2,279	2,149	2,712	1,326	1,323	1,842
Less: Impairment losses for other receivables		(2,008)	(2,008)	(2,121)	(1,314)	(1,314)	(1,427)
	(b)	271	141	591	12	9	415
Total trade and other receivables		1,933	3,074	3,658	12	9	415

(a) Trade receivables

Trade receivable are non-interest bearing and normal trade credit terms offered by the Group ranging from 30 to 60 days (31.12.2017: 30 to 60 days; 1.1.2017: 30 to 60 days). Other credit terms are assessed and approved based on a case-by-case basis.

Included in trade receivables is an amount of RM527,000 (2017: RM1,165,000) owing from trade receivables in which a director of the Company has interest.

Notes to the Financial Statements (cont'd)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Individually impaired			
At 1 January	1,693	1,720	2,486
Charge for the financial year	–	–	27
Reversal of impairment loss	(211)	(23)	(103)
Written-off	–	(4)	(690)
At 31 December	1,482	1,693	1,720

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with FRS 139 *Financial Instruments: Recognition and Measurements*.

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

Included in trade receivables as at 31 December 2018 are retention sums of RM1,454,000 (31.12.2017: RM1,893,000; 1.1.2017: RM2,645,000) relating to the ongoing construction work.

The information about the credit exposure are disclosed in Note 31(b).

(b) Other receivables

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables is as follows:

	Group			Company		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
At 1 January/ 31 December	2,008	2,121	2,121	1,314	1,427	1,427
Reversal of impairment loss	–	(113)	–	–	(113)	–
At 31 December	2,008	2,008	2,121	1,314	1,314	1,427

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with FRS 139 *Financial Instruments: Recognition and Measurements*.

Notes to the Financial Statements (cont'd)

12. AMOUNT OWING BY A SUBSIDIARY

Amount owing by a subsidiary is non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

13. SHORT-TERM INVESTMENT

The short-term investment of the Group represents an investment in unquoted unit trust fund and earns interest at effective interest rates of Nil (31.12.2017: 4.22%; 1.1.2017: Nil) per annum.

14. DEPOSITS PLACED WITH LICENSED BANKS

Included in deposits placed with licensed banks of the Group is an amount of RM2,712,000 (31.12.2017: RM2,722,000; 1.1.2017: RM2,651,000) pledged for banking facilities granted to the subsidiaries as disclosed in Note 17 to the financial statements.

The effective interest rates of the deposits placed with licensed banks of the Group range from 2.40% to 2.95% (31.12.2017: 2.50% to 3.85%; 1.1.2017: 2.85% to 3.15%) per annum at the end of the reporting period.

The effective interest rates of the deposits placed with licensed banks of the Company range from 2.40% to 2.95% (31.12.2017: 2.50% to 3.85%, 1.1.2017: 2.60%) per annum at the end of the reporting period.

15. SHARE CAPITAL

	Group and Company					
	Number of ordinary shares			Amount		
	31.12.2018 Unit'000	31.12.2017 Unit'000	1.1.2017 Unit'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Issued and fully paid up:						
At 1 January	263,900	263,900	263,900	39,585	39,585	39,585
Exercise of warrants	–	*	–	–	#	–
At 31 December	263,900	263,900	263,900	39,585	39,585	39,585

* *Represents 100 units of shares*
\# *Represents RM15*

The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

Notes to the Financial Statements (cont'd)

16. OTHER RESERVES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Exchange reserve	(409)	(409)	(1,067)	–	–	–
Warrant reserve	–	–	1,636	–	–	1,636
	(409)	(409)	569	–	–	1,636

(a) Exchange reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

(b) Warrant reserve

Warrant reserve represent the fair value adjustment for the free detachable warrants ("the Warrants") issued pursuant to the rights issue.

The salient terms of the Warrants are as follows:

(i) The Warrants will be constituted by a Deed Poll by the Company;

(ii) The Warrants are traded separately;

(iii) The Warrants are exercisable any time during the tenure of 5 years commencing the date of issue ("Exercise Period") at an exercise price of RM0.15 per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

(iv) Subject to the approvals and adjustments under certain circumstances in accordance with the Deed Poll during the Exercise Price is payable upon the exercise of each Warrant by tendering cash payment of approximately RM0.15 for every new share;

(v) Subject to the provisions in the Deed Poll, the exercise price and/or the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company whether by way of right issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being affected; and

(vi) The Warrant holders shall not be entitled to any dividend, right, allotment and/or distribution declared by the Company, which entitlement date thereof precedes the allotment date of the new share allotted pursuant to the exercise of the Warrants.

Notes to the Financial Statements (cont'd)

16. OTHER RESERVES (CONT'D)

(b) Warrant reserve (cont'd)

The fair value of the Warrants is measured using the Black Scholes model with the following inputs:

Fair value of warrants at issue date	RM 0.075
Exercise price	0.15
Expected volatility (weighted average volatility)	94%
Option life (expected weighted average life)	5 years
Risk-free interest rate (based on rates of 5 years Malaysian government bonds)	4.088%

In prior year, 100 units of the Warrants 2012/2017 were exercised. On 19 January 2017, the exercise rights of the Warrants 2012/2017 were expired.

17. LOANS AND BORROWINGS

			Group	
	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current:				
Finance lease liabilities	(a)	–	4	28
Current:				
Finance lease liabilities	(a)	4	24	23
Bankers' acceptance	(b)	–	–	75
Trust receipts	(b)	770	549	800
		774	573	898
Total loans and borrowings		774	577	926

Notes to the Financial Statements (cont'd)

17. LOANS AND BORROWINGS (CONT'D)

(a) Finance lease liabilities

Future minimum lease payments under finance leases together with the present value of net present value of net minimum lease payments are as follows:

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Minimum lease payaments:			
- not later than one year	4	25	25
- later than one year and not later than five years	–	4	29
	4	29	54
Less: Future finance charges	–	(1)	(3)
Present value of finance lease liabilities	4	28	51
Present value of minimum lease payments receivable:			
- not later than one year	4	24	23
- later than one year and not later than five years	–	4	28
	4	28	51
Less: Amount due within twelve months	(4)	(24)	(23)
Amount due after twelve months	–	4	28

Motor vehicles of the Group as disclosed in Note 5 to the financial statements are pledged for finance leases. The interest rate implicit in the finance lease liabilities is 4.55% (31.12.2017: 4.55%; 1.1.2017: 4.55%) per annum.

(b) Bankers' acceptance and trust receipts

The bankers' acceptance and trust receipts of the Group are secured by way of:

(i) deposits placed with licensed banks as disclosed in Note 14 to the financial statements; and
(ii) a corporate guarantee of the Company.

The range of interest rate at the end of the reporting period for bankers' acceptance and trust receipts are as follows:

	Group		
	31.12.2018 %	31.12.2017 %	1.1.2017 %
Bankers' acceptance	–	–	8.60%
Trust receipts	8.87%	8.30%	8.10%

Notes to the Financial Statements (cont'd)

18. TRADE AND OTHER PAYABLES

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	Company 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade							
Trade payables	(a)	1,095	943	998	–	–	–
		1,095	943	998	–	–	–
Non-trade							
Other payables		103	276	232	21	21	86
GST and sales tax payable		38	–	–	–	–	–
Deposits		99	–	155	–	–	–
Accruals	(b)	474	1,238	1,354	118	87	122
		714	1,514	1,741	139	108	208
		1,809	2,457	2,739	139	108	208

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (31.12.2017: 30 to 60 days; 1.1.2017: 30 to 60 days).

Included in trade payables are retention sums of RM500,000 (31.12.2017: RM351,000; 1.1.2017: RM372,000) relating to the ongoing construction work.

(b) Accruals

Included in accruals in the Group are:

(i) accruals for directors' fee amounting to Nil (31.12.2017: RM41,000; 1.1.2017: RM41,000).
(ii) accruals for construction costs amounting to RM172,000 (31.12.2017: RM334,000; 1.1.2017: RM780,000).

19. REVENUE

	Group 2018 RM'000	2017 RM'000
Construction revenue	3,339	8,529
Sale of goods	618	534
	3,957	9,063

Notes to the Financial Statements (cont'd)

19. REVENUE (CONT'D)

(a) Disaggregation of revenue:

The Group reports the building materials segments in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Building Materials RM'000
Group	
2018	
Major goods or services:	
Construction services	3,339
Retail of marble and granite slabs	618
	3,957
Timing of revenue recognition:	
At a point of time	618
Over time	3,339
	3,957
2017	
Major goods or services:	
Construction services	8,529
Retail of marble and granite slabs	534
	9,063
Timing of revenue recognition:	
At a point of time	534
Over time	8,529
	9,063

(b) Transaction price allocated to the remaining performance obligation

In accordance with the transitional provisions in paragraph D34 of MFRS 1, the Group has applied the practical expedient in paragraph C5(d) of MFRS 15 and, for all reporting periods presented before the beginning of the first MFRS reporting period, do not disclose the amount of the transaction price allocated to the remaining performance obligations.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

As at 31 December 2018, the aggregate amount of the transaction price allocated to the remaining performance obligations is RM3,529,000 and the Group will recognise this revenue as the construction service is completed, which is expected to occur over the next 12 months.

Notes to the Financial Statements (cont'd)

20. COST OF SALES

	Group	
	2018 RM'000	2017 RM'000
Cost of construction contracts	2,561	6,539
Cost of goods sold	652	503
	3,213	7,042

21. OTHER INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposit interests	126	96	50	23
Reversal of impairment loss on:				
- trade and other receivables	211	136	–	113
Gain on disposal of property, plant and equipment	26	–	26	–
Payable written off	67	–	–	–
Others	2	4	–	1
	432	236	76	137

22. FINANCE COSTS

	Group	
	2018 RM'000	2017 RM'000
Interest expense on:		
- finance lease liabilities	1	2
- trust receipts	54	89
	55	91

Notes to the Financial Statements (cont'd)

23. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at (loss)/profit before tax:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration				
- current year	86	51	58	33
- prior years	24	15	17	14
Non-statutory audit fees	10	8	10	8
Depreciation of property, plant and equipment (Note 5)	127	158	2	2
Depreciation of investment property (Note 6)	16	16	16	16
Employee benefits expense (Note 24)	1,988	2,050	499	520
Gain on disposal of property, plant and equipment	(26)	–	(26)	–
Payable written off	(67)	–	–	–
Rental of premises	233	233	–	–
Rental of office equipment	6	7	4	4
Reversal of impairment loss on:				
- trade receivables	(211)	(23)	–	–
- other receivables	–	(113)	–	(113)

24. EMPLOYEE BENEFITS EXPENSE

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries and allowances		1,788	1,839	461	478
Defined contribution plan		178	182	37	39
Staff welfare		22	29	1	3
		1,988	2,050	499	520
Included in employee benefits expenses are:					
Directors' remuneration	27	299	299	299	299
		299	299	299	299

Notes to the Financial Statements (cont'd)

25. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax				
- current year	–	8	–	–
- prior year	(8)	–	–	–
	(8)	8	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable (loss)/profit for the financial year.

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before tax	(995)	11	(763)	(718)
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	(239)	3	(183)	(172)
Tax effects arising from:				
- non-taxable income	(85)	–	(18)	–
- non-deductible expenses	214	192	201	172
- utilisation of unrecognised deferred tax assets in prior year	–	(187)	–	–
- deferred tax assets not recognised during the year	110	–	–	–
- over accrual of current tax in prior years	(8)	–	–	–
Income tax expense for the financial year	(8)	8	–	–

Notes to the Financial Statements (cont'd)

25. INCOME TAX EXPENSE (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2018 RM'000	2017 RM'000
Property, plant and equipment	806	730
Unutilised tax losses	4,216	3,832
	5,022	4,562
Potential deferred tax assets at 24% (2017: 24%)	1,205	1,095

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment (i.e. from year of assessment 2019 to 2025).

26. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per ordinary share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of shares outstanding during the financial year, calculated as follows:

	2018 RM'000	2017 RM'000
(Loss)/Profit attributable to owners of the Company	(987)	3
Weighted average number of ordinary shares for basic (loss)/earnings per share	263,900	263,900

	2018 Sen	2017 Sen
Basic (loss)/earnings per ordinary share	(0.37)	0.00

Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings per ordinary share calculation is equivalent to the basic (loss)/earnings per share as the Company does not have potential ordinary shares outstanding at the end of the reporting period.

Notes to the Financial Statements (cont'd)

27. DIRECTORS' REMUNERATION

(a) The aggregate amounts of remuneration received and receivables by the directors of the Group and of the Company during the financial year are as follows:

	Group and Company	
	2018 RM'000	**2017 RM'000**
Executive director's remuneration		
- Salaries, bonus and other emoluments	120	120
- Defined contribution plan	15	15
Total directors' non-fee emoluments	135	135
Non-executive directors' fee	164	164
Total directors' remuneration	299	299

(b) The number of directors of the Group and of the Company at the end of the financial year whose total remuneration during the financial year fell within the following bands are analysed below:

	Group and Company	
	2018	**2017**
Executive directors		
RM100,000 - RM150,000	1	1
Non-executive directors		
Less than RM50,000	4	4
	5	5

28. OPERATING LEASE COMMITMENTS

Leases as lessee

The Group leases a piece of land under operating leases for lease term of 2 years, with option to renew the lease at the end of the lease term.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Not later than one year	233	233
More than one year and not later than five years	–	–
	233	233

Notes to the Financial Statements (cont'd)

29. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Entities in which directors have substantial financial interests, and
(iii) Key management personnel which comprise persons (including the directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2018 RM'000	2017 RM'000
Sales of stones and provision of contract workmanship and other related services to a company in which a director has interest in	974	2,140

Significant outstanding balance with related parties at the end of the financial year are as disclosed in Note 11 and Note 12 to the financial statements.

(c) Compensation of key management personnel

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term employee benefits	565	555	299	299

30. CONTINGENT LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
Performance bonds extended to third parties - project related	27	383
Bank guarantees issued in favour of third parties - project related	–	–
	27	383

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as follows:

From 1 January 2018:

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost

On or before 31 December 2017:

(i) Loan and receivables ("L&R")
(ii) Fair value through profit or loss ("FVPL")
- Held for trading ("HFT")
(iii) Other financial liabilities ("FL")

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
Group			
At 31 December 2018			
Financial assets			
Trade and other receivables *	1,908	1,908	–
Deposits placed with licensed banks	3,562	3,562	–
Cash and bank balances	73	73	–
	5,543	5,543	–
Financial liabilities			
Loans and borrowings	774	774	–
Trade and other payables #	1,771	1,771	–
	2,545	2,545	–

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

	Carrying amount RM'000	L& R RM'000	FVPL RM'000	FL RM'000
Group				
At 31 December 2017				
Financial assets				
Trade and other receivables *	3,039	3,039	–	–
Short-term investments	41	–	41	–
Deposits placed with licensed banks	3,972	3,972	–	–
Cash and bank balances	123	123	–	–
	7,175	7,134	41	–
Financial liabilities				
Loans and borrowings	577	–	–	577
Trade and other payables	2,457	–	–	2,457
	3,034	–	–	3,034
At 1 January 2017				
Financial assets				
Trade and other receivables *	3,606	3,606	–	–
Deposits placed with licensed banks	3,051	3,051	–	–
Cash and bank balances	173	173	–	–
	6,830	6,830	–	–
Financial liabilities				
Loans and borrowings	926	–	–	926
Trade and other payables	2,739	–	–	2,739
	3,665	–	–	3,665

* *Exclude prepayments and GST refundable*
\# *Exclude GST and sales tax payable*

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
Company			
At 31 December 2018			
Financial assets			
Trade and other receivables *	8	8	–
Amount owing by a subsidiary	2,881	2,881	–
Deposits placed with licensed banks	850	850	–
Cash and bank balances	9	9	–
	3,748	3,748	–
Financial liabilities			
Trade and other payables	139	139	–
	139	139	–

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

	Carrying amount RM'000	L& R RM'000	FVPL RM'000	FL RM'000
Company				
At 31 December 2017				
Financial assets				
Trade and other receivables *	8	8	–	–
Amount owing by a subsidiary	3,598	3,598	–	–
Deposits placed with licensed banks	1,250	1,250	–	–
Cash and bank balances	20	20	–	–
	4,876	4,876	–	–
Financial liabilities				
Trade and other payables	108	–	–	108
	108	–	–	108
At 1 January 2017				
Financial assets				
Trade and other receivables *	410	410	–	–
Amount owing by a subsidiary	4,983	4,983	–	–
Deposits placed with licensed banks	400	400	–	–
Cash and bank balances	6	6	–	–
	5,799	5,799	–	–
Financial liabilities				
Trade and other payables	208	–	–	208
	208	–	–	208

* *Exclude prepayments*

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in derivatives instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk primarily arises from its trade receivables and contract assets while the Company's exposure to credit risk primarily arises from amount owing by a subsidiary. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limit and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The Company monitors the results of the subsidiaries in determining the recoverability of the intercompany balance.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

Trade receivables

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	RM'000	%	RM'000	%	RM'000	%
Group						
Supply of goods and construction services	1,662	100	2,933	100	3,067	100

Contract assets

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	RM'000	%	RM'000	%	RM'000	%
Group						
Construction services	1,427	100	1,487	100	1,753	100

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Credit risk concentration profile (cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

		Trade receivables				
	Contract assets	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total
Group						
At 31 December 2018						
Expected credit loss rate	0%	0%	0%	0%	87%	
Gross carrying amount at default (RM'000)	1,427	1,251	50	135	1,708	4,571
Impairment losses (RM'000)	–	–	–	–	(1,482)	(1,482)

As at 31 December 2017 and 1 January 2017, the ageing analysis of the Group's trade receivables were as follows:

	Group	
	31.12.2017 RM'000	1.1.2017 RM'000
Neither past due nor impaired	2,034	2,726
Past due but not impaired		
1 - 30 days past due not impaired	569	82
31 - 60 days past due not impaired	15	50
61 - 90 days past due not impaired	2	142
More than 90 days past due not impaired	313	67
	899	341
Impaired	1,693	1,720
	4,626	4,787

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Other receivables and other financial assets (cont'd)

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

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

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Company provides advances to subsidiary company. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in Note 11 in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no loss allowance for expected credit losses as determined by the Company for the advances to subsidiary company. The Company monitors the results of the subsidiary company in determining the recoverability of intercompany balances.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to its subsidiary. The Company monitors the results of the subsidiary and its repayment on an ongoing basis. The maximum exposure to credit risk amounts to RM770,000 (31.12.2017: RM549,000; 1.1.2017: RM875,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 31(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between the financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds.

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Contractual cash flows				
	Carrying amount RM'000	On demand or within one year RM'000	Between 1 and 5 years RM'000	More than five years RM'000	Total RM'000
Group					
At 31 December 2018					
Financial liabilities					
Loans and borrowings	774	774	–	–	774
Trade and other payables #	1,771	1,771	–	–	1,771
	2,545	2,545	–	–	2,545
At 31 December 2017					
Financial liabilities					
Loans and borrowings	577	574	4	–	578
Trade and other payables	2,457	2,457	–	–	2,457
	3,034	3,031	4	–	3,035
At 1 January 2017					
Financial liabilities					
Loans and borrowings	926	900	29	–	929
Trade and other payables	2,739	2,739	–	–	2,739
	3,665	3,639	29	–	3,668

\# *Exclude GST and sales tax payable*

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows (cont'd):

	I---------------------- Contractual cash flows ----------------------I				
	Carrying amount RM'000	On demand or within one year RM'000	Between 1 and 5 years RM'000	More than five years RM'000	Total RM'000
Company					
At 31 December 2018					
Financial liabilities					
Trade and other payables	139	139	–	–	139
Financial guarantee contracts	–	770	–	–	770
	139	909	–	–	909
At 31 December 2017					
Financial liabilities					
Trade and other payables	108	108	–	–	108
Financial guarantee contracts	–	549	–	–	549
	108	657	–	–	657
At 1 January 2017					
Financial liabilities					
Trade and other payables	208	208	–	–	208
Financial guarantee contracts	–	875	–	–	875
	208	1,083	–	–	1,083

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when purchases that are denominated in a foreign currency) and the Group's net investment in a foreign subsidiary. The Group also takes advantage of any natural effects of its foreign currencies expenses by maintaining current accounts in foreign currencies.

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group Functional currencies		Company Functional currencies	
	Ringgit Malaysia RM'000	Total RM'000	Ringgit Malaysia RM'000	Total RM'000
At 31 December 2018				
Financial assets and liabilities not held in functional currencies:				
Cash and bank balances				
New Turkish Lira	14	14	–	–
	14	14	–	–
Trade and other payables				
New Turkish Lira	11	11	–	–
	11	11	–	–
At 31 December 2017				
Financial assets and liabilities not held in functional currencies:				
Cash and bank balances				
New Turkish Lira	14	14	–	–
	14	14	–	–
Trade and other payables				
New Turkish Lira	11	11	–	–
United States Dollar	14	14	–	–
	25	25	–	–

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (cont'd):

	Group Functional currencies		Company Functional currencies	
	Ringgit Malaysia RM'000	Total RM'000	Ringgit Malaysia RM'000	Total RM'000
At 1 January 2017 Financial assets and liabilities not held in functional currencies:				
Other receivables				
Chinese Renminbi	65	65	65	65
	65	65	65	65
Cash and bank balances				
New Turkish Lira	14	14	–	–
	14	14	–	–
Trade and other payables				
New Turkish Lira	11	11	–	–
United States Dollar	14	14	–	–
	25	25	–	–

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to United States Dollar, New Turkish Lira and Chinese Renminbi.

The directors believe that the impact of foreign currency fluctuation will not significantly affect the profitability of the Group and of the Company. As such, sensitivity analysis is not presented.

Notes to the Financial Statements (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily their deposits placed with licensed banks and short-term loans and borrowings with floating rates.

Sensitivity analysis for interest rate risk

The directors believe that the impact of interest rate fluctuation will not significantly affect the profitability of the Group and the Company. As such, sensitivity analysis is not presented.

(c) Fair value measurement

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

It was not practicable to estimate the fair value of the financial lease liabilities at fixed rate due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

There have been no transfers between Level 1 and Level 2 during the financial year (31.12.2017: no transfer in either directions; 1.1.2017: no transfer in either directions).

The fair value measurement hierarchies used to measure fair value of the assets and liabilities at the end of the reporting period.

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements (cont'd)

32. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2018, 31 December 2017 and 1 January 2017.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity.

The gearing ratio at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade and other payables	1,809	2,457	2,739	139	108	208
Bankers' acceptances	–	–	75	–	–	–
Finance lease liabilities	4	28	51	–	–	–
Trust receipts	770	549	800	–	–	–
Total debts	2,583	3,034	3,665	139	108	208
Total equity	44,844	45,831	45,828	44,205	44,968	45,686
Debt-to-equity ratio	5.76%	6.62%	8.00%	0.31%	0.24%	0.46%

33. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Managing Director for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into three main business segments as follows:

(i) Building materials – involved in supply, delivery and installation of stone and tiling works.

(ii) Investment holding – involved in investment holding.

(iii) Property development – involved in property development activity.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measures differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements (cont'd)

33. SEGMENT INFORMATION (CONT'D)

(a) Business segments

	Building materials RM'000	Investment holding RM'000	Property development RM'000	Group RM'000
2018				
Revenue				
External customer	3,957	–	–	3,957
Inter-segment	–	–	–	–
	3,957	–	–	3,957
Adjustments and eliminations				–
Consolidated revenue				3,957
Results				
Segment results	(384)	(795)	(48)	(1,227)
Interest income	73	50	3	126
Gain on disposal of property, plant and equipment	26	–	–	26
Reversal of impairment on trade receivables	211	–	–	211
Payable written off	67	–	–	67
Depreciation of property, plant and equipment and investment property	(125)	(18)	–	(143)
Interest expenses	(54)	–	(1)	(55)
Income tax expense	8	–	–	8
	(178)	(763)	(46)	(987)
Adjustments and eliminations				–
Consolidated profit for the financial year				(987)
Assets				
Segment assets	9,276	64,197	36,666	110,139
Unallocated assets				–
				110,139
Adjustments and eliminations				(62,712)
Consolidated total assets				47,427
Liabilities				
Segment liabilities	5,304	4,698	9	10,011
Adjustments and eliminations				(7,428)
Consolidated total liabilities				2,583

Notes to the Financial Statements (cont'd)

33. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Building materials RM'000	Investment holding RM'000	Property development RM'000	Group RM'000
2017				
Revenue				
External customer	9,063	–	–	9,063
Inter-segment	–	–	–	–
	9,063	–	–	9,063
Adjustments and eliminations				–
Consolidated revenue				9,063
Results				
Segment results	913	(854)	(15)	44
Interest income	70	23	3	96
Reversal of impairment on trade receivables	23	113	–	136
Depreciation of property, plant and equipment and investment property	(124)	(18)	(32)	(174)
Interest expenses	(89)	–	(2)	(91)
Income tax expense	(8)	–	–	(8)
	785	(736)	(46)	3
Adjustments and eliminations				–
Consolidated profit for the financial year				3
Assets				
Segment assets	10,633	64,922	36,323	111,878
Unallocated assets				6
				111,884
Adjustments and eliminations				(63,019)
Consolidated total assets				48,865
Liabilities				
Segment liabilities	6,483	4,667	31	11,181
Adjustments and eliminations				(8,147)
Consolidated total liabilities				3,034

Notes to the Financial Statements (cont'd)

33. SEGMENT INFORMATION (CONT'D)

(b) Geographical information

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

(c) Major customers

Revenue from three (31.12.2017: three; 1.1.2017: two) major customers contributed an aggregate revenue of RM2,166,000 (31.12.2017: RM5,798,000; 1.1.2017: RM5,014,000) of the Group's total revenue in the building material segment.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

We, **DATO' LIM KIM HUAT** and **LOI HENG SEWN**, being two of the directors of **ABLEGROUP BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 44 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

DATO' LIM KIM HUAT
Director

LOI HENG SEWN
Director

Kuala Lumpur

Date: 4 April 2019

Statutory Declaration

pursuant to Section 251(1) of the Companies Act 2016

I, **DATO' LIM KIM HUAT**, being the director primarily responsible for the financial management of **ABLEGROUP BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 44 to 125 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

DATO' LIM KIM HUAT
MIA Membership No.: CA 5667

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 4 April 2019.

Before me,

Abdul Shukor Bin Md Noor
No. W725
Commissioner for Oaths

Independent Auditors' Report

to the members of AbleGroup Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AbleGroup Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 125.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Group

Revenue and corresponding costs recognition for construction activities (Note 19 and Note 20 to the financial statements)

The amount of revenue and corresponding costs of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total construction costs for each project (an input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

Independent Auditors' Report (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Inventory – finished goods (Note 9 of the financial statements)

We focused on this this area because the determination of carrying amount of the finished goods require judgements by the Group. The review of the carrying amount of these finished goods at lower of cost and net realisable value by the Group are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- observing year end physical inventory count to observe physical existence and condition of the finished goods; and
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable value on selected finished goods items.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report (cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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.

Independent Auditors' Report (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

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

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2020 J
Chartered Accountant

Kuala Lumpur

Date: 4 April 2019

List of Properties

Location/Address	Description/ Existing Use	Tenure	Approximate Area	Approximate Age of Building (Years)	Year of Acquisition	Carrying amount as at 31.12.2018 RM'000
Lot 18-15, Centro Business Centre, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan held under Lot No.18-15, HS(M) 8806-HS(M) 8829, PT20412-PT20435, HS(M) 20856 PT27083 Mukim Kapar and GM 5802 Lot 1034 all of Mukim Kapar, Daerah Klang	Office unit/ Investment property	Freehold	260m² (built-up)	11	2007	627
289, Lot No. 1589, Mukim Of Batu, District Of Kuala Lumpur, State Of Wilayah Persekutuan Kuala Lumpur	Development land/ Property development costs	Freehold	1.214 hectares	N/A	2012	28,202

Analysis of Shareholdings

as at 29 March 2019

Total number of issued shares	:	263,899,852 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	63	1.723	2,472	0.000
100 - 1,000	2,329	63.703	729,644	0.276
1,001 - 10,000	509	13.922	2,431,196	0.921
10,001 - 100,000	552	15.098	23,210,790	8.795
100,001 - 13,194,991 (*)	202	5.525	96,709,350	36.646
13,194,992 and above (**)	1	0.027	140,816,400	53.359
TOTAL :	**3,656**	**100.000**	**263,899,852**	**100.000**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

	------------- Direct -------------		------------ Indirect ------------	
Name of Directors	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Dato' Lim Kim Huat	–	–	140,816,400 (a)	53.359
Yeoh Chong Keat	900,000	0.341	–	–
Loi Heng Sewn	548,100	0.207	–	–
Cheong Marn Seng	9,000	0.003	–	–
Wong Heang Fine	–	–	–	–

Note:
(a) Held through Parallel Pinnacle Sdn Bhd ("Parallel"). Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his interest in Golden Century Overseas Ltd, the holding company of Parallel.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per Register of Substantial Shareholders' Shareholdings)

	------------- Direct -------------		------------ Indirect ------------	
Name of Substantial Shareholders	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Parallel Pinnacle Sdn Bhd	140,816,400	53.359	–	–
Golden Century Overseas Ltd	–	–	140,816,400 (a)	53.359
Dato' Lim Kim Huat	–	–	140,816,400 (b)	53.359
Datin Chan Shiou Bin	–	–	140,816,400 (b)	53.359

Notes:
(a) Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of Golden Century Overseas Ltd ("Golden Century") being the holding company of Parallel.
(b) Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his/her interest in Golden Century, the holding company of Parallel.

Analysis of Shareholdings (cont'd)
as at 29 March 2019

LIST OF TOP 30 HOLDERS

No.	Name	Holdings	%
1	PARALLEL PINNACLE SDN BHD	140,816,400	53.359
2	RHB NOMINEES (TEMPATAN) SDN BHD *RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD FOR PERBADANAN NASIONAL BERHAD*	4,010,700	1.519
3	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)*	4,000,000	1.515
4	SEIK THYE KONG	3,385,100	1.282
5	GAN CHING HAN @ PAUL NGAN CHING HAN	3,100,000	1.174
6	GAN CHING HAN @ PAUL NGAN CHING HAN	2,350,900	0.890
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR AZIZAN BIN ABD RAHMAN (PBCL-0G0617)*	2,250,000	0.852
8	LIEW TIEN CHOY	2,155,000	0.816
9	WANG SZE YAO @ WANG MING WAY	2,087,975	0.791
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)*	1,499,600	0.568
11	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PANG GO SONG*	1,401,800	0.531
12	CHAN THENG SUNG	1,350,000	0.511
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHEAK JOO*	1,250,000	0.473
14	TAN KA LIAN	1,132,300	0.429
15	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUNG LIONG YIEN*	1,098,000	0.416
16	TAN KHAY LONG	1,079,000	0.408
17	SOO SIEW SENG	1,060,000	0.401
18	WEE JUI JONG	1,036,000	0.392
19	PETER LING HAU MENG	1,028,100	0.389
20	KENANGA NOMINEES (TEMPATAN) SDN BHD *LIM SOH WOON*	1,010,000	0.382
21	M & A NOMINEE (ASING) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG JACQUELINE(M&A)*	1,003,000	0.380
22	CHAN CHOU CHIAN	1,000,000	0.378
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)*	1,000,000	0.378
24	HENG GUEK KENG	1,000,000	0.378
25	LIM AH TEE	1,000,000	0.378
26	ONG SOI TAT	1,000,000	0.378
27	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOO SIEW SENG (CEB)*	1,000,000	0.378
28	KENANGA NOMINEES (TEMPATAN) SDN BHD *PANG MEI CHEA @ SEE KIEW*	986,900	0.373
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	950,000	0.359
30	YEOH CHONG KEAT	900,000	0.341
		186,940,775	70.837

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 15th Annual General Meeting (AGM) of the Company will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 May 2019 at 2.30 p.m. to transact the following business: -

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees and allowances up to RM224,000.00 from 25 May 2019 until the next AGM of the Company. **(Resolution 1)**

3. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Constitution:-

   (i) Yeoh Chong Keat **(Resolution 2)**
   (ii) Cheong Marn Seng **(Resolution 3)**

4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

5. **ORDINARY RESOLUTION**
   RETENTION OF CHEONG MARN SENG AS INDEPENDENT DIRECTOR **(Resolution 5)**

   "THAT in accordance with the Malaysian Code on Corporate Governance ("MCCG"), subject to the passing of Resolution No. 3, Cheong Marn Seng be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

6. **ORDINARY RESOLUTION**
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES **(Resolution 6)**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, 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 in any one financial year does not exceed ten per cent (10%) of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Notice of Annual General Meeting (cont'd)

7. **ORDINARY RESOLUTION**
   PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE") **(Resolution 7)**

   "THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as stated in Section 2.4 of Part A of the Circular to Shareholders dated 29 April 2019 with the specified classes of related party(ies) mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related party(ies) than those generally available to the public and are not detrimental to the minority shareholders of the Company.

   THAT the approval shall continue to be in force until:-

   (i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;

   (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the 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 (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Renewal of RRPT Mandate."

8. **SPECIAL RESOLUTION**
   PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION") **(Resolution 8)**

   "THAT approval be and is hereby given to the Company to revoke the existing Constitution of the Company in its entirety and in place thereof, a new Constitution as set out in Appendix II of the Circular to Shareholders dated 29 April 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

   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 in order to give full effect to the Proposed Adoption, with full power to assent to any conditions, modification, and/or amendments as may be required by the relevant authorities."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

LIM FEI CHIA (MAICSA 7036158)
TAN FONG SHIAN (MAICSA 7023187)
Company Secretaries

Kuala Lumpur
29 April 2019

Notice of Annual General Meeting (cont'd)

NOTES:-

1. The Audited Financial Statements for the financial year ended 31 December 2018 are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only and do not require shareholders' approval. As such, this item will not be put for voting.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 May 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.

3. A member shall be entitled to appoint not more than three (3) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.

4. Where a member appoints more than one (1) proxy, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.

5. Where a member 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.

6. To be valid, the original proxy form, duly completed and the power of attorney (if any) under which it is signed or a certified copy thereof must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

7. If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.

9. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

Explanatory Notes on Special Business

10. Retention of Cheong Marn Seng as Independent Director

    The proposed resolution is to seek shareholders' approval to retain Cheong Marn Seng as an Independent Non-Executive Director. The Board of Directors of the Company has assessed the independence of Mr Cheong and concluded that he will continue to demonstrate independent view and judgement in Board deliberations. The Board recommended that Mr Cheong be retained as an Independent Non-Executive Director of the Company based on the following justifications: -

    (i) Confirmation and declaration by Mr Cheong that he met the criteria of an Independent Director prescribed under Paragraph 1.01 of the Listing Requirements of Bursa Securities;
    (ii) Confirmation and declaration by Mr Cheong that he has no conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/ or its subsidiary companies;
    (iii) Confirmation by Mr Cheong that he is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
    (iv) Mr Cheong has devoted sufficient time and commitment in the discharge of his responsibilities as an Independent Non-Executive Director and his length of service on the Board does not in any way interfere with his exercise of balance and objective view to Board deliberations. His experience and knowledge in the Group's businesses and operations enables him to contribute effectively to Board deliberation and decision making.

Notice of Annual General Meeting (cont'd)

11. Authority for Directors to Issue Shares

    This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

    The General Mandate procured and approved in the preceding year 2018 which was not exercised by the Company during the year, will expire at the forthcoming 15th Annual General Meeting of the Company.

    With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

12. Proposed Renewal of RRPT Mandate

    This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in Part A of the Circular to Shareholders dated 29 April 2019 despatched together with the Annual Report 2018. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

13. Proposed Adoption of a New Constitution

    This proposed resolution, if passed, will streamline the existing Constitution of the Company with the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities, and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency. For further information on the Proposed Adoption, please refer to Part B of the Circular to Shareholders dated 29 April 2019 despatched together with the Company's Annual Report 2018.

STATEMENT ACCOMPANYING NOTICE OF THE 15TH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

No individual is standing for election as Director at the forthcoming 15th Annual General Meeting of the Company.

This page has been intentionally left blank

ABLEGROUP BERHAD
(654188-H)
(Incorporated in Malaysia)

FORM OF PROXY

Number of Shares held	
CDS Account No.	
Contact No.	

I/We ______________________________ NRIC/Company No. ____________________
(Full name in block letters)

of ____
(Full address)

being a member of **ABLEGROUP BERHAD**, do hereby appoint ______________________________
(Full name in block letters and NRIC No.)

of ____
(Full address)

or failing him/her ____
(Full name in block letters and NRIC No.)

of ____
(Full address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 May 2019 at 2.30 p.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:-

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees and allowances up to RM224,000.00 from 25 May 2019 until the next AGM of the Company.		
2.	To re-elect Yeoh Chong Keat as Director.		
3.	To re-elect Cheong Marn Seng as Director.		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5.	To retain Cheong Marn Seng as Independent Director.		
6.	To authorise Directors to issue shares.		
7.	Proposed renewal of RRPT Mandate.		
8.	Proposed adoption of a new Constitution.		

(Please indicate with a "x" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this____________ day of ____________________ 2019.

____
Signature/ Common Seal of Member(s)

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 May 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.*
2. *A member shall be entitled to appoint not more than three (3) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.*
3. *Where a member appoints more than one (1) proxy, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.*
4. *Where a member 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.*
5. *To be valid, the original proxy form, duly completed and the power of attorney (if any) under which it is signed or a certified copy thereof must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*
6. *If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
7. *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.*

Fold this flap for sealing

Please fold here

Stamp

The Company Secretaries

ABLEGROUP BERHAD
(654188-H)

c/o Archer Corporate Services Sdn Bhd
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

Please fold here

AbleGroup Berhad

Block D4-U2-10, Level 2,
Solaris Dutamas,
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.

Tel: 03-6207 8186/286/386
Fax: 03-6207 8786