

PLB ENGINEERING BERHAD

PLB國雲集團有限公司

(418224-X)

annual report 2018



• Fattigold Sdn Bhd • Phoenix Residences Sdn Bhd • PLB-KH Bina Sdn Bhd • PLB Land Sdn Bhd • PLB Terang Sdn Bhd • PLB Green Construction Sdn Bhd • Era Pujiaan Sdn Bhd • Excegrand Properties Sdn Bhd • Hektar Pujiaan Sdn Bhd • PLB Cemerlang Sdn Bhd • PLB Wonder Bay Development Sdn Bhd • Gaintrend Sdn Bhd • PLB Ventures Sdn Bhd • PLB Eco Resources Sdn Bhd • Sebad! Corporation Sdn Bhd • PLB Bio Green Sdn Bhd • PLB Green Solar Sdn Bhd • PLB Green Success Sdn Bhd • Diligent Sdn Bhd • Landsdale Development Sdn Bhd • Desanova Development Sdn Bhd • Indah Mulia Development Sdn Bhd • Dynabricks Sdn Bhd • PLB Eco Solutions Sdn Bhd • PLB Resource Management Sdn Bhd

www.plb.com.my

www.plbhomes.com.my

Vision & Mission

CORPORATE VISION

To be a progressive and technology-driven global conglomerate by capitalizing on our core business, while seeking new opportunities to constantly enhance the economic value for our stakeholders.

CORPORATE MISSION



Focusing on customer needs which meet their requirements and drive their success.



Applying Information Technology to enhance our business efficiency and Supply Chain Management.



Monitor continued improvement and upgrade our operation technologies, facilities and Human Resource capabilities.



Inculcate a passion for excellence and commitment while contributing towards nation building and welfare of society.



Supporting our enterprising employees through "Intrapreneurship" schemes.



Identifying new ventures for growth.

Contents

01	Vision & Mission Statement
02	Contents
03	Corporate Information
04	Corporate Structure
05	Directors' Profile
09	Corporate Key Management Profile
10	Chairman's Statement
11	Management Discussion and Analysis
14	Financial Highlights
15	Sustainability Statement
25	Corporate Governance Overview Statement
35	Statement on Risk Management & Internal Control
38	Audit Committee Report
40	Statement of Directors' Responsibility
41	Additional Disclosure Statements
42	Financial Statements
120	Group List of Properties
134	Shareholdings Statistics
137	Notice of Twenty-Second Annual General Meeting
140	Statement Accompanying Notice of Annual General Meeting
143	Proxy Form

Corporate Information

Board of Directors

Dato' Seri Ong Choo Hoon
(Group Executive Chairman)

Dato' Dr. Ong Seng Soon
(Group Managing Director)

Encik Mardzukhi Bin Abu Bakar
(Executive Director)

Dato' Ong Guat Beng
(Executive Director)

Mr. Ong Seng Chye
(Executive Director)

Mr. Saw Chin Eng
(Independent Non-Executive Director)

Madam Teoh Siew Tin
(Independent Non-Executive Director)

Madam Wein Siew Fen
(Independent Non-Executive Director)

Registered Office

51-8-E Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-3736616
Fax : 04-3736615
E-mail : kelly.hing@braxton.com.my

Company Secretary

Ms Hing Poe Pyng (MAICSA 7053526)

Audit Committee

Chairman

Mr. Saw Chin Eng

Members

Madam Teoh Siew Tin
Madam Wein Siew Fen

Remuneration Committee

Chairman

Madam Wein Siew Fen

Members

Mr. Saw Chin Eng
Madam Teoh Siew Tin

Nomination Committee

Chairman

Madam Wein Siew Fen

Members

Mr. Saw Chin Eng
Madam Teoh Siew Tin

Auditors

Messrs Grant Thornton
51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-2287828
Fax : 04-2279828

Share Registrar

Agriteum Share Registration Services
Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-2282321
Fax : 04-2272391

Principal Bankers

Affin Bank Berhad
RHB Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Amlslamic Bank Berhad
Al-Rajhi Banking & Investment
Corporation (Malaysia) Berhad
Hong Leong Bank Berhad
Bank Islam Malaysia Berhad
AmBank (M) Berhad
OCBC Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad

Principal Solicitors

Messrs B.C. Teh & Yeoh
Messrs Ghazi & Lim
Messrs Salina, Lim Kim Chuan & Co.

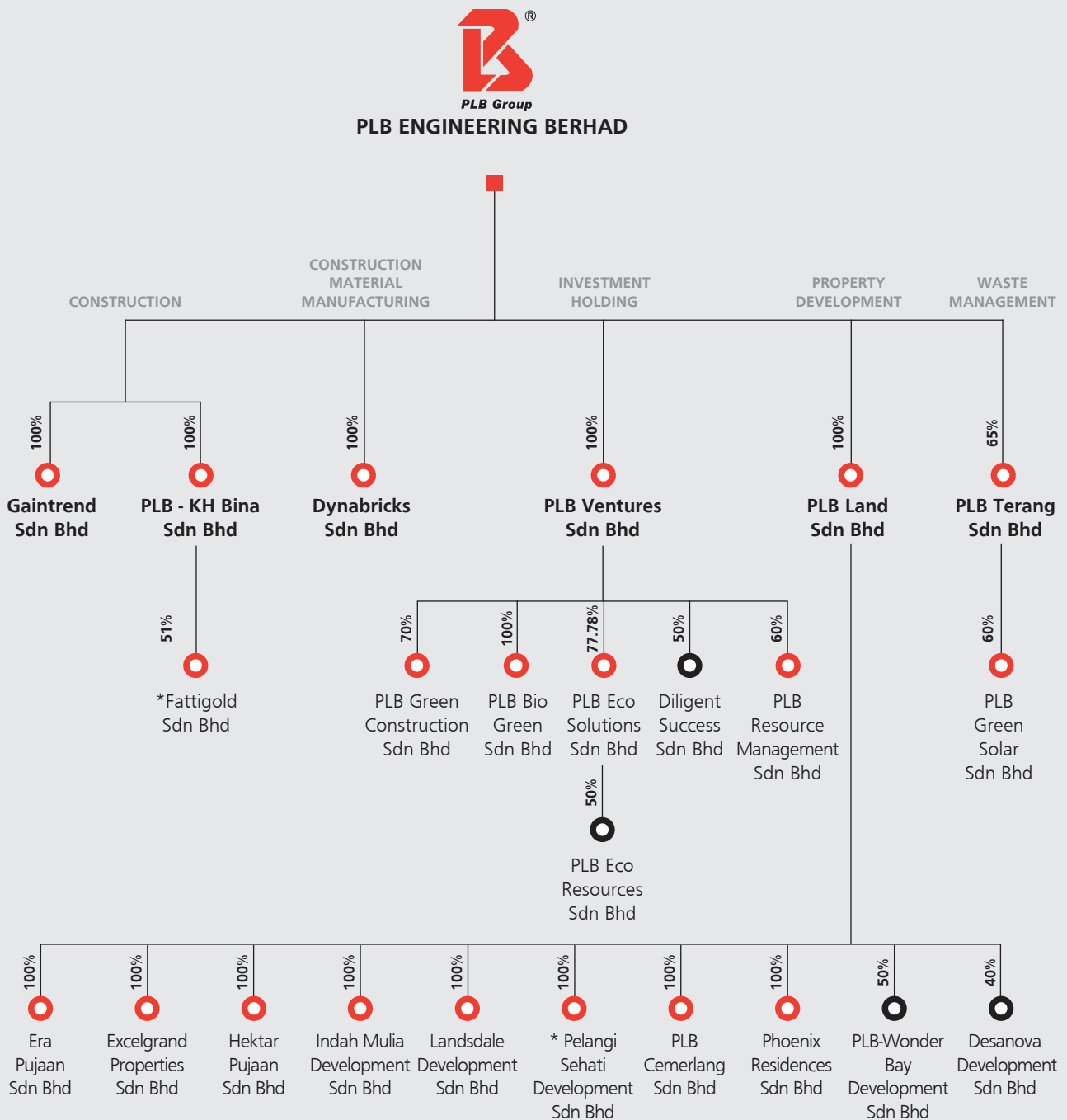
Stock Exchange Listing

Main Market of Bursa Malaysia Securities
Berhad
Stock Short Name : PLB
Stock Code : 7055

Website

www.plb.com.my

Corporate Structure



 Subsidiary
  Associate Subsidiary

*Struck-off during the financial year

Directors' Profile

Dato' Seri Ong Choo Hoon

Group Executive Chairman

Dato' Seri Ong Choo Hoon (male), a Malaysian aged 79, was appointed to the Board of the Company on 11 October 1997 as the Group Executive Chairman. Dato' Seri Ong is the founder of the PLB Group with more than 50 years of experience in machinery, engineering and construction industry. After having been actively involved in machinery engineering contracts and provision of maintenance services from 1962 to 1975, Dato' Seri Ong subsequently ventured into the construction business in 1976 and was the primary moving force behind a number of the Group's successful property development projects over the years. He is responsible for the overall management and strategic planning of the PLB Group.

Dato' Seri Ong is also a member of The People's Volunteer Corps (RELA), holding the position of Major (Honorary).

Dato' Seri Ong represents PLB-KH Bina Sdn Bhd ("PKH"), a wholly owned subsidiary of the Company, as the patron of the Penang State Foundry and Engineering Industries Association.

Dato' Seri Ong is the father of Dato' Dr. Ong Seng Soon, Dato' Ong Guat Beng and Mr. Ong Seng Chye who are also Executive Directors of the Company. He is a director and major shareholder of Leading Builders Sdn Bhd, which is a major shareholder of the Company.

Dato' Dr. Ong Seng Soon

Group Managing Director

Chairman of the Corporate Governance Committee

Dato' Dr. Ong Seng Soon (male), a Malaysian aged 53, was appointed as the Group Managing Director of the Company on 11 October 1997. He holds a degree of Doctorate of Philosophy in Construction Management from Clayton University, United States of America. He joined PKH as a Site Engineer in 1989 and was responsible for the site and construction management of all major construction projects undertaken by PKH. Since his appointment to the Board of PKH and the Company, his in-depth knowledge of the construction industry has contributed significantly to the growth and the expansion of PLB Group. Dato' Dr. Ong oversees the operations management, corporate development and business development of PLB Group.

Dato' Dr. Ong is the Chairman of the Corporate Governance Committee and various working committees in the Group. He is a Major (Associate Officer) of the Department of Civil Defence Malaysia (Ministry of Internal Security), a member of the Board of Engineers of Malaysia, a graduate member of The Institution of Engineers, Malaysia, General Committee Member of Penang Chinese Chamber of Commerce, Committee Member of Real Estate & Housing Developers' Association Malaysia (REHDA) Penang Branch, represents PKH as an Alternate Committee Member of Penang Master Builders & Building Materials Dealers Association, Director of Penang Han Chiang Associated Chinese Schools Association and Honorary Director of S.M.J.K Heng Ee.

Dato' Dr. Ong is the son of Dato' Seri Ong Choo Hoon and the brother of Dato' Ong Guat Beng and Mr. Ong Seng Chye. He is a director and major shareholder of Leading Builders Sdn Bhd, which is a major shareholder of the Company.

Directors' Profile (Cont'd)

Encik Mardzukhi Bin Abu Bakar

Executive Director

Member of the Corporate Governance Committee

Encik Mardzukhi Bin Abu Bakar (male), a Malaysian aged 62, was appointed as the Executive Director of the Company on 11 October 1997 and oversees the business development of the Group. Currently, he also oversees the Safety and Security Department. He obtained a Certificate in Building Structural Draughtsmanship from MARA Institute in 1979 and subsequently received his Diploma in Business Administration from the Institute of Business Administration and Management. He has also attended Safety and Health Officer course by National Institute of Occupational Safety and Health (NIOSH). He was admitted as a fellow of The International Management Association, London i.e. F.I.M.A (UK) in April 2008. He has more than 28 years of invaluable experience through his involvement in construction industry. He was appointed as a Councilor to Majlis Perbandaran Seberang Perai from 1989 to 1990. He was a Project Manager of Gurun Corporation Sdn Bhd from 1990 to 1992. He had attended several intensive courses and seminars on construction and safety management to keep abreast with the latest developments in the industry.

Encik Mardzukhi is not related to any other Director and/or major shareholder of the Company.

Dato' Ong Guat Beng

Executive Director

Member of the Corporate Governance Committee

Dato' Ong Guat Beng (female), a Malaysian aged 60, was appointed as an Executive Director of the Company on 11 October 1997. After completing high school in 1976, Dato' Ong joined PKH to assist Dato' Seri Ong Choo Hoon to oversee the overall operation of PKH. She has almost 40 years of working experience in purchasing, accounting and office administration. She oversees the Finance, Human Resources and Administration departments as well as the Procurement department of the Company. Dato' Ong also assists the Group Executive Chairman and Group Managing Director in the overall operations and management of the Company on site management, financial management and human resources management.

On 9 July 2016, Dato' Ong Guat Beng was conferred Darjah Setia Pangkuan Negeri by the Penang State Government which carries the honorific title Dato'.

Dato' Ong is the daughter of Dato' Seri Ong Choo Hoon and the sister of Dato' Dr. Ong Seng Soon and Mr. Ong Seng Chye. She is a director and shareholder of Leading Builders Sdn Bhd, which is a major shareholder of the Company.

Directors' Profile (Cont'd)

Mr. Ong Seng Chye

Executive Director

Member of the Corporate Governance Committee

Mr. Ong Seng Chye (male), a Malaysian aged 51, was appointed as an Executive Director of the Company on 11 October 1997. He completed his high school education in 1985 and joined PKH in 1987 to assume various responsibilities for plant and machinery scheduling, security maintenance, site management, logistics and manufacturing. Currently, he oversees the Property Development operations of the PLB Group and represents the PLB Group by being actively involved in the public and social responsibilities of PLB Group. He is a Director of SJK (C) Kwang Hwa Butterworth, a Membership Director and Chartered Treasurer as well as Past Secretary and Past President of the Lions Club of Perai. He is also the Committee Member of Infrastructure & Public Facilities Committee and Young Entrepreneur Section Sports Bureau Advisor of the Penang Chinese Chamber of Commerce as well as the Past Treasurer of the Penang Chinese Chamber of Commerce Young Entrepreneur Section. He represents PKH as a Committee Member and Past President of Penang Master Builders & Building Materials Dealers Association. Mr. Ong has attended numerous seminars to supplement his on-the-job experience.

Mr. Ong is the son of Dato' Seri Ong Choo Hoon and the brother of Dato' Dr Ong Seng Soon and Dato' Ong Guat Beng. He is a director and shareholder of Leading Builders Sdn Bhd, which is a major shareholder of the Company.

Mr. Saw Chin Eng

Independent Non-Executive Director

Chairman of the Audit Committee

Member of the Remuneration Committee

Member of the Nominating Committee

Mr. Saw Chin Eng (male), a Malaysian aged 61, was appointed as an Independent Non-Executive Director of the Company on 30 May 2001. He obtained his Bachelor of Commerce degree from University of Otago, New Zealand in 1981. He started his career as an Audit Assistant in an accounting firm. He was later promoted to a position of an Audit Manager in charge of a wide portfolio of clients. Currently, he is practicing under Messrs. Saw & Co., a member firm of the Malaysian Institute of Accountants. A Chartered Accountant by profession, Mr. Saw is a member of Chartered Accountants Australia and New Zealand and also a Chartered Accountant with the Malaysian Institute of Accountants as well as a Chartered Tax Practitioner (CTP) and a member of the Chartered Tax Institute of Malaysia and a qualified Certified Financial Planner (CFP) and registered Financial Planner (RFP). In July 2008, Mr. Saw was admitted as Fellow Certified Practicing Accountant (FCPA) of CPA Australia.

Mr. Saw is the spouse of Madam Teoh Siew Tin.

Directors' Profile (Cont'd)

Madam Teoh Siew Tin

Independent Non-Executive Director

Chairperson of the Risk Management Committee

Member of the Audit Committee

Member of the Nominating Committee

Member of the Remuneration Committee

Madam Teoh Siew Tin (female), a Malaysian aged 61, was appointed as an Independent Non-Executive Director of the Company on 30 October 2008. She received her upper secondary and tertiary education in Australia graduating with Bachelor of Economics (Accounting) degree from Monash University, Clayton Campus, Melbourne, Australia in 1979.

She began her career with international accounting firms and stayed in the industry for 4 years. Her work covers areas of audit, tax and company secretarial. Subsequently, she spent the next 18 years in a Main Board listed company in the steel industry. She started as an Accountant and moved up to General Manager level to hold the position of Group Financial Controller in the Group of Companies. Her work experience covers accounting, finance, corporate tax planning, licensing, administrative and corporate services including human resources management, corporate communications, information technology, credit control and debt recover, equity call and fund raising, mergers and takeovers and feasibilities study of projects.

She is a Fellow member of the CPA Australia, Chartered Accountant with the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia. She is involved in her own consultancy business.

Madam Teoh is the spouse of Mr. Saw Chin Eng.

Madam Wein Siew Fen

Independent Non-Executive Director

Chairperson of the Nominating Committee

Member of the Audit Committee

Chairperson of the Remuneration Committee

Madam Wein Siew Fen (female), a Malaysian aged 48, was appointed as an Independent Non-Executive Director of the Company on 11 September 2017. She graduated with Bachelor of Science (Housing, Building and Planning) with Honours and Bachelor of Architecture from Universiti Sains Malaysia in 1995 and 1996 respectively.

She started her work experience thereafter with a local architectural practice. Currently, she is practicing under Messrs. Habitat Design Architects Sdn Bhd Ms Wein is a member of Board of Architects Malaysia and The Malaysian Institute of Architects.

Madam Wein Siew Fen is not related to any Director and/or major shareholder of the Company.

Notes:-

1. Other than traffic offences, none of the Directors have any convictions within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
2. The Directors' shareholdings are as disclosed in page 134 of this Annual Report.
3. None of our Directors hold or have held any directorships in other public companies and listed companies.

Corporate Key Management Profile

Ms Phee Poh Suan

Senior Finance Manager

Ms. Phee Poh Suan (female), a Malaysian aged 50, was appointed as the Senior Accountant of the Group on 23 June 2003 before being promoted to Finance Manager shortly after. Her areas of responsibility include corporate finance, investor relations, mergers and acquisitions, financial management, compliance and reporting and overall finance operations of the Group.

She started her career in the construction and development industry. Ms Phee is an associate member of Chartered Institute of Management Accountant (CIMA), England. In 2007, she was promoted as the Group's Senior Finance Manager due to her excellent achievement and contribution to the organization.

Notes:-

1. Family Relationship with Director and Major Shareholder

None of the Key Senior Management has any family relationship with any director and/or major shareholder of PLB.

2. Conflict of Interest

None of the Key Senior Management has any conflict of interest with PLB.

3. Conviction of Offences

None of the Key Senior Management has been convicted of any offences (excluding traffic offences) in the past 5 years and there were no public sanction or penalties imposed by the relevant regulatory bodies during the financial year ended 31 August 2018.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of PLB ENGINEERING BERHAD ("PLB" or "the Company"), it is my pleasure to present the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 August 2018.

Along the journey from its inception in 1973 starting with construction and then property development activities, the Group is now also diversified into the solid waste management sector and the generation of renewable energy. At this juncture, the revenue contributed by the construction, property development and waste management arms to the Group is 50%, 25% and 21% respectively.

Financial Performance

For the year ended 31 August 2018, the Group recorded revenue of RM101.83 million and profit before tax of RM1.61 million compared to revenue of RM154.44 million and profit before tax of RM2.34 million respectively in the preceding year corresponding period.

The Group recorded lower revenue and profit before tax for the current year to date compared to preceding year corresponding period. This is mainly due to lower contribution from the construction and property development projects.

Dividend

As the Group continues to strengthen its position to build long-term and sustainable growth milestones, it intends to reinvest earnings into the operations to achieve its goals. As such, no interim dividend has been declared by the Board for the financial year ended 31 August 2018.

Prospects

The Group will continue to focus on and develop its major business segments which are construction and property development.

Barring any unforeseen circumstances, the Group expects to remain profitable for the forthcoming financial year 2019.

Appreciation

I would like to express our sincere appreciation and thanks to the members of the Board of Directors, Management and Staff for their support and contributions to the Company. The Board appreciates that the Company's success depends on continuous service and commitment of key players and a sound management team. In this regard, the Company will persevere to enhance employees' skills and talent as well as build the future leaders for the Group.

On behalf of Board of Directors, I would also like to extend my appreciation to the Malaysian Government and all its ministries, agencies, departments, state government, local councils and last but not least to our valued stakeholders for their continued cooperation and support during the financial year 2018.

DATO' SERI ONG CHOO HOON

Chairman

Management Discussion and Analysis

PLB Engineering Berhad ("PLB") has a diverse portfolio of business ventures primarily in property development, construction and solid waste management sectors. Most of the operations are currently based in Penang or northern Malaysia.

Although the Group's business has diversified, nevertheless, property development and construction remains the core businesses of the Group and will remain the key contributors to the revenue and profits of the Group.

Despite the overall decline in the economy, PLB will continue to assess and implement its business plans with the aim of increasing revenue and contribution growth. With best practices and standard operating policies as its base, our objective is to develop quality housing in line with our logo "PLB Homes ~ Comfort Assured".

The Group shall also take cautious steps in launching new projects in the current market where the Group is leaning towards offering affordable housing schemes.

FINANCIAL REVIEW

The Group's revenue in the current financial year ended 31 August 2018 ("FY2018") was recorded at RM101.83 million compared to the revenue of RM154.44 million recorded in the preceding financial year of 2017 ("FY2017"). This decrease of 34% was mainly due to lower contribution from the construction and property development projects.

Profit before taxation has decreased from RM2.34 million in FY2017 to RM1.61 million in FY2018. This decrease was mainly due to lower contribution from the construction and property development projects.

- Statement of Financial Position

Non-Current Assets

- During the financial year, the non-current assets increased to RM222 million compared to RM127 million in FY2017, mainly due to increase in property, plant and equipment which consists among others a solar plant in progress amounting to RM92 million and the adoption of fair value model in measuring the Group's investment properties to enable a more reliable and accurate reflection of their market values.

Current Assets

- During the financial year, the current assets increased to RM275 million compared to RM245 million in FY2017, mainly due to increase in property development costs for the Paya Terubong, The Stone project.

Current and Non-Current Liabilities

- Current and non-current liabilities registered an increase by RM75 million compared to RM166 million in FY2017 mainly due to the increase in drawdown of bank borrowings, purchaser's deposit received as well as expenditure incurred on solar plant in progress during the financial year.

- Dividend

No dividend has been recommended or declared for FY2018. At present, the Group intends to reinvest earnings into the operations to strengthen our position to build long-term and sustainable growth.

OPERATIONS REVIEW

- Property Development

The overall demand for property development industry has slowed down especially the high end properties after the implementation of property control measures by the government. Hence, sales depends on the performance of property market in Malaysia as well as general economic conditions.

However, the demand for affordable housing is still encouraging with the support from the Penang State Government but much depends on loan approvals & competition from other developers as currently more developers in Penang prefer to build affordable home schemes.

The property development sector plays a major part in the Group's operations.

Management Discussion and Analysis (Cont'd)

OPERATIONS REVIEW (cont'd)

- Property Development (cont'd)

Paya Terubong – The Stone project

"The Stone" is the first phase of the 100% affordable housing scheme at Paya Terubong, Penang. This project consists of 1,000 units of affordable apartments with comprehensive facilities. To date, the booking of units has reached 77% of the overall units. The physical work completed for the "The Stone" is at 30%.

- Construction

The current on-going external construction projects at the unbilled sales of RM79 million located at Bukit Minyak – Batu Kawan, Kulim, Penang island and Kapar, Selangor is expected to increase the turnover for the Group in the next financial year. The Group shall continue to secure contracts from existing established clients to enhance the profitability of the Group in the next financial year.

- Solid Waste Management

The revenue from the solid waste landfill activities at Pulau Burung, Penang recorded for the FY2018 is RM21.1 million through the tipping fees income which has been fixed under the terms of the concession with the Penang State. With the detailed environment impact assessment having been approved for the Phase 3 of the project, it is anticipated that the progress of the Phase 3 waste management project shall commence soon.

- Generation of Renewable Energy

On 23 March 2017, the group had through its joint venture entity obtained a 21-year contract by Suruhanjaya Tenaga to develop a Large Scale Solar PV Plant (solar farm) of 20.00 MW a.c. at the levelised price of 40.80 sen/kWh. The operation of solar farm had commenced in November 2018 and had since started generating electricity.

ANTICIPATED OR KNOWN RISKS

For both the construction and property development activities, the dilemma often faced are delays in project completion and workmanship quality.

Another current issue slowing down the sales of the developed units is the downturn in the property market and the economy. Consumer affordability and location of projects also play a role in the declining sales.

Another risk constantly faced is the fluctuation in costs of materials, equipment and services.

FORWARD LOOKING STATEMENT

While facing the uncertainties in its operating activities, the Group is still working strategising towards achieving long term sustainable returns and to create higher return for shareholders.

The performance of the Group's property development and construction segment very much depends on the performance of the property market in Malaysia as well as the general economic conditions. Any decrease in property demand may affect adversely the Group's business and financial performance.

As the uncertain economic outlook continues, the Group anticipates its performance in the immediate year ahead to be affected by property development and construction's soft market, albeit the Group had taken various steps to mitigate its business risks which includes clearing current inventories through introducing various incentive to attract potential buyers to further improve the Group's cash flow position. However, the Group will maintain a prudent approach in cash-flow management and cost-cutting measures.

The Group continues to support improvement and monitoring action plans for quality workmanship. Efforts are also undertaken to participate in joint ventures with multinational related company for sharing of management skill, design, method and technical knowledge.

Management Discussion and Analysis (Cont'd)

FORWARD LOOKING STATEMENT (cont'd)

Trainings will be provided to all relevant personnel to participate in related industry seminars and workshops to enhance their knowledge and technology input, so as to assist the Group to deliver quality products and services.

- Property Development

As the overall property development industry is facing a slump, the Group is focused more in planning its strategies to harvest better yield in the coming years for all its land bank. Implementation will be undertaken when the outlook of the industry improves after FY2018.

The main drive for the property development sector is its first phase of 100% affordable housing scheme development at Paya Terubong, Penang. The project called "The Stone" consists of 1,000 units of affordable apartments with comprehensive facilities.

Other projects under hand are 252-unit Apartment located at Zoo Road, Penang and the 118-room hotel located at Irving Road, Penang.

- Construction

Overall the construction arm has about RM79 million unbilled projects lined up for the next financial year.

- Solid Waste Management

Though the waste management segment is still in the loss position, with the approval of the Detailed Environment Impact Assessment for Phase 3 obtained in October 2017, progress of Phase 3 is ongoing and anticipated to completed within the year of 2019.

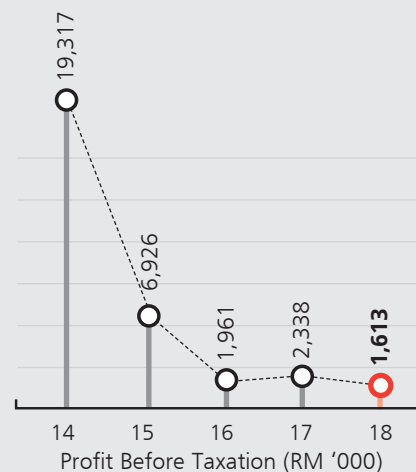
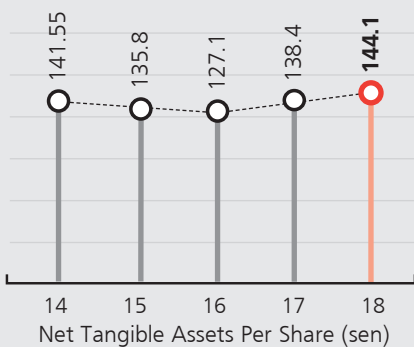
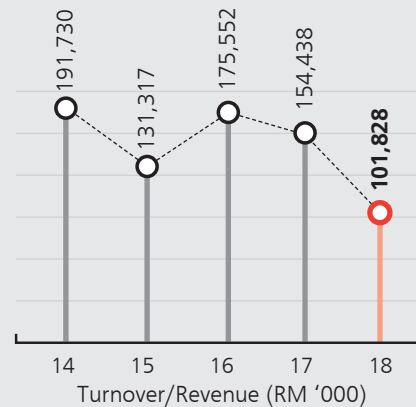
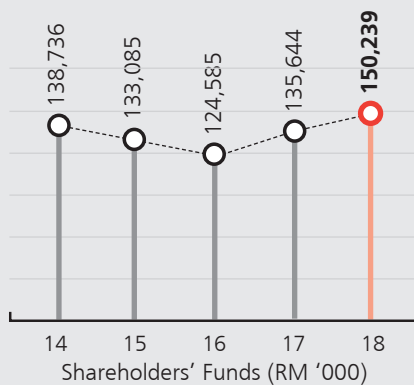
- Solar Farm

The Operation for the solar farm has commenced in November 2018 and had since started generating electricity.

Financial Highlights

	Audited (RM '000)				
	2014	2015	2016	2017	2018
Turnover/Revenue	191,730	131,317	175,552	154,438	101,828
Profit Before Taxation	19,317	6,926	1,961	2,338	1,613
Profit/(Loss) For The Year @	12,808	3,673	(535)	3,986	(2,116)
Paid Up Capital	91,282	91,282	91,282	107,233	112,395
Shareholders' Funds	138,736	133,085	124,585	135,644	150,239
Earnings/(Loss) Per Share (sen)	13.07	3.75	(0.55)	4.07	(2.03)
Net Tangible Assets Per Share (sen)	141.55	135.8	127.1	138.4	144.1
Total Assets	299,783	304,162	339,692	371,269	497,103
Gross Dividend (%)	10.00	5.00	1.00	-	-

@ Profit for the year represents Profit after taxation and non-controlling interests.



Sustainability Statement

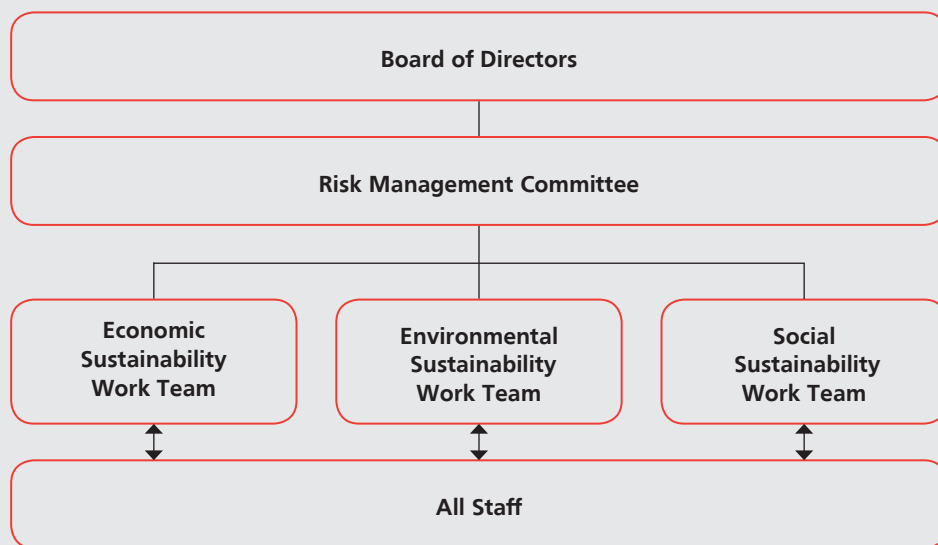
As PLB commences on its journey towards establishing a Sustainability Reporting framework, the inaugural sustainability statement will focus on the sustainability practices, highlighting the material economic, environmental and social ("EES") impacts on its business strategies and operations. Through this statement, PLB demonstrates its commitment in integrating these sustainability practices across PLB's multi-faceted businesses. This statement covers the activities carried out during the financial year being reviewed.

Sustainability Management Structure

PLB Engineering Berhad ("PLB" or "The Group") upholds high standards of corporate governance and transparency to safeguard shareholders' and stakeholders' interests. PLB believes that good corporate governance is essential towards the sustainability of our businesses and performance.

PLB's sustainability comes under the purview of the Risk Management Committee ("RMC") which comprises of The Group's Senior Management. The RMC is supported by the various Risk Management Units ("RMU") that strive to ensure continued progress and improvement in the EES activity areas. The RMU meets every month where the focus is on progress reporting.

PLB's Board is updated quarterly through the RMC and Audit Committee on businesses relating to sustainability risks. The Chairman of RMC also updates the Board of Directors on sustainability management performance of the group and key material issues identified by the stakeholders and the planned follow up measures.



The stakeholders of the Group are made up of but not limited to:-

- employees
- investors, including business partners
- customers, including clients, tenants, homeowners,
- communities, including suppliers, contractors, government agencies, NGOs, environment

The following key material issues will continually be focused upon as PLB moves onward to achieving its sustainability goals:-

- **Development Sustainability**
- **Environmental Preservation**
- **Talent Retention and Employee Development**
- **Community Outreach**

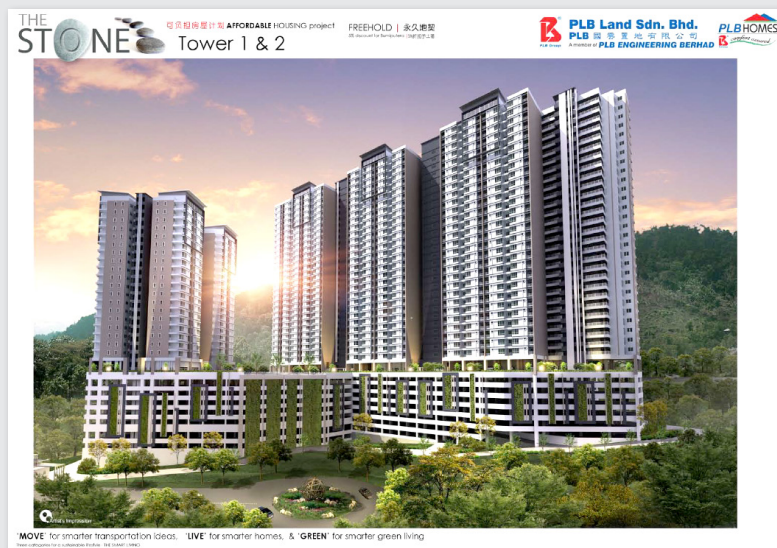
Sustainability Statement (Cont'd)

Development Sustainability

PROPERTY DEVELOPMENT

Affordable Homes

In line with the Penang local government's call for more affordable housing developments, in partnership with the Penang State Government, PLB through its development arm of PLB Land Sdn Bhd ("PLD") had launched its affordable housing initiative of 8,000 units at Paya Terubong. Currently, 1,000 units of 'The Stone' project are being constructed and scheduled for completion by 2022.



The other phase of affordable housing in Paya Terubong known as 'The Dew' is in the pipeline and construction will commence once 'The Stone' project has achieved physical work completion of 50%.



Sustainability Statement (Cont'd)

Responsible Marketing

Timely and accurate information is disseminated to the public through PLD's website and social media platforms like the Facebook page as well as during roadshows and through printed media. The show units are built as accurate as possible to what has been disseminated to avoid any misrepresentation to potential home purchasers.

Quality Homes

The Group stands by the belief that quality directly links to its reputation as a reliable developer. In order to sustain as a reliable developer, throughout the construction stage of the development, PLB has numerous internal and external quality assessments and checks being carried out. The Group actively engages with home purchasers prior to handing over to address the issues they face to ensure that it ultimately delivers the best to them.

CONSTRUCTION

Safety and Health at the workplace

The Group's construction arm, PLB-KH Bina Sdn Bhd ("PKH") constantly stresses on a safe and healthy workplace for its employee. Regular checks are carried out at construction sites to ensure that procedures and policies are being implemented and maintained to ensure a conducive work environment. All employees are also provided with regular training to keep them abreast with the current safety and health practices.



Quality Construction

As PKH strives to continually improve and sustain its quality in construction, the subsidiary participated in the Malaysian Construction Industry Development Board ("CIDB")'s Quality Assessment System in Construction ("QLASSIC") assessment. It also conducts QLASSIC briefings at site to ensure that safe and quality products are delivered. QLASSIC helps the company to measure and evaluate its workmanship quality. Monitoring is constantly applied at areas where there are shortfalls.



Sustainability Statement (Cont'd)

ENVIRONMENTAL MANAGEMENT

Landfill Sustainability

The Group's waste management arm, PLB Terang Sdn Bhd ("PLBT"), is taking the necessary technical steps needed for developing integrated solid waste management plans that prioritize emissions reductions projects, including waste prevention, waste diversion, proper landfill operations and management (including capturing and utilising landfill gas), and other energy recovery programs at the Pulau Burung Sanitary landfill in Penang.

Harnessing Solar Energy

In its move towards generating sustainable energy, PLB Green Solar Sdn Bhd, subsidiary of the Group has successfully commenced the Initial Operation of the 20MWac solar farm located at Pulau Burung which has started generating electricity from solar energy from November 2018.



Sustainability Statement (Cont'd)

SUSTAINABLE SUPPLY CHAIN ENGAGEMENT

The effectiveness of the supply chain affects the success of our business. PLB works closely with its contractors and suppliers who are committed to high quality, environmental, health and safety standards.

For construction operation, PKH's procurement department acts as an independent party to introduce potential suppliers for its projects and business partners. It facilitates the pre-selection of potential suppliers as well as ensures that the company engages the most competent and trustworthy local suppliers. The suppliers' performance are constantly monitored and appraised in order to ensure sustainability is achieved.

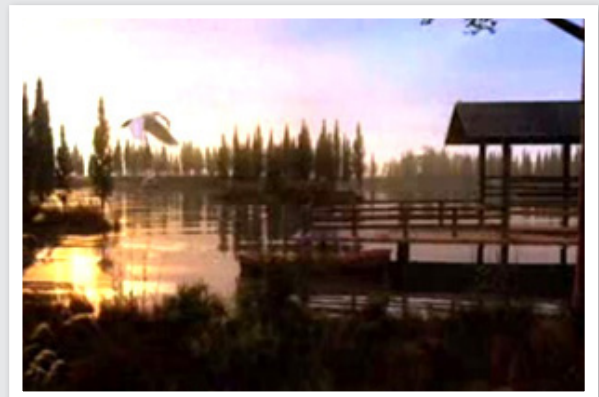
■ Environmental Preservation

Recycle and Reduce

The Group strongly believes and adopts environmentally-safe practices in its operations. A total amount of 1.8345 tones recycle items were collected during the financial year. Further, the Group supported the Earth Hour Program to reduce global warming and raise awareness on global climate change on 24 March 2018 from 8.30 pm to 9.30 pm initiated by the World Wildlife Fund.

Wetlands Conservation

The waste management arm of the Group is committed to provide a comprehensive range of services including environment, water, vegetation and ecosystem survey, vegetation and eco improvement, environment evaluation and up keeping, provision of an educational program and any measures needed to avoid further contamination to the wetlands located beside the Pulau Burung Sanitary Landfill.



Sustainability Statement (Cont'd)

Community Outreach Initiatives

Green Awareness

In collaboration with the Penang Green Council and together with the Majlis Bandaraya Pulau Pinang and Majlis Perbandaran Seberang Perai, the Penang Green School program was launched to inculcate love for the environment in students and the community as well as to overcome environmental contamination issues through cultivation of the four criterias ie Resource Efficiency, Innovation & Creativity, Cleanliness & Greening and Community Involvement. Participating students are from the primary and secondary schools.



Sustainability Statement (Cont'd)

PLB continuously support the Penang Green Council's Penang International Green Carnival to help raise awareness on the management of solid waste landfill and the by-product of recycling of waste material.



The Pulau Burung Sanitary Landfill has played host to many students, NGOs and government agencies who are eager to learn about the recycling and waste management processes.



Sustainability Statement (Cont'd)



Keeping the community green and healthy

PLB continues to support the Penang Government's community projects. We sponsor exercise equipment, a futsal court and tree planting events in various housing estates in both island and mainland of Penang.



Sustainability Statement (Cont'd)



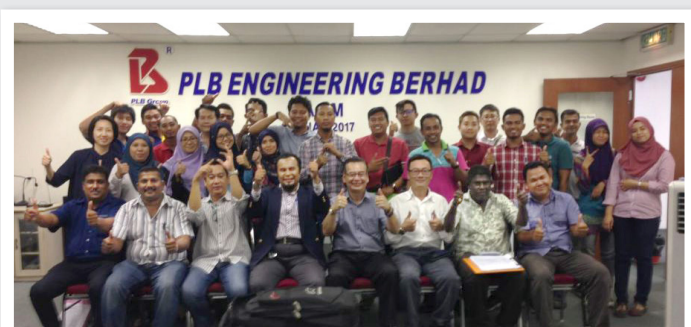
Employee Engagement

The Group recognises that employees are a vital component of an organisation. Therefore, stringent recruitment processes are carried out to bring in dynamic and talented people to carry the Group to the next level of growth.

Regular briefings and in-house training are provided to motivate and develop internal talent. Employees are also sent for external trainings to upgrade their skills to be able to contribute at optimal levels and to be able to contribute effectively to the Group's performance.

Yearly employee appraisal is carried out for employees to gauge their own performance development within each tier's management. Through this, employees are given an opportunity to engage directly with the individual management to understand each other's needs and aspirations and for better communication.

In recognition of the employees' contribution, the Group holds annual gatherings to reward long-service employees and welcome new employees to the family.



Sustainability Statement (Cont'd)



Corporate Governance Overview Statement

The Board recognises the importance of good corporate governance and is committed to ensuring that the highest standards of corporate governance are implemented and maintained throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value.

This Corporate Governance Overview Statement ("CG Overview Statement") is prepared pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and takes guidance from the key Corporate Governance ("CG") principles as set out in the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia.

This CG Overview Statement provides an overview of the corporate governance CG practices of the Company under the leadership of the Board during the financial year ended 31 August 2018. It is to be read in conjunction with the Corporate Governance Report ("CG Report"), which is made available online at www.plb.com.my. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 : BOARD RESPONSIBILITIES

Strategic aims, values and standards

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing, approving and monitoring the overall strategies and direction of the Group, including sustainability of the Group's businesses;
- overseeing and evaluating the conduct and performance of the Group's businesses;
- identifying and managing principal risks facing the Group and ensuring the implementation of appropriate systems to manage these risks;
- reviewing the adequacy of the Group's internal control policy and safeguarding assets of the Company;
- ensuring appropriate corporate disclosure policy and procedures are in place for effective dissemination of information which is comprehensive, accurate and timely, and leverage on information technology, where applicable;
- reviewing and monitoring the systems of risk management and internal controls, continuous disclosure, legal and regulatory compliance and other significant corporate policies; and
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing members of the Board.

The Board is led and managed by experienced Board members with a wide range of expertise. It is collectively responsible for promoting the success of the Company and the Group by directing and supervising its business and affairs. The Board's principal responsibilities are as prescribed under the best practices of the Code. These include: charting and reviewing the strategic direction of the Company and the Group; overseeing its business operations thereof; evaluating whether these are being properly managed; and providing leadership to enable the achievement of the Group's business objectives.

The Board has a formal schedule of matters reserved to itself for decisions, including the overall Group strategy and direction, acquisition policy, approval of major capital expenditure projects and significant financial matters.

Separation of the positions of Chairman and Managing Director/Chief Executive Office

The positions of the Chairman and the Managing Director/Chief Executive Office are held by two different individuals in line with the Code's recommendations. There is a clear division of responsibility between the Executive Chairman and the Managing Director to ensure that there is a balance of power and authority.

The Chairman is responsible for leading the Board and ensuring its effectiveness whilst the Managing Director is responsible for running the Group's business.

Corporate Governance Overview Statement (Cont'd)

The Company Secretary

The Board is supported by suitably qualified and competent Company Secretaries who are members of the relevant professional bodies. The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties. The Board is regularly updated and kept informed by the Company Secretaries and the management of requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in legislations and regulatory framework affecting the Group.

Where necessary, the Directors may, whether collectively as a Board or in their individual capacities, seek external and independent professional advice from experts on any matter in furtherance of their duties as they may deem necessary and appropriate at the Company's expense.

Conduct of Meetings

The Board meets at least 4 times annually, with the meetings scheduled well in advance at the beginning of each financial year to facilitate the Directors in managing their meeting plans. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. The Board Committee met 5 times during the financial year ended 31 August 2018.

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings. During the financial year under review, the number of Board of Directors' meeting attended by each Director is as follows:-

<u>Name of Director</u>	<u>No of meetings attended</u>
Dato' Seri Ong Choo Hoon	5
Dato' Dr. Ong Seng Soon	4
Dato' Ong Guat Beng	5
Mr. Ong Seng Chye	5
En. Mardzukhi Bin Abu Bakar	5
Mr. Saw Chin Eng	5
Madam Teoh Siew Tin	5
Madam Wein Siew Fen	5

To ensure effective conduct of board meetings, a structured formal agenda and board meeting papers relating to the agenda are circulated to all Directors prior to each board meeting. Senior management are invited to attend board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

Board Charter

On 28 October 2013, the Company's Board Charter sets out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance. The Board Charter was reviewed on 12 December 2018 and continues to be periodically reviewed and published on the Company's corporate website <http://www.plb.com.my>.

Code of Conduct & Ethics & Whistle-Blowing Policy

The Board is committed towards establishing a corporate culture to nurture a high standard of ethical conduct throughout the Group and to promote ethical corporate environment in the country.

The Board further commits towards establishing a corporate culture to nurture a high standard of ethical conduct throughout the Group and to promote ethical corporate environment in the country.

On 28 October 2013, the Board has adopted a Code of Conduct & Ethics for its Directors ("Code") and a Whistle Blowing Policy ("Policy"). The Code and Policy were formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors as well as develop channels and procedures for reporting improper conduct involving the employees of the Group and the protection accorded to whistleblowers.

Details of both the Code and Policy can be found in the Company's corporate website <http://www.plb.com.my>.

Corporate Governance Overview Statement (Cont'd)

PART 2 : BOARD COMPOSITION

Composition of Board

The Board comprises of eight (8) members of which five (5) are Executive Directors, while the remaining three (3) are Independent Non-Executive Directors. Each member brings with them a diversity in experience, expertise and perspective of the Group's business operations.

The Board practices a clear division of responsibilities between the Chairman, Managing Director, Executive Directors and Independent Non-Executive Directors. The Chairman and the Executive Directors are primarily responsible for the orderly conduct and function of the Board, the day to day running of the Group's business, implementation of the Board's policies and the overall operational and management decisions.

On the other hand, the Independent Non-Executive Directors ensure that the strategies proposed by the Management are fully deliberated and examined, taking into account the long term interest of the stakeholders including contributing to the formulation of policy and other decision-making process through their expertise and experience. As they are independent of the Management, it is ensured that no single individual or group dominates the Board's decision-making process.

Tenure of Independent Director

Following a review of the tenure of Independent Non-Executive Directors, Mr. Saw Chin Eng and Madam Teoh Siew Tin, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years each as at the end of the financial year under review, Mr. Saw Chin Eng and Madam Teoh Siew Tin have been recommended by the Board to continue to act as Independent Non-Executive Directors subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for their recommended continuance as Independent Non-Executive Directors are as follows:

- they fulfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and, therefore, are able to bring independent and objective judgment to the Board;
- their experience in the relevant industries enable them to provide the Board and the Audit Committee, as the case may be, with pertinent expertise, skills and competence; and
- they have been with the Company long enough to understand the Company's business operations which enable them to contribute actively during deliberations or discussions at the Audit Committee and Board Meeting.

Diversity of Board and Senior Management

The Board is supportive of diversity on the Board and in the Senior Management team.

Appointment of members of the Board and the Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background. The Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as general management and operations, commercial, finance and accounting, corporate affairs, construction and development, sales and marketing, business, tax among others.

The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

Gender Diversity

The Board has always considered gender and workplace diversity set out under the Practice 4.5 of the MCCG emphasising on supporting the representation of women at senior level of the Group and on the Group's respective subsidiary boards.

Currently, there are three (3) female Directors on the Board which accounts for more than 37.5% of the Board Structure.

The Senior Management comprises 19% of women employees.

Corporate Governance Overview Statement (Cont'd)

Board Appointment

The Board is responsible for the appointment of new candidates to the Board or Board Committees upon the recommendation of the Nominating Committee.

The Nominating Committee generally relies mainly on recommendations from existing Board members or major shareholders.

The Board is committed to ensure that the Board is comprised of Directors who have the necessary skills, competencies, commitment and experience to complement the efficiency and effectiveness of the Board as a whole.

The Board's Nominating Committee is entrusted with the responsibility to review, propose and recommend the appointment of potential new Directors after taking into consideration the current and future needs of the Company.

Nominating Committee

The Nominating Committee of the Company was established by the Board on 29 October 2002 comprising entirely Independent Directors to assist the Board in carrying out the following duties. The terms of reference of the Nominating Committee is available for viewing on the Company's corporate website <http://www.plb.com.my>.

- a. To review, from time to time, the Policy Framework on the nomination and recommendation of candidates to be members of the Board. In making its recommendations, the Nominating Committee shall take into consideration candidates proposed by the Group Managing Director and, within the bounds of practicability, by any other Director or shareholder. The Nominating Committee shall evaluate candidates on the aspect of their:
 - skills, knowledge, expertise and experiences;
 - professionalism;
 - integrity; and
 - for position of independent non-executive director, the candidates' abilities to discharge such responsibilities/functions independently as expected from the independent non-executive director;
- b. To review annually the Board's required mix of skills, experience and other qualities including the core competencies which Non-Executive Directors should bring to the Board;
- c. To assess annually the effectiveness of the Board as a whole and the Audit Committee;
- d. To identify suitable training programmes for the Directors for each financial year end.

In line with the Code, the Nominating Committee carries out annual evaluations on the effectiveness of the Board as a whole and the Audit Committee to review the effectiveness of the decision-making process of the Board and the Audit Committee. All assessments and evaluations carried out by the Nominating Committee are properly documented. The Nominating Committee, in assessing the performances of the Audit Committee and the Board as a whole on an annual basis, also considers the succession planning for Principal Officers of the Company.

A summary of the activities undertaken by the Nominating Committee in the discharge of its duty for the financial year ended 31 August 2018 is as follows:

- a. Re-election and retirement by rotation of Directors at the 22nd AGM;
- b. Annual Board Assessment;
- c. Annual Audit Committee Self-Assessment; and
- d. Annual Independent Directors' Assessment.

In respect of the assessment for the financial year ended 31 August 2018, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills and experience was adequate. The Board acknowledges the recommendation of MCCG 2017 on the establishment of boardroom gender diversity policy and will take the necessary measures to comply with the recommendation. In the election for Board appointment, the Board believes in and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender, ethnicity and age. The current Board composition has two female board members.

Corporate Governance Overview Statement (Cont'd)

Annual Evaluation

The Nominating Committee assesses the effectiveness of the Board as a whole and the contribution of each individual director including the Independent Non-Executive Directors. All assessments and evaluations carried out by the Nominating Committee in discharging its functions have been documented.

The performances of the Board as a whole as well as the Board Committees are assessed annually via an assessment's questionnaires which are guided by the Corporate Governance Guide issued by Bursa Malaysia.

In respect of the assessment for the financial year ended 31 August 2018, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills and experience was adequate.

Training and Development of Directors

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Board acknowledges the importance of constantly updating itself on the industry's direction and development. They are provided with the opportunity for training and update from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investor relations to equip themselves with the knowledge to effectively discharge their duties as Directors.

The Board identifies the training needs of each Director via the performance evaluation for the individual Directors. During the financial year, all Directors of the Company have attended relevant conferences, seminars and briefings in areas of leadership, corporate governance, finance and competitive strategies organised by the Regulatory Authorities and members of professional bodies, in order to broaden their knowledge and perspectives and to keep abreast with developments in the market place and with new statutory and regulatory requirements to better enable them to fulfill their responsibilities.

Director	Training	Date
Dato' Seri Ong Choo Hoon	ISO 9001:2015 Transition Training	10/11/2017
Dato' Dr. Ong Seng Soon	MIPNB International Conference 2018: Planning Cities Towards Liveability	27/01/2018
	Seminar 'Redesigning Construction For The Future & The 4th Industrial Revolution'	02/06/2018
	CEO Tea Talk	03/07/2018
	Sustainability Reporting Workshops for Practioners	07 - 08/05/2018
	Talk on Sales & Services Tax (SST)	27/08/2018
	ISO 9001:2015 Transition Training	10/11/2017
Saw Chin Eng	Top 10 GST Revised Guides – Updates & Addressing Practical Issues	11 - 12/09/2017
	New Malaysian Code of Corporate Governance 2017-A Comprehensive & Actionable Work Plan	20/09/2017
	Members' Voluntary Winding Up and Strike Off Regime Under Companies Act 2016	10/10/2017
	Practical Auditing Methodology for SMPs	19 - 20/10/2017
	Seminar Percukaian Kebangsaan 2017	14/11/2017
	The 2018 Budget Seminar	28/11/2017
	Practical Assignment of New and Revised GST Tax Codes	14/12/2017
	Know the Process, Know your Rights: Tax Does Not Have to be Taxing	18/01/2018
	Companies Act 2016: CSP Practical Issues Part 3	24/01/2018
	National GST Conference 2018	27 - 28/02/2018

Corporate Governance Overview Statement (Cont'd)

Annual Evaluation (cont'd)

Training and Development of Directors (cont'd)

Director	Training	Date
Saw Chin Eng	Employee Remuneration Reporting & Potential Risks Faced By Employers	30/03/2018
	Key Amendments to Listing Requirements arising from Companies Act 2016	17/04/2018
	Dealing in Listed Securities, Closed Period & Insider Trading	17/04/2018
	Drafting A Constitution For Your Company & Preparing A Gap Analysis Report	23/05/2018
	Transitional Issues Of GST	06/06/2018
	National Tax Conference 2018	16 - 17/07/2018
	Introduction to MBRS	24/07/2018
	MPERS Conference 2018 – Driving SMEs Towards Global Competitiveness	31/07/2018
	GST to SST – The New Mechanism and Transitional Issues	13/08/2018
	Getting Ready for Change: GST to SST	29/08/2018
Ong Seng Chye	Seminar Innovation-Technology: “High Value Engineering Precast Concrete System”	20/09/2017
	World Architecture Day 2017	10/07/2017
	Construction Industry Payment & Adjudication Act (CIPAA) Talk	01/04/2018
	Seminar on LEAP Market	07/01/2018
	Fire Safety & Emergency Talk	06/07/2018
	Talk on Sales & Services Tax (SST)	27/08/2018
	ISO 9001:2015 Transition Training	10/11/2017
Dato’ Ong Guat Beng	ISO 9001:2015 Transition Training	10/11/2017
Teoh Siew Tin	New Malaysian Code of Corporate Governance 2017-A Comprehensive & Actionable Work Plan	20/09/2017
	National GST Conference 2018	27 - 28/02/2018
	Employee Remuneration Reporting & Potential Risks Faced by Employers	30/03/2018
	Key Amendments to Listing Requirements Arising from CA 2016	17/04/2018
	Dealing in Listed Securities, Closed Period & Insider Trading	17/04/2018
	Transitional Issues Of GST	06/06/2018
	National Tax Conference 2018	16 - 17/07/2018
	GST to SST – The New Mechanism and Transitional Issues	13/08/2018
Mardzukhi Bin Abu Bakar	Seminar Innovation-Technology: “High Value Engineering Precast Concrete System”	20/09/2017
	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	15/03/2018
	CIDB Ecobuild Sea Seminar 2018	27 - 28/03/2018
	SME ‘The Financing Dilemma-New Ways to Solve Old Problems’	17/04/2018
	Sesi Taklimat dan Perbincangan Meja Bulat Program Akreditasi Pekerja Mahir dan Penyelia Tapak	26/06/2018
	ISO 9001:2015 Transition Training	10/11/2017
Wein Siew Fen	Challenges for Stratified Development Under New Strata Related Acts & Designing for Fire Safety: Active & Passive and The Sixth Schedule-Principles and Calculations	07/10/2017
	Mandatory Accreditation Programme for Directors of Public Listed Companies	13 - 16/10/2017
	Envelope Design Evolution With New Systems	27/01/2018
	Architecture As The Instrument To Break Down Walls That Separate Us	21/04/2018

Corporate Governance Overview Statement (Cont'd)

PART 3 : REMUNERATION

Remuneration Policy

The Board does not have any formal remuneration policy.

The remuneration policy for executive directors is based on the achievements and contribution of each member measured against their respective key performance indicators. The Board shall determine the remuneration of executive directors taking into consideration the recommendations of the Remuneration Committee.

The non-executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to non-executive directors is subject to the approval of the shareholders at a General Meeting.

Remuneration for non-executive directors is not linked to individual performance.

During the financial year 2018, the Remuneration Committee had performed its duty to assess annually the remuneration package of its Executive Directors and proposed the remuneration of Executive Directors to the Board for consideration.

Remuneration Committee

The Remuneration Committee, established on 29 October 2002, comprises mainly non-executive directors and is responsible to recommend the remuneration packages for the Executive Directors of the Company to the Board on a yearly basis. The terms of reference of the Remuneration Committee is available for viewing on the Company's corporate website <http://www.plb.com.my>. The Board determines the remuneration of Non-Executive Directors who abstains from deliberations and decisions made in respect of their individual remuneration. Currently, the members include Mr. Saw Chin Eng, Madam Teoh Siew Tin and Madam Wein Siew Fen.

Details of Directors' Remuneration

The details of the Directors' remuneration comprising of received and/or receivable for the financial year ended 31 August 2018 are as follows:-

Particulars	Executive Directors		Non-Executive Directors		Total	
	Group	Company	Group	Company	Group	Company
Fees (RM)	-	-	78,000	78,000	78,000	78,000
Salaries (RM)	2,916,000	347,460	-	-	2,916,000	347,460
Bonuses (RM)	575,000	50,000	-	-	575,000	50,000
Allowances (RM)	78,000	6,000	12,000	12,000	90,000	18,000
EPF (RM)	192,295	33,185	-	-	192,295	33,185
Benefit in kind (RM)	97,355	29,092	-	-	97,355	29,092
Indemnity given on insurance effected for any directors (RM)	27,902	23,270	-	-	27,902	23,270
Total (RM)	3,886,552	489,007	90,000	90,000	3,976,552	579,007

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 August 2018 are as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	-	-
Above RM500,000	3	-

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 : AUDIT COMMITTEE

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

The Company complied with Practice 8.1 of the Code which stipulated that the Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee is chaired by an Independent Non-Executive Director, Mr. Saw Chin Eng who is the Senior Independent Non-Executive Director and who is not the Chairman of the Board.

Former Key Audit Partner

During the financial year under review, the Audit Committee has adopted an external auditors policy duly approved by the Board and provide therein, among other guidelines, a former key audit partner is required to serve a cooling-off period of at least 2 years before being appointed, in any event, as a member of the Audit Committee.

Assessment on the Suitability, Objectivity and Independence of External Auditor

The Audit Committee would review and monitor the suitability, objectivity and independence of the external auditors on an annual basis. The Audit Committee also meets with external auditors without the presence of the Executive Directors and Management as this allows for transparent and honest exchange of views and opinions on matters related to the external auditors' audit and their findings. For this purpose, the Audit Committee met the external auditors three times, i.e. on 26 October 2017, 27 July 2018 and 24 October 2018 during the financial year under review.

The external auditors had provided a confirmation of their independence to the Audit Committee that they were and had been independent throughout the conduct of the audit engagement during the financial year ended 31 August 2018 in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").

The engagement partner involved in the external audit of the Company for the financial year ended 31 August 2018 was rotated in accordance with the MIA By-Laws which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years.

The Board, on the recommendation of the Audit Committee, is of the view that the declaration of independence, integrity and objectivity made by the external auditors in their audit report for each financial year under review would suffice to serve as a written assurance from the external auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with the MIA By-Laws.

The Audit Committee had on 31 October 2018, reviewed the suitability and independence of the external auditors and recommended their re-appointment until the conclusion of the next AGM.

Qualification of the Audit Committee

The Audit Committee of the Company comprises 3 Independent Non-Executive Directors and is chaired by Mr Saw Chin Eng.

All Audit Committee members are financially literate and the Audit Committee's composition and performance are reviewed by the Nominating Committee annually and recommended to the Board for its approval.

In order to maintain an independent and effective Audit Committee, the Nominating Committee ensures that all Audit Committee members appointed are Independent Non-Executive Directors who are financially literate with an appropriate level of expertise and experience and a strong understanding of the Company and Group's business.

Corporate Governance Overview Statement (Cont'd)

PART 2 : RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

Establishment of risk management and internal control framework

The Company has put in place a systematic risk management framework and processes to identify, evaluate and monitor principal risks and implement appropriate internal control processes to manage risks across the Group. Risks such as long-term business strategies, regulatory and compliance concerns, substitution and technology applications and fraudulent practices. Although many risks are outside the Company's direct control, a range of activities are in place to mitigate the key risks identified as set out in the Statement on Risk Management and Internal Control.

The risk management and internal control system is regularly reviewed and mitigated by Management to ensure that the Group's assets and shareholders' investments are protected and preserved.

Risk Management Committee

PLB has formed a Risk Management Committee on 27 January 2003 and is currently chaired by an Independent Non-Executive Director.

The Risk Management Committee assists the Board to oversee the risk management matters relating to the activities of the Group. The RMC reviews the risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks. The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

The features of its risk management and internal control framework and the adequacy and effectiveness of this framework are detailed in the Statement on Risk Management and Internal Control included in the Annual Report 2018.

Internal Audit Function

In line with the MCGG 2017 and Listing Requirements, the Company has an internal audit function, which reports directly to the Audit Committee on the adequacy and effectiveness of the current system of internal controls from the perspectives of governance, risk and controls. All internal audits carried out are guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors. The internal audit function of the Company whose scope of work covered during the financial year under review is provided in the Audit Committee Report as set out on pages 38 to 39 of this Annual Report.

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART 1 : COMMUNICATION WITH STAKEHOLDERS

Effective, transparent and regular communication with its stakeholders

In maintaining the commitment to effective communication with shareholders, the Board always ensures that the shareholders are informed of the financial performance and major corporate activities of the Company. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases.

Apart from the mandatory announcements through Bursa Securities, the Company also maintains its website at www.plb.com.my to let the shareholders and investors to access the corporate information, financial information, corporate governance matters and business activities of the Group. The Company's website also serves as a forum for the shareholder and stakeholder to communicate with the Company. The Company's Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information about the financial results and activities undertaken by the Group.

The Company's Annual General Meeting provides a useful forum for shareholders to engage directly with the Company's Directors. At each Annual General Meeting, the Directors of the Company would be present to answer any questions that shareholders will ask. Ample times were given to shareholders to field questions for each agenda of the Notice of the Annual General Meeting. The external auditors were also present to answer question pertaining to the audited accounts.

Corporate Governance Overview Statement (Cont'd)

PART 2 : CONDUCT OF GENERAL MEETINGS

Notice of AGM

The Company's Annual Reports provided to shareholders comprises information on financial performance, business activities, corporate Governance, sustainability, risk management and internal control system, among others. Apart from complying with the listing Requirements and consistent with the MCGG, the Group also strives to enhance the contents of the Annual Report attributable to the development in governance and sustainability initiatives and practices. The Annual Report will be delivered to all shareholders of the Company, together with the notice of Annual General Meeting at least 28 days before the Annual General Meeting day.

Attendance at General Meetings

At each Annual General Meeting, the Group Executive Chairman, Group Managing Director, Group Chief Financial Officer, Senior Management personnel together with the Head of the Board Committees would be present at the meetings to answer any questions that the shareholders may ask. They will participate in a discussion with shareholders when necessary to ensure they are given an accurate and fair representation of the Group's performance and position. External Auditors were also requested to be present at the Annual General Meeting to answer any questions on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company and the independent audit review of the Company's financial position.

Voting

All resolutions set out in the Notice of General Meetings will be voted by poll as required under Paragraph 8.29A(1) of the Main Market Listing Requirements. The Company had conducted poll voting for all resolutions set out in the Notice of Annual General Meeting since 2017. All shareholders were briefed on the voting procedures by the independent scrutineer prior to the poll voting at the general meetings and the polling process for the resolutions will normally be conducted upon completion of deliberation of all items to be transacted at the Annual General Meeting.

COMPLIANCE STATEMENT

The Board considers that the Group has complied substantially with the principles and recommendations as stipulated in the MCGG throughout the financial year ended 31 August 2018.

COMPLIANCE WITH THE MCGG 2017

The Board is satisfied that, save as disclosed earlier, the Company has in all material aspects, complied with the principles and recommendations set out in MCGG 2017 that were in place during the financial year ended 31 August 2018.

This statement was made in accordance with a resolution of the Board of Directors dated 31 October 2018.

Statement on Risk Management & Internal Control

The Board of PLB Engineering Berhad has, pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), submits the following Statement on Risk Management & Internal Control of the Group, which had been prepared in accordance with the Malaysian Code on Corporate Governance 2017 as well as the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board recognizes the importance of good corporate governance. The Board is responsible for the Group's internal control and risk management systems to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said systems. This responsibility is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal auditors and engagement with management.

This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

The management is responsible for assisting the Board in implementing and monitoring the procedures and processes which identify, assess and monitor business risks and internal controls as well as to take responsive corrective action as and when needed.

The Board is mindful of the fact that the system of internal control is designed to manage rather than to eliminate all risks that could impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board regards risk management as an essential part of business operations. During the period under review, the Risk Management Committee is assisted by the senior management team from various subsidiaries and departments in an ongoing process, to identify, evaluate and manage significant risks faced by their respective areas of business and in formulating suitable internal controls to mitigate and control these risks throughout the financial year.

Each risk management unit within the Group is required to identify and document all possible risks that can affect their achievement by taking into consideration the effectiveness of controls that are capable of mitigating such risks.

Through this process, each business unit's identified risks, the controls and processes for managing them are tabulated in a risk assessment report. Significant risks of each business units have been presented to the Risk Management Committee for their deliberation and tabled bi-annually to the Board.

INTERNAL CONTROL

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's internal control.

The existing systems of internal control of the Group encompass overall risk management and compliance controls in finance, management information systems, and business operations. Key elements in the Group's system of internal controls and procedures are as follows:

- (a) The Group has an Internal Audit Department which independently reviews the adequacy and integrity of the Group's systems of internal control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where any significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls, with follow-up audits by Internal Audit to assess the status of implementation thereof by Management. A risk-based approach towards planning and conduct of audits was used by the Internal Auditors in prioritizing their review of the various risk areas of the Group.

Statement on Risk Management & Internal Control (Cont'd)

- (b) The Group's Risk Management Framework is outlined in the Risk Management Policy. The Group has a Risk Management Committee who reports to the Board on a quarterly basis on all major risk areas. The Risk Management Committee coordinates the overall risk management activities within the Group.
- (c) The framework of the Group's system of internal control and key procedures include the following:
- There is an organization structure in place (which formally defines the operating structure lines of responsibility and delegation of authority). Committees such as the Audit Committee, the Corporate Governance Committee, the Risk Management Committee, the Nomination Committee and the Remuneration Committee have been established to assist the Board in discharging its duties;
 - Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally. Financial and operational reports of subsidiaries of a joint venture nature are provided regularly to the Management of the Company;
 - There is strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations. A 3-year budget is formulated by the finance department as a means to control measures and mitigate identified risks for the forthcoming years. These budgets are deliberated by the Audit Committee before being presented to the Boards for approval;
 - Actual performance compared with budget is regularly reviewed. Quarterly review of financial results by the Board and Audit Committee with the senior management personnel updating the crucial highlights of the quarter;
 - The Group Executive Chairman together with the senior management team manages the day-to-day operations of the Group and addresses significant matters through management, operations, and site meetings held on a regular basis. Senior management also receives and reviews such reports provided during the meetings;
 - Duly documented internal policies, guidelines, procedures and manuals are updated from time to time to suit the changing risks and operational inadequacies as well as to guide employees in their day-to-day work. All policies and SOPs are reviewed by respective committees and approved by the director or head of department in charge. In case of non-compliance, recommendations for corrective actions are highlighted to the management and also to the Audit Committee and the Board through the internal audit reports;
 - The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls to mitigate such identified risks;
 - In addition, the Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group. The Board is updated on the operations and activities of the Group which include the strategies and goals and an assessment of its current position and future prospects;
 - Feasibility study, risk impact and assessment on new investments/projects is evaluated by the subsidiaries and/or heads of departments for the Board's deliberation. Financial and operational reports of subsidiaries of a joint venture nature are provided regularly to the Management of the Company;
 - Existence of risk management team to enhance its risk management practice;
 - Constant reviews on the system of internal controls by an independent internal audit function; and
 - Internal and external trainings and development programs are provided for the employees to acquire the necessary knowledge and competency to meet their performance and job expectations.

Statement on Risk Management & Internal Control (Cont'd)

However, due to limitation inherent in any system of internal controls, it should be noted that these controls are designed to manage rather than to eliminate the risks of failure to achieve business objectives. As such, the controls can only provide reasonable but not absolute assurance against material misstatement or loss.

Adequacy and Effectiveness of The Group's Risk Management and Internal Control System

Based on the internal auditors' report for the financial year ended 31 August 2018, there is a reasonable assurance that the Group's system of internal controls is generally adequate to address the risks which the Group considers relevant and material to its operations.

The Board is committed towards operating and maintaining a sound system of internal control and recognizes that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control as well as continue to review, add on or update the controls in line with changes in the operating environment.

The Group's risk management and internal control system do not apply to its associates, which fall within the control of their major shareholders.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 August 2018 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Conclusion

The Board has received assurance from the executive board members that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal auditors, management letters issued by the external auditors, reviews performed by management and various Board Committees as well as reliance on confirmations by the management.

The Board is of the opinion that the system of internal control and risk management is in place for the financial year under review, and up to the date of this Statement, is sound and sufficient to safeguard shareholders' investment and the Group's assets.

This statement was made in accordance with a Board of Directors' resolution dated 31 October 2018.

Audit Committee Report

Objectives

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

Membership

The present member of the Audit Committee consists of:

Chairman	: Mr. Saw Chin Eng (Independent Non-Executive Director)
Members	: Madam Teoh Siew Tin (Independent Non-Executive Director)
	: Madam Wein Siew Fen (Independent Non-Executive Director)

MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 AUGUST 2018

During the financial year, four meetings were held and the table of attendance of each committee member is as follows:-

<u>Director</u>	<u>No. of Meetings attended</u>
Mr. Saw Chin Eng	4/4
Madam Teoh Siew Tin	4/4
Madam Wein Siew Fen	4/4

The Audit Committee met four times during the financial year under review i.e. on 31 October 2017, 30 January 2018, 24 April 2018 and 26 July 2018.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year, the Audit Committee had carried out the following activities to meet their responsibilities as set out in the terms of reference of the Audit Committee:

Financial reporting

The Audit Committee reviewed the unaudited quarterly financial results of the Group during its meetings held on 31 October 2017, 30 January 2018, 24 April 2018 and 26 July 2018. The Audit Committee's recommendations in respect of the quarterly results and audited financial statements were presented to the Board at the respective Board of Directors' meetings for the Board's approval before subsequent release to Bursa Malaysia Securities Berhad.

External Audit

On 27 July 2018, the Audit Committee reviewed and approved the external auditors' audit plan for the Group and the Company for the year ending 31 August 2018. The audit plan covered the major areas of focus and the audit approach for each area identified focusing on mainly the financial assertion risks and the audit approaches to be undertaken.

The Audit Committee was briefed by the external auditors area of audit focus for financial year 2018 such as revenue recognition, recoverability of trade receivables, property development costs, valuation of properties, property, plant and equipment and payables completeness.

The Audit Committee reviewed the audit fees and the performance of the external auditors and was satisfied with the conduct of their professional work and the timeliness of completion of their work to meet the reporting deadline.

Audit Committee Report (Cont'd)

On 31 October 2018, the Audit Committee reviewed the status of the audit for the financial year ended 31 August 2018 with the external auditors. The external auditors briefed the Audit Committee on issues discussed with management and informed the Audit Committee:-

- that they had substantially completed their audit and had not identified any potential uncorrected misstatements during the audit
- the external auditors have not identified any non-compliance of laws and regulations and fraud related matters.
- there were no significant changes to the scope or audit approach as compared to the audit plan
- review of accounting matters and points on internal control
- there were no material litigations or claims against the Group during the financial year under review other than those disclosed in the notes to the financial statements

The Audit Committee reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the external auditors, it was satisfied that management had co-operated fully and the external auditors were able to obtain information requested to carry out their work. Based on the review carried out and the report from the external auditors, the Audit Committee recommended the audited financial statements for the financial year ended 31 August 2018 to the Board of Directors for approval.

Accordingly, the Audit Committee recommended the re-appointment of the external auditors at the forthcoming Annual General Meeting.

Internal Audit and Risk Management

During the financial year under review the internal auditor had conducted the audit activities in accordance with the audit plan approved by the Audit Committee and presented their internal audit reports at the Audit Committee meetings held on 31 October 2017, 30 January 2018, 24 April 2018 and 26 July 2018.

Relevant management members including Executive Directors were invited to attend the Audit Committee meetings to provide insight and clarification on specific matters raised in the internal audit reports. The internal auditor also provided status updates to the Audit Committee in respect of implementation of management action plans or agreed course of action on the findings reported in previous audit cycles to ensure that issues have been resolved satisfactorily.

The Audit Committee discussed and evaluated the Group's risks during its meetings. In addition the internal auditor has tailored their audit based on the Group's risk profile. This ensures that the relevant controls are in place to properly manage the risks.

INTERNAL AUDIT FUNCTION

The Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities.

Summary of Activities of the Internal Audit Department ("IAD")

The Group has set up an in-house IAD to support the Audit Committee in discharging its duties and responsibilities. Its role is to undertake independent, regular and systematic reviews of the systems of internal controls, so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance with the Group's established policies and procedures. The IAD adopts a risk-based audit approach when preparing its annual audit plan which is approved by the Audit Committee.

During the financial year, the IAD conducted various audit assignments on the operations, management and financial systems of the Group as well as compliance audits in accordance with the approved annual audit plan. The results of the internal audit reviews and the recommendations for improvement are presented to the Audit Committee for deliberation. The IAD also conducted follow-up audit reviews to monitor and ensure that audit recommendations for improvement have been effectively implemented by Management.

The internal audit reports on the reviews carried out, identifying weaknesses with suggested recommendations for improvements to management for further action, were presented to the Audit Committee at the Audit Committee meetings held on 31 October 2017, 30 January 2018, 24 April 2018 and 26 July 2018.

The internal audit costs incurred during the financial year were RM96,137.82.

Statement Of Directors' Responsibility In Relation To The Financial Statements

The Directors are responsible for the preparation of the financial statements of the Group and the Company for each financial year in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, requirements of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Securities so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 August 2018, the Directors have applied appropriate and relevant accounting policies in a consistent manner and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been complied with and confirm that the financial statement have been prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and for maintaining internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

This statement was made in accordance with a Board of Directors' resolution dated 5 December 2018.

Additional Disclosure Statements

Utilisation of Proceeds

Not applicable as none was proposed.

Audit Fees

During the financial year, the amount of audit fees paid to the external auditors by the Group and the Company was RM151,300 & RM23,000 respectively.

Non-Audit Fees

During the financial year, the non-audit fees paid to the external auditors of the Group and of the Company were RM4,300 and RM3,000 respectively. The taxation fee totaling RM44,700 is payable to a company in which certain partners of the audit firm are shareholders and directors.

Material Contracts

There were no material contracts of the Company and the Group involving Directors and major shareholders entered into since the end of the previous financial year or still subsisting at the end of the financial year ended 31 August 2018.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Details of transactions with Related Party undertaken by the Group during the financial year are disclosed in Note 31 of the Financial Statements.

Financial Statements

43	Directors' Report
47	Directors' Statement
47	Statutory Declaration
48	Independent Auditors' Report to the Members
53	Statements of Financial Position
54	Statements of Comprehensive Income
56	Consolidated Statement of Changes in Equity
57	Statement of Changes In Equity
58	Statements of Cash Flows
61	Notes to the Financial Statements

Directors' Report

For The Financial Year Ended 31 August 2018

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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 6 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Loss after tax for the financial year	<u>(4,533,350)</u>	<u>(551,822)</u>
Attributable to:		
Owners of the Company	(2,116,282)	(551,822)
Non-controlling interests	<u>(2,417,068)</u>	-
	<u>(4,533,350)</u>	<u>(551,822)</u>

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the notes to the financial statements.

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend dividend payment for the financial year.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company's issued and paid-up share capital was increased from RM107,232,730 to RM112,395,018 by way of a bonus issue of 21,113,351 new ordinary shares on the basis of 1 bonus share for every 4 existing ordinary shares held. The bonus issue was firstly capitalised against the Company's share premium account and the remaining amount was capitalised from the retained profits account.

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

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up unissued shares of the Company during the financial year.

TREASURY SHARES

During the financial year, the Company sold 9,124,500 ordinary shares representing all of the ordinary shares held as treasury shares in the open market at an average price of RM1.78 per share.

Further relevant details are disclosed in Note 19 to the financial statements.

Directors' Report (Cont'd)

For The Financial Year Ended 31 August 2018

HOLDING COMPANY

The holding company is Leading Builders Sdn. Bhd., a company incorporated and domiciled in Malaysia, which the directors regard as the ultimate holding company.

DIRECTORS

The directors who served since the date of the last report are as follows:

Directors of the Company:

Dato' Seri Ong Choo Hoon
Dato' Dr. Ong Seng Soon
Mardzukhi Bin Abu Bakar
Dato' Ong Guat Beng
Ong Seng Chye
Saw Chin Eng
Teoh Siew Tin
Wein Siew Fen

Directors of the Subsidiaries:

Ng Neoh Soo
Yeoh Boon Toh @ Yeoh Boon Toe
Tan Siew Huat
Ir. Tiu Jon Hui
Tengku Dato' Naizat Shima
Syamshuar Bin Husin
Tan Boon Ching
Yeap Cyndy

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			Balance at 31.8.18
	Balance at 1.9.17	Bonus issue	Bought/Sold	
The Company				
Direct Interest:				
Dato' Seri Ong Choo Hoon	2,733,095	683,273	-	3,416,368
Dato' Dr. Ong Seng Soon	79,333	19,833	-	99,166
Mardzukhi Bin Abu Bakar	8,333	2,083	-	10,416
Dato' Ong Guat Beng	52,333	13,083	-	65,416
Ong Seng Chye	66,333	16,583	-	82,916
Dato' Noordin Bin Md. Noor	13,333	3,333	-	16,666
Indirect Interest:				
Dato' Seri Ong Choo Hoon	54,650,603	13,662,648	-	68,313,251 ^{(i) (ii)}
Dato' Dr. Ong Seng Soon	54,095,603	13,518,900	-	67,614,503 ^{(i) (ii)}
Dato' Ong Guat Beng	250,000	62,500	-	312,500 ⁽ⁱⁱ⁾
Holding Company - Leading Builders Sdn. Bhd.				
Direct Interest:				
Dato' Seri Ong Choo Hoon	1,736,736	-	-	1,736,736
Dato' Dr. Ong Seng Soon	701,372	-	-	701,372
Dato' Ong Guat Beng	367,387	-	-	367,387
Ong Seng Chye	400,785	-	-	400,785

ⁱ Indirect interest by virtue of their substantial shareholdings in Leading Builders Sdn. Bhd.

ⁱⁱ Indirect interest by virtue of the interest held by their immediate family members.

By virtue of their interests in the holding company, **Dato' Seri Ong Choo Hoon** and **Dato' Dr. Ong Seng Soon** are deemed interested in the shares of the subsidiaries, to the extent that the holding company has interests.

Directors' Report (Cont'd) **For The Financial Year Ended 31 August 2018**

DIRECTORS' FEES AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Salaries, allowances and bonus	415,460	3,165,540	3,581,000
Defined contribution plan	33,185	159,110	192,295
Fees	78,000	-	78,000
Benefits-in-kind	29,092	68,263	97,355
Indemnity given or insurance effected for any director	23,270	4,632	27,902
	579,007	3,397,545	3,976,552

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown above) by reason of a contract made by the Company or a related corporation with a 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 those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business 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:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

Directors' Report (Cont'd)

For The Financial Year Ended 31 August 2018

In the opinion of the directors:

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

There was no indemnity given to or insurance effected for the officers of the Group and of the Company other than those disclosed under the directors' fees and benefits section of this report.

AUDITORS

The total amount of fees receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 August 2018 were RM151,300 and RM20,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

Dato' Dr. Ong Seng Soon

Dato' Ong Guat Beng

Penang,

Date: 24 December 2018

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 53 to 119 are properly drawn up in accordance with 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 August 2018** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors:

Dato' Dr. Ong Seng Soon

Dato' Ong Guat Beng

Date: 24 December 2018

Statutory Declaration

I, **Dato' Ong Guat Beng**, the director primarily responsible for the financial management of **PLB Engineering Berhad** do solemnly and sincerely declare that the financial statements set out on pages 53 to 119 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **24th**)
day of **December 2018**.)

Dato' Ong Guat Beng
(I/C No. 580123-07-5656)

Before me,

Commissioner for Oaths

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **PLB Engineering Berhad**, which comprise the statements of financial position as at **31 August 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 significant accounting policies, as set out on pages 53 to 119.

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 August 2018**, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue and cost of sales recognition in respect of development and construction activities (Refer to Note 23 and 24 to the financial statements)</p> <p>During the financial year, the Group recognises revenue and cost of sales from its property development and construction activities based on the percentage of completion ("POC") method. The revenue and cost of sales from these activities amounted to RM76.18 million and RM56.59 million respectively.</p> <p>The POC on the construction and property development contracts is determined by reference to the proportion of the survey of work performed which requires relying on the Group's in-house quantity surveyors and third-party architects to certify the physical proportion of the work completed on the property development or construction projects.</p> <p>Foreseeable losses on a development or construction project are recognised in the accounting period in which they become evident.</p>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> • Reviewing the consistency of the application of the POC method on revenue and cost of sales recognition. • On a sampling basis, we have selected certain development projects and contracts and re-computed the revenue and cost recognised to assess reasonableness of the POC computed by the in-house quantity surveyors and third-party architects. • On a sampling basis, we have assessed key inputs in the revenue and cost estimation by comparing them against actual revenue generated and costs incurred for ongoing projects to evaluate the reasonableness of management's estimation.

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia) (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue and cost of sales recognition in respect of development and construction activities (cont'd)</p> <p>Management estimates contingencies that could arise from amendments and variations to the original contract terms and claims. In addition, judgement is also involved in preparing the estimated gross development value and construction cost.</p>	<p>Our audit procedures included amongst others: (cont'd)</p> <ul style="list-style-type: none"> Performing test of details on a sampling basis on property development/contract revenue by substantiating revenue recognised to supporting documents and reconciliations, including sales and purchase agreements, award letters, approved variation orders, architect certificates and payment certificates. Performing test of details on a sampling basis on property development/contract expenditure by substantiating cost incurred to award letters, architect certificates, supplier invoices and payment certificates to verify that they meet the definition of property development cost and are allocated to the appropriate development projects. Reviewing ongoing projects to identify if there are any foreseeable losses due to cost overruns and/or delays arising from late delivery of vacant possession and ensuring appropriate accounting recognition. Performing site visit on key ongoing and completed projects close to year end to assess stage of completion and discuss contract progression with project managers.
<p>Valuation of inventories (Refer to Note 12 to the financial statements)</p> <p>Included in the inventories of the Group is a significant number of completed properties which remained unsold.</p> <p>There is an inherent subjectivity and estimation involved in assessing the value of these inventories hence the risk of inventories not stated at the lower of cost and net realisable value is considered as a key audit matter.</p>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> Review the valuation of the unsold properties by: <ul style="list-style-type: none"> comparing the cost of unsold properties to the asking price per square feet of similar properties located in the vicinity of the unsold properties, comparing recorded selling price of similar units sold by the Group during the year by tracing to signed sales and purchase agreements, and obtaining and reviewing the independent valuation report prepared by a firm of professional valuers for unsold properties without recent recorded selling price and assessing the appropriateness of the qualification and recent experience of the valuer in valuing such inventories.

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia) (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of property, plant and equipment ("PPE") (Refer to Note 4 to the financial statements)</p> <p>The Group's PPE amounted to RM141.54 million as at 31 August 2018. Included in PPE are plant and machineries and capital work in progress amounting to RM8.90 million and RM125.28 million respectively. In respect to these categories of PPE, there are a number of areas where management judgement impacts the carrying value of the PPE.</p> <p>These include:</p> <ol style="list-style-type: none"> The capitalisation policy adopted; The method employed by management in the review of the residual value and useful life; Estimation of recoverable amount where impairment indicators exist; and The timeliness of the transfer from capital work in progress to PPE. 	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> Review the appropriateness of the estimated useful lives, residual values and depreciation methods adopted for PPE. On a sampling basis, perform test of details on additions during the financial year by substantiating to supporting documents such as purchase invoices, delivery orders and payment records. Performing reasonableness test on the depreciation charged. Performing asset sighting on PPE with significant carrying value. Extensively review and discuss with management on the appropriateness of costs capitalised as PPE. For fixed assets where indication of impairment exists, we have reviewed management's assessment of impairment of fixed assets, taking into consideration the financial performance of the segment over the past financial years, the future prospects and the cash generating potential of the fixed assets and other available information. Obtaining and reviewing the independent valuation report and assessing the appropriateness of the qualification and recent experience of the valuer in the valuation of PPE.

There are no key audit matters in the audit of the separate 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.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company so as to give a true and fair view in accordance with 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.

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia) (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 To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia) (Cont'd)

Other Matters

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

Grant Thornton
No. AF: 0042
Chartered Accountants

Penang

Date: 24 December 2018

Terence Lau Han Wen
No. 03298/04/2019 J
Chartered Accountant

Statements Of Financial Position

As At 31 August 2018

		GROUP		COMPANY	
			(Restated)		
		2018	2017	2018	2017
	NOTE	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	141,542,150	48,956,018	57,434	74,195
Investment properties	5	23,724,000	21,453,075	-	-
Investment in subsidiaries	6	-	-	96,336,862	92,136,862
Investment in associates	7	4,467,350	4,095,425	-	-
Investment in a joint venture	8	696,474	731,836	-	-
Land held for development	9	51,318,042	51,272,485	-	-
Other investments	10	7,588	8,546	-	-
Deferred tax assets	11	623,826	-	-	-
		<u>222,379,430</u>	<u>126,517,385</u>	<u>96,394,296</u>	<u>92,211,057</u>
Current assets					
Inventories	12	44,556,196	52,482,233	-	-
Property development costs	13	172,691,488	133,043,105	-	-
Gross amount due from customers on contracts	14	909,533	701,056	-	-
Trade and other receivables	15	38,434,179	37,485,550	94,034,349	83,846,469
Tax recoverable		2,473,083	1,460,886	600,515	393,720
Fixed deposits with licensed banks	16	12,801,501	9,300,595	-	-
Cash and bank balances	17	2,857,816	10,278,001	4,087	11,078
		<u>274,723,796</u>	<u>244,751,426</u>	<u>94,638,951</u>	<u>84,251,267</u>
TOTAL ASSETS		<u>497,103,226</u>	<u>371,268,811</u>	<u>191,033,247</u>	<u>176,462,324</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	112,395,018	107,232,730	112,395,018	107,232,730
Treasury shares	19	-	(10,508,115)	-	(10,508,115)
Reserves	20	37,843,741	38,919,669	42,607,465	42,117,975
		<u>150,238,759</u>	<u>135,644,284</u>	<u>155,002,483</u>	<u>138,842,590</u>
Non-controlling interests		(6,930,102)	(4,716,150)	-	-
Total equity		<u>143,308,657</u>	<u>130,928,134</u>	<u>155,002,483</u>	<u>138,842,590</u>
Non-current liabilities					
Borrowings	21	113,063,256	74,532,181	-	-
Deferred tax liabilities	11	-	267,512	-	-
		<u>113,063,256</u>	<u>74,799,693</u>	<u>-</u>	<u>-</u>
Current liabilities					
Gross amount due to customers on contracts	14	5,396,224	4,087,998	-	-
Trade and other payables	22	115,425,198	64,053,042	36,030,764	37,619,734
Borrowings	21	118,201,032	97,387,738	-	-
Provision for taxation		1,708,859	12,206	-	-
		<u>240,731,313</u>	<u>165,540,984</u>	<u>36,030,764</u>	<u>37,619,734</u>
Total liabilities		<u>353,794,569</u>	<u>240,340,677</u>	<u>36,030,764</u>	<u>37,619,734</u>
TOTAL EQUITY AND LIABILITIES		<u>497,103,226</u>	<u>371,268,811</u>	<u>191,033,247</u>	<u>176,462,324</u>

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Statements Of Comprehensive Income

For The Financial Year Ended 31 August 2018

	NOTE	GROUP		COMPANY	
		2018 RM	(Restated) 2017 RM	2018 RM	2017 RM
Revenue	23	101,828,173	154,438,271	3,307,116	3,628,215
Direct costs	24	(80,593,278)	(129,004,544)	-	-
Reversal of expected loss on development project		-	423,998	-	-
Gross profit		21,234,895	25,857,725	3,307,116	3,628,215
Other income		6,569,114	319,429	2,240	172,777
General and administrative expenses		(20,875,613)	(19,786,496)	(3,855,240)	(4,025,196)
Profit/(Loss) from operations		6,928,396	6,390,658	(545,884)	(224,204)
Finance costs		(5,655,085)	(4,008,358)	-	-
Share of results of associates		374,818	(4,114)	-	-
Share of results of a joint venture		(35,362)	(40,514)	-	-
Profit/(Loss) before taxation	25	1,612,767	2,337,672	(545,884)	(224,204)
Taxation	26	(6,146,117)	(2,141,090)	(5,938)	(51,283)
(Loss)/Profit for the financial year		(4,533,350)	196,582	(551,822)	(275,487)
Other comprehensive (loss)/income, net of tax					
Item that will be reclassified subsequently to profit or loss:					
Fair value adjustment on available-for-sale financial assets		(958)	6,230	-	-
Total comprehensive (loss)/income for the financial year		(4,534,308)	202,812	(551,822)	(275,487)

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Statements Of Comprehensive Income (Cont'd)

For The Financial Year Ended 31 August 2018

	NOTE	GROUP		COMPANY	
		2018 RM	(Restated) 2017 RM	2018 RM	2017 RM
(Loss)/Profit attributable to:					
Owners of the Company		(2,116,282)	3,985,739	(551,822)	(275,487)
Non-controlling interests		(2,417,068)	(3,789,157)	-	-
		<u>(4,533,350)</u>	<u>196,582</u>	<u>(551,822)</u>	<u>(275,487)</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(2,117,240)	3,991,969	(551,822)	(275,487)
Non-controlling interests		(2,417,068)	(3,789,157)	-	-
		<u>(4,534,308)</u>	<u>202,812</u>	<u>(551,822)</u>	<u>(275,487)</u>
Basic (loss)/earnings per share attributable to owners of the Company (sen)	27	<u>(2.03)</u>	<u>4.07</u>		

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 August 2018

	Attributable to Owners of the Company					
	Non-distributable			Distributable		
NOTE	Share Capital RM	Treasury Shares RM	Share Premium RM	Fair Value Reserve RM	Retained Profits RM	Total RM
2018						
Balance at beginning	107,232,730	(10,508,115)	-	559	38,919,110	135,644,284
Total comprehensive loss for the financial year	-	-	-	(958)	(2,116,282)	(2,117,240)
Transactions with owners:						
Treasury shares sold	-	10,508,115	-	-	6,203,600	16,711,715
Bonus issue	5,162,288	-	-	-	(5,162,288)	-
Issuance of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-
Deconsolidation of a subsidiary	-	-	-	-	-	-
Total transactions with owners	5,162,288	10,508,115	-	-	1,041,312	16,711,715
Balance at end	112,395,018	-	-	(399)	37,844,140	150,238,759
(Restated) 2017						
Balance at beginning	91,281,667	(10,508,115)	15,951,063	(5,671)	27,865,950	124,584,894
Changes in accounting policy	-	-	-	-	7,888,993	7,888,993
Restated balance at 1 September 2016	91,281,667	(10,508,115)	15,951,063	(5,671)	35,754,943	132,473,887
Total comprehensive loss for the financial year	-	-	-	6,230	3,985,739	3,991,969
Transactions with owners:						
Dividend to non-controlling interests of a subsidiary	-	-	-	-	-	-
Non-controlling interest on incorporation of a subsidiary	-	-	-	-	-	-
Transition to no-par value regime on 31 January 2017	15,951,063	-	(15,951,063)	-	-	-
Dividend	-	-	-	-	(821,572)	(821,572)
Total transactions with owners	15,951,063	-	(15,951,063)	-	(821,572)	(821,572)
Balance at end	107,232,730	(10,508,115)	-	559	38,919,110	135,644,284

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Statement Of Changes In Equity

		Non-distributable			Distributable	
	NOTE	Share Capital RM	Treasury Shares RM	Share Premium RM	Retained Profits RM	Total Equity RM
2018						
Balance at beginning		107,232,730	(10,508,115)	-	42,117,975	138,842,590
Total comprehensive loss for the financial year		-	-	-	(551,822)	(551,822)
Transactions with owners:						
Treasury shares sold	19	-	10,508,115	-	6,203,600	16,711,715
Bonus issue	18	5,162,288	-	-	(5,162,288)	-
Total transactions with owners		<u>5,162,288</u>	<u>10,508,115</u>	<u>-</u>	<u>1,041,312</u>	<u>16,711,715</u>
Balance at end		<u>112,395,018</u>	<u>-</u>	<u>-</u>	<u>42,607,465</u>	<u>155,002,483</u>
2017						
Balance at beginning		91,281,667	(10,508,115)	15,951,063	43,215,034	139,939,649
Total comprehensive loss for the financial year		-	-	-	(275,487)	(275,487)
Transition to no-par value regime on 31 January 2017	18	15,951,063	-	(15,951,063)	-	-
Transactions with owners:						
Dividend	28	<u>-</u>	<u>-</u>	<u>-</u>	<u>(821,572)</u>	<u>(821,572)</u>
Balance at end		<u>107,232,730</u>	<u>(10,508,115)</u>	<u>-</u>	<u>42,117,975</u>	<u>138,842,590</u>

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Statements Of Cash Flows

For The Financial Year Ended 31 August 2018

NOTE	GROUP		COMPANY	
	2018 RM	(Restated) 2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	1,612,767	2,337,672	(545,884)	(224,204)
Adjustments for:				
Bad debts	2,000	3,180	-	-
Changes in fair value of investment properties	(2,270,925)	(21,800)	-	-
Deemed loss on deconsolidation of subsidiaries	28,796	1,469	-	-
Depreciation	3,506,846	4,121,521	16,761	14,910
Gain on disposal of property, plant and equipment	(851)	(60,773)	-	-
Impairment loss of property, plant and equipment	2,980,302	-	-	-
Impairment loss on receivables	195,962	380,475	-	-
Impairment loss on investment in associate	2,893	-	-	-
Interest expense	5,655,085	4,008,358	-	-
Interest income	(284,348)	(314,743)	-	-
Inventories written down	348,618	72,692	-	-
Inventories written off	255,665	3,595,413	-	-
Loss on disposal of investment properties	-	2,797	-	-
Property, plant and equipment written off	268,404	2,502,988	-	-
Reversal of expected loss on development project	-	(423,998)	-	-
Share of results of associates	(374,818)	4,114	-	-
Share of results of a joint venture	35,362	40,514	-	-
Waiver of debts	-	-	-	(172,397)
Operating profit/(loss) before working capital changes	11,961,758	16,249,879	(529,123)	(381,691)
Decrease/(Increase) in inventories	7,321,754	(45,084,999)	-	-
(Increase)/Decrease in property development costs	(36,457,094)	41,731,126	-	-
Decrease/(Increase) in gross amount due from/to customers on contracts	1,918,931	(2,210,310)	-	-
(Increase)/Decrease in receivables	(1,146,591)	4,299,586	(72,015)	(176,554)
Increase/(Decrease) in payables	51,372,156	(2,680,715)	4,927,193	11,321
Cash generated from/(used in) operations	34,970,914	12,304,567	4,326,055	(546,924)
Income tax paid	(6,992,944)	(4,200,232)	(212,733)	(612,633)
Income tax refunded	639,945	112,139	-	-
Real property gains tax paid	-	(3,300)	-	-
Interest paid	(9,481,007)	(9,578,685)	-	-
Interest received	218,190	25,394	-	-
Net cash from/(used in) operating activities carried forward	19,355,098	(1,340,117)	4,113,322	(1,159,557)

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Statements Of Cash Flows (Cont'd) **For The Financial Year Ended 31 August 2018**

	NOTE	GROUP		COMPANY	
		2018 RM	(Restated) 2017 RM	2018 RM	2017 RM
Net cash (used in)/from operating activities carried forward		19,355,098	(1,340,117)	4,113,322	(1,159,557)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash flow on deconsolidation of subsidiaries	A	(225,640)	(7,680)	-	-
Net change in subsidiaries' balances (Increase)/Decrease in land held for development	A	-	-	(20,832,028)	1,982,670
Placement of fixed deposits		(45,557)	1,521,556	-	-
Proceeds from disposal of investment properties		(3,434,748)	(4,369,409)	-	-
Proceeds from disposal of property, plant and equipment		-	107,203	-	-
Purchase of investment in associates		852	62,757	-	-
Purchase of property, plant and equipment		-	(3,855,701)	-	-
		(99,526,234)	(17,245,189)	-	(22,202)
Net cash (used in)/from investing activities		(103,231,327)	(23,786,463)	(20,832,028)	1,960,468
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		-	(821,572)	-	(821,572)
Dividend paid to non-controlling interests of a subsidiary		-	(29,400)	-	-
Drawdown of revolving credit		-	16,500,000	-	-
Net drawdown/(repayment) of invoice financing	B	825,000	(361,877)	-	-
Net drawdown of bankers acceptance	B	7,984,287	13,467,470	-	-
Payment of finance lease	B	(105,999)	(585,438)	-	-
Proceeds from issuance of shares to non-controlling interests of a subsidiary	B	399,960	40	-	-
Proceed from disposal of treasury shares	B	16,711,715	-	16,711,715	-
Drawdown of term loan and Bai' Bithaman Ajil	B	63,495,519	27,725,231	-	-
Repayment of term loans and Bai' Bithaman Ajil	B	(19,478,502)	(20,279,992)	-	-
Net cash from/(used in) financing activities		69,831,980	35,614,462	16,711,715	(821,572)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(14,044,249)	10,487,882	(6,991)	(20,661)
CASH AND CASH EQUIVALENTS AT BEGINNING		(3,291,683)	(13,779,565)	11,078	31,739
CASH AND CASH EQUIVALENTS AT END		(17,335,932)	(3,291,683)	4,087	11,078

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 August 2018

	GROUP		COMPANY	
	2018	(Restated) 2017	2018	2017
	RM	RM	RM	RM
The cash and cash equivalents are represented by:				
Cash and bank balances	2,857,816	10,278,001	4,087	11,078
Bank overdrafts	(20,193,748)	(13,569,684)	-	-
	(17,335,932)	(3,291,683)	4,087	11,078

Note A

Cash flow on deconsolidation of subsidiaries

Cash and bank balances	-	1,538	-	-
Payables	(196,844)	(6,211)	-	-
Net assets deconsolidated	(196,844)	(4,673)	-	-
Deemed loss on deconsolidation	(28,796)	(1,469)	-	-
Less: Cash and bank balances	-	(1,538)	-	-
Net cash outflow on deconsolidation of subsidiaries	(225,640)	(7,680)	-	-

Note B

Reconciliation of liabilities arising from financing activities

GROUP	2017 RM	Interest charge RM	Interest paid RM	Cash flows RM	2018 RM
Issuance of shares to non-controlling interests	-	-	-	399,960	399,960
Disposal of treasury shares	(10,508,115)	-	-	16,711,715	6,203,600
Borrowings	171,919,919	9,481,007	(9,481,007)	59,344,369	231,264,288
	161,411,804	9,481,007	(9,481,007)	76,456,044	237,867,848
COMPANY					
Disposal of treasury shares	(10,508,115)	-	-	16,711,715	6,203,600

The notes set out on pages 61 to 119 form an integral part of these financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 August 2018

1. CORPORATE INFORMATION

General

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 holding company is Leading Builders Sdn. Bhd., a company incorporated and domiciled in Malaysia, which the directors regard as the ultimate holding company.

The registered office of the Company is located at 51-8-E, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 December 2018.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 6 to the financial statements.

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

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 applicable Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

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

Level 2: Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

2. BASIS OF PREPARATION (cont'd)

2.3 Functional and Presentation Currency

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

2.4 Adoption of Amendments/Improvements to FRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2017

Amendments to FRS 12 Disclosure of Interests in Other Entities (under Annual Improvements to FRS 2014-2016 Cycle)

Amendments to FRS 107 Statement of Cash Flows: Disclosure Initiative

Amendments to FRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Initial application of the amendments/improvements to the standards did not have any material impact to the financial statements, except for:

Amendments to FRS 107 Statement of Cash Flows: Disclosure Initiative

The Group and the Company have applied these amendments for the first time in the current year. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of the amendments are disclosed in the Statements of Cash Flows. Consistent with the transition provisions of the amendments, the Group and the Company have not disclosed comparative information for the prior period.

2.5 Standards Issued But Not Yet Effective

2.5.1 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Company and certain subsidiaries fall within the definition of Transitioning Entities and have opted to defer the adoption of MFRS Framework. However, for subsidiaries which financial statements are prepared in accordance with MFRS were converted to FRS for the purposes of the preparation of the Group financial statements.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 August 2019. The impact to the financial statements of the Group and of the Company upon adoption of MFRS Framework are discussed below.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

2.5.2 MFRS Standards, Amendments to Published Standards and Interpretations

The new MFRS standards, amendments to published standards and interpretation that are relevant for the Group's and the Company's financial year beginning 1 September 2018 but have not been early adopted by the Group and the Company are as follows:-

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces *MFRS 139 Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. The Group has performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group upon adoption of MFRS 9.

(i) Classification and measurement of financial assets and financial liabilities

Quoted investments currently classified as available-for-sale ("AFS") financial assets

Under MFRS 9, the Group will have to reclassify its AFS financial assets to fair value through profit or loss as it does not meet the contractual cash flow characteristics condition for measurement at AFS however the Group does not expect a significant impact on its financial statements due to immateriality of the AFS financial assets.

Loans and receivables

The Group will continue to measure its other financial assets and liabilities currently classified under loans and receivables and are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest will continue to be carried at amortised cost under MFRS 9.

(ii) Impairment

MFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. MFRS 9 replaces the incurred loss model in MFRS 139 with a forward looking "expected credit loss model". The Group has performed an assessment and expects to apply the simplified approach and record lifetime expected losses on all its trade receivables using a provision matrix based on historical observed default rates which are adjusted for forward-looking estimates established.

The Group is in the progress of tabulating the provision matrix and it is expected that additional provision for impairment loss will be recognised upon adoption of MFRS 9.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

2.5.2 MFRS Standards, Amendments to Published Standards and Interpretations (cont'd)

MFRS 15 Revenue from Contracts with Customers

The new revenue standard will supersede all current revenue recognition requirements under MFRS. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer. The Group has assessed the effects of applying the new revenue standard and the impact to the Group are as follows:-

(a) Accounting for separate performance obligation arising from sale of properties

The application of MFRS 15 resulted in the identification of various separate performance obligations which previously had been bundled as a sale of property. The performance obligation is separate if the performance obligation is capable of being distinct and if they are distinct within the context of the contract. Among the performance obligations to be identified separately in a sale of property agreement are the property, white goods, common facilities, legal and stamp duties paid on behalf of house buyers etc. Revenue will have to be allocated to the respective identified performance obligations and recognised when controls in relation to the performance obligations have been transferred. The timing of revenue recognition could be affected going forward.

(b) Timing of recognition for the sales of properties

Revenue from the property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time. For properties sold in accordance with the Housing Development (Control and Licensing) Act 1966 ("HDA"), control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue from sale of properties under HDA without a secured financing arrangement is recognised when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled. For sale of properties not governed under HDA, the recognition of revenue is assessed on a contract by contract basis, to establish the Group's enforceable right to payment for performance completed to date.

(c) Classification of land held for property development and property development costs

Upon withdrawal of *FRS 201 Property Development Activities*, land held for property development and property development costs will be reclassified as inventories as these assets are in the process of production for sale. These inventories will be carried at the lower of cost or net realisable value.

(d) Presentation of contract assets and contract liabilities in the statement of financial position

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position which will result in some reclassification on certain balance sheet items as of 1 September 2018. In the case of construction contracts, contract assets is the excess of cumulative revenue earned over cumulative billings to-date and contract liabilities is the obligation to transfer goods or services to the customers for which the Group has received the consideration or has billed the customers.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

2.5.2 MFRS Standards, Amendments to Published Standards and Interpretations (cont'd)

MFRS 16 Leases

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (e.g., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (e.g., the lease liability) and an asset representing the right to use the underlying asset during the lease term (e.g., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group is currently assessing the financial impact of adopting MFRS 16.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than the following:

(i) Useful lives of depreciable assets

The depreciable costs of plant and equipment are allocated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets affecting future depreciation charges.

(ii) Impairment of property, plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

2. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

(iii) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by survey of work performed.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making these judgements, the Group evaluates based on past experience and by relying on the work of architects.

(iv) Construction contracts

The Group recognises construction contract revenue and expenses in the profit or loss using the stage of completion method. The stage of completion is measured by reference to the proportion of the survey of works performed to date bear to the estimated total contract sum.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction projects. Total revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(v) Inventories

Inventories are measured at the lower of cost and net realisable values, management takes into account the most reliable evidence at the time the estimates are made. Such estimates are subject to economic and technological changes which may yield different net realisable values at any given point of time.

(vi) Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) Subsidiaries

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

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

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

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is recognised in profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(ii) Business combination

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associate

An associate is defined as one in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting based on audited financial statements of the associate, where appropriate. Under the equity method of accounting, the Group's share of profits and losses of the associate during the year is included in the profit or loss. The Group's interest in associate is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The equity method of accounting is discontinued when the Group's share of losses of the associate exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

In the Company's separate financial statements, investment in an associate is stated at cost less any accumulated impairment losses.

Upon the disposal of investment in an associate, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

Investment in joint venture is stated at cost less impairment losses in the Company's statement of financial position, unless the investment is classified as held for sale or distribution.

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

Unrealised profits arising on transactions between the Group and its associate which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interest in the associate. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain land and buildings are subsequently shown at valuation based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	10% - 50%
Office equipment, furniture and fixtures	5% - 20%
Motor vehicles	10% - 20%

Freehold land is not depreciated as it has an infinite life.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Property, Plant and Equipment (cont'd)

Depreciation on capital work in progress commences when the assets are ready for their intended use.

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

3.3 Investment Properties

The Group has previously measured its investment properties using the cost model in accordance with *FRS 140 Investment Property*. In the current financial year, the Group adopted the fair value model permitted by *FRS 140 Investment Property* to enable a more reliable and accurate reflection of the investment properties to their current market value.

The change in accounting policy has been applied retrospectively. The effects from the change in accounting policy are disclosed in Note 35 to the financial statements.

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the 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 disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Leases (cont'd)

Operating leases

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

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

3.5 Land Held for Development and Property Development Costs

Land held for development

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any impairment losses.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by survey of work performed.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as expenses in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as expenses are recognised as assets, which are measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contracts costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of the survey of works performed.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billing, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

3.7 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.8 Financial Instruments

3.8.1 Initial recognition and measurement

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial Instruments (cont'd)

3.8.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

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. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.8.3 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

At the end of the reporting period, no values were placed on corporate guarantees provided by the Company to secure bank loans and other bank facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial Instruments (cont'd)

3.8.4 Offsetting of financial instruments

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

3.8.5 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. 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 equity is recognised in the 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 or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.9 Impairment of Financial Assets

All financial assets (except for investment in subsidiaries, associates and joint venture) are assessed at the end of each reporting period 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 asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Inventories

Inventories of freehold land and completed development units

Inventories of freehold land and completed development units are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction, development costs and appropriate overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventories of bricks, raw materials, work-in-progress, trading goods and finished goods

Inventories of bricks, raw materials, work-in-progress, trading goods and finished goods are stated at the lower of cost and net realisable value. The cost of inventories is measured based on first in, first out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of bricks, finished goods and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is based on estimated selling price less all estimated costs to be incurred in selling and distribution.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.12 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.14 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and when the revenue can be reliably measured on the following bases:

(i) **Construction contract revenue**

Revenue from construction contracts is accounted for by the stage of completion method as described in the accounting policy as set out in Note 3.6.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Income Recognition (cont'd)

(ii) Property development revenue

Revenue from sale of properties is accounted for by the stage of completion method as described in the accounting policy as set out in Note 3.5.

(iii) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(iv) Provision of waste management services

Revenue from provision of waste management services, green waste management activity and wood shredding activity are recognised when the services are rendered.

(v) Dividend income

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

(vi) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(vii) Management fee

Management fee is recognised on an accrual basis when services are rendered.

(viii) Interest income

Interest income is recognised on a time proportion basis using the applicable effective interest rate.

3.15 Employee Benefits

Short term benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.16 Income Tax

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

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

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Income Tax (cont'd)

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available to set off against the unutilised tax incentive.

3.17 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the 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 GST inclusive.

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

The Ministry of Finance has zero rated the GST effective from 1 June 2018. The government has replaced the GST with Sales and Service Tax which came into effect on 1 September 2018.

3.18 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.20 Segment Reporting

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

3.21 Contingencies

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

3.22 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) Has control or joint control over the Group;
 - (ii) Has significant influence over the Group; or
 - (iii) Is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) The entity is an associate or joint venture of the other entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
 - (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

2018

	At valuation/cost				
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Balance at end RM
At valuation:					
Freehold land	2,174,200	-	-	-	2,174,200
Buildings	4,825,800	-	-	-	4,825,800
At cost:					
Freehold land	179,154	-	-	-	179,154
Buildings	2,298,834	-	-	-	2,298,834
Plant and machinery	32,935,129	77,785	-	(445,008)	32,567,906
Office equipment, furniture and fixtures	3,104,079	74,103	(3,250)	(99,068)	3,075,864
Motor vehicles	7,038,128	105,631	(56,685)	(2,650)	7,084,424
Capital work in progress	26,014,667	99,268,715	-	-	125,283,382
	78,569,991	99,526,234	(59,935)	(546,726)	177,489,564
	Accumulated depreciation				
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Balance at end RM
At valuation:					
Freehold land	-	-	-	-	-
Buildings	1,932,997	96,516	-	-	2,029,513
At cost:					
Freehold land	-	-	-	-	-
Buildings	830,741	43,030	-	-	873,771
Plant and machinery	17,621,266	3,043,046	-	(178,973)	20,485,339
Office equipment, furniture and fixtures	2,276,323	254,209	(3,250)	(96,964)	2,430,318
Motor vehicles	6,722,988	254,594	(56,684)	(2,385)	6,918,513
Capital work in progress	-	-	-	-	-
	29,384,315	3,691,395	(59,934)	(278,322)	32,737,454
	Accumulated impairment losses				
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Balance at end RM
At cost:					
Plant and machinery	201,685	2,980,302	-	-	3,181,987
Office equipment, furniture and fixtures	27,973	-	-	-	27,973
	229,658	2,980,302	-	-	3,209,960
					Carrying amount at end RM
At valuation:					
Freehold land					2,174,200
Buildings					2,796,287
At cost:					
Freehold land					179,154
Buildings					1,425,063
Plant and machinery					8,900,580
Office equipment, furniture and fixtures					617,573
Motor vehicles					165,911
Capital work in progress					125,283,382
					141,542,150

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

2017

	At valuation/cost				
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Balance at end RM
At valuation:					
Freehold land	2,174,200	-	-	-	2,174,200
Buildings	4,825,800	-	-	-	4,825,800
At cost:					
Freehold land	179,154	-	-	-	179,154
Buildings	2,298,834	-	-	-	2,298,834
Plant and machinery	35,280,376	931,032	-	(3,276,279)	32,935,129
Office equipment, furniture and fixtures	3,050,638	138,465	(44,395)	(40,629)	3,104,079
Motor vehicles	7,072,872	104,900	(139,644)	-	7,038,128
Capital work in progress	9,840,875	16,173,792	-	-	26,014,667
	<u>64,722,749</u>	<u>17,348,189</u>	<u>(184,039)</u>	<u>(3,316,908)</u>	<u>78,569,991</u>
	Accumulated depreciation				
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Balance at end RM
At valuation:					
Freehold land	-	-	-	-	-
Buildings	1,836,481	96,516	-	-	1,932,997
At cost:					
Freehold land	-	-	-	-	-
Buildings	787,711	43,030	-	-	830,741
Plant and machinery	15,098,069	3,302,711	-	(779,514)	17,621,266
Office equipment, furniture and fixtures	2,089,305	263,837	(42,413)	(34,406)	2,276,323
Motor vehicles	6,241,985	620,645	(139,642)	-	6,722,988
Capital work in progress	-	-	-	-	-
	<u>26,053,551</u>	<u>4,326,739</u>	<u>(182,055)</u>	<u>(813,920)</u>	<u>29,384,315</u>
	Accumulated impairment losses				
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Balance at end RM
At cost:					
Plant and machinery	201,685	-	-	-	201,685
Office equipment, furniture and fixtures	27,973	-	-	-	27,973
	<u>229,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,658</u>
					Carrying amount at end RM
At valuation:					
Freehold land					2,174,200
Buildings					2,892,803
At cost:					
Freehold land					179,154
Buildings					1,468,093
Plant and machinery					15,112,178
Office equipment, furniture and fixtures					799,783
Motor vehicles					315,140
Capital work in progress					26,014,667
					<u>48,956,018</u>

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY

	Furniture and fixtures	
	2018	2017
	RM	RM
At cost		
Balance at beginning	181,789	159,587
Additions	-	22,202
Balance at end	181,789	181,789
Accumulated depreciation		
Balance at beginning	107,594	92,684
Current charge	16,761	14,910
Balance at end	124,355	107,594
Carrying amount	57,434	74,195

GROUP

- (i) The properties at valuation were revalued on the open market value basis by the directors on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission of Malaysia.

The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provision of *FRS116 Property, Plant and Equipment*, these assets continue to be stated at their 1997 valuation less accumulated depreciation.

The historical carrying amount of the revalued properties is as follows:

	Freehold land	Buildings
	RM	RM
2018		
Cost	600,000	133,863
Accumulated depreciation	-	(74,966)
Carrying amount	600,000	58,897

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM	Buildings RM
2017		
Cost	600,000	133,863
Accumulated depreciation	-	(72,288)
Carrying amount	600,000	61,575

- (ii) The freehold land and buildings are pledged to licensed banks as security for banking facilities granted to certain subsidiaries.
- (iii) The carrying amount of plant and machinery charged to a licensed bank as security for banking facility granted to a subsidiary is **RM10,191,577** (2017: RM13,465,072).
- (iv) The carrying amount of capital work in progress which represents the construction of a material recycling facility and leachate treatment plant and a 20 MV large scale solar photovoltaic plant are charged to licensed banks as security for banking facility granted to certain subsidiaries.
- (v) The carrying amount of motor vehicles acquired under finance lease are **RM89,732** (2017: RM285,587). The leased assets are pledged as security for the related finance lease liabilities (Note 21).
- (vi) The Group's depreciation charge for the financial year is accounted for as follows:

	2018 RM	2017 RM
Recognised in profit or loss (Note 25)		
- General and administrative expenses	341,252	691,353
- Construction contract costs	36,092	61,739
- Cost of sales	3,129,502	3,368,429
	3,506,846	4,121,521
Capitalised in construction contract costs (Note 14)	184,549	205,218
	3,691,395	4,326,739

- (vii) Impairment/write-off of property, plant and equipment

2018

The impairment loss of RM2,980,302 represents write-down of a waste water treatment plant under the Group's waste management business segment to its recoverable amount as the outcome of the treated waste water could not meet the effluent standards required by the Department of Environment Malaysia.

2017

The property, plant and equipment with carrying amount of RM2,233,753 was written-off as a result of a fire incident that occurred at the site of the Group's waste management business segment.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

5. INVESTMENT PROPERTIES

GROUP

	Freehold land RM	Leasehold land RM	Buildings RM	Freehold commercial lots and apartments RM	Total RM
2018					
Balance at beginning	3,603,944	2,110,553	8,433,974	7,304,604	21,453,075
Changes in fair value recognised in profit or loss	-	20,000	1,085,529	1,165,396	2,270,925
Balance at end	3,603,944	2,130,553	9,519,503	8,470,000	23,724,000
(Restated) 2017					
Balance at beginning	3,618,486	2,110,553	8,529,432	7,282,804	21,541,275
Changes in fair value recognised in profit or loss	-	-	-	21,800	21,800
Less : Disposals	(14,542)	-	(95,458)	-	(110,000)
Balance at end	3,603,944	2,110,553	8,433,974	7,304,604	21,453,075

GROUP

- (i) Investment properties amounting to **RM16,765,000** (2017: RM15,009,604) are pledged to a licensed bank as security for banking facilities granted to certain subsidiaries.
- (ii) The amounts recognised in the profit or loss is as follows:

	2018 RM	(Restated) 2017 RM
Rental income from investment properties	513,919	554,975
Direct operating expenses arising from:		
- income generating investment properties	129,908	160,896
- non-income generating investment properties	118,219	83,367

- (iii) Fair value measurement information

The fair value of the investment properties has been arrived at on the basis of a valuation carried out by an independent valuer which have appropriate qualifications and recent experience in the valuation of properties in the relevant location where the Group and the Company's investment properties are situated.

The fair value of the investment properties are categorised under Level 2 of the fair value hierarchy. The fair value is determined using the Comparison Method of Valuation where the most significant input is price per square foot of similar properties that were sold recently or those that are currently offered for sale in the vicinity or other similar areas adjusting for difference in location, size and shape of lot, land tenure, time element, site facilities, condition of the buildings and other relevant adjustments.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2018	2017
	RM	RM
Unquoted shares, at cost	83,636,862	83,636,862
Redeemable non-cumulative preference shares, at cost	12,700,000	8,500,000
	96,336,862	92,136,862

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

Name of Company	Effective Equity Interest		Principal Activities
	2018	2017	
	%	%	
Direct			
PLB-KH Bina Sdn. Bhd.	100	100	Contracting and construction of industrial, residential and commercial building works, renovation works, property development, investment and property holdings and manufacturing of bricks.
PLB Land Sdn. Bhd.	100	100	Property letting, investment holding and property development.
Dynabricks Sdn. Bhd.	100	100	Rental of machineries.
Gaintrend Sdn. Bhd.	100	100	Building construction and property development.
PLB Ventures Sdn. Bhd.	100	100	Investment holding.
PLB Terang Sdn. Bhd.	65	65	Provision of waste management services.
Indirect – held through PLB-KH Bina Sdn. Bhd.			
* Fattigold Sdn. Bhd.	-	51	Dormant.
Indirect – held through PLB Land Sdn. Bhd.			
Era Pujaan Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year. Instead the subsidiary rented out a portion of the development properties earmarked for development.
Hektar Pujaan Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Excelgrand Properties Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Indah Mulia Development Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Effective Equity Interest		Principal Activities
	2018	2017	
	%	%	
Direct			
* Pelangi Sehati Development Sdn. Bhd.	-	100	Dormant.
Landsdale Development Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
PLB Cemerlang Sdn. Bhd.	100	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Phoenix Residences Sdn. Bhd	100	100	Property development.
Indirect – held through PLB Ventures Sdn. Bhd.			
PLB Green Construction Sdn. Bhd.	70	70	Contracting and construction of industrial, residential and commercial building works and renovation works.
PLB Bio Green Sdn. Bhd.	100	100	Provision of green waste management activity.
PLB Eco Solutions Sdn. Bhd	77.78	77.78	Provision of wood shredding activity, manufacturing and trading of waste recyclable materials.
PLB Resource Management Sdn. Bhd.	60	60	Provision of advisory services.
Indirect – held through PLB Terang Sdn. Bhd.			
# PLB Green Solar Sdn. Bhd.	39	39	Provision of solar energy services.

* During the financial year, the Company had via its subsidiaries applied to strike off these subsidiaries. The effects of deconsolidation of the said subsidiaries are disclosed in the consolidated statement of cash flows.

The Company had consolidated the financial results of PLB Green Solar ("PLBGS") into its Group despite owning only 39% effective interest as the Company is able to exert control over PLBGS through the control of PLB Terang ("PLBT"), a 65% owned subsidiary of the Company.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

6. INVESTMENT IN SUBSIDIARIES (cont'd)

2018

- (i) During the financial year, the Company had capitalise the amount due from a subsidiary, PLBT, by way of accepting the allotment of 4,200 redeemable cumulative non-convertible preference shares ("RNPS"), at an issue price of RM1,000 per RNPS.
- (ii) During the financial year, the Company via its subsidiary, PLBT had capitalise the amount due from a subsidiary, PLBGS, by way of accepting the allotment of 4,399,960 RNPS, at an issue price of RM1 per RNPS and increased its investment in PLBGS by subscribing to an additional 599,940 ordinary shares for a total cash consideration of RM599,940.

2017

- (i) On 29 December 2016, PLBT, a 65% owned subsidiary of the Company had incorporated a 60% owned subsidiary, PLBGS with an issued and paid-up share capital of RM100 comprising 100 ordinary shares of which 60 ordinary shares amounting to RM60 are held by PLBT.
- (ii) During the financial year, the Company had capitalise the amount due from a subsidiary, PLBT, by way of accepting the allotment of 4,500 RNPS, at an issue price of RM1,000 per RNPS.

6.1 Subsidiaries with material non-controlling interests

The Group's subsidiaries, namely PLB Green Construction Sdn. Bhd. ("PGC"), PLBT and PLBES have material non-controlling interests which are set out below. The equity interests held by non-controlling interests are as follows:

	Equity interest held by non-controlling interests	
	2018	2017
	%	%
PGC	30.00	30.00
PLBT	35.00	35.00
PLBES	22.22	22.22

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before intercompany elimination.

GROUP

	PGC	PLBT	PLBES	Total
	RM	RM	RM	RM
As at 31 August 2018				
Non-current assets	38,928	49,951,225	409,598	50,399,751
Current assets	21,181,798	7,772,665	5,315,339	34,269,802
Non-current liabilities	-	(7,581,528)	-	(7,581,528)
Current liabilities	(17,333,608)	(49,964,585)	(17,073,549)	(84,371,742)
Net assets	3,887,118	177,777	(11,348,612)	(7,283,717)

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

6. INVESTMENT IN SUBSIDIARIES (cont'd)

6.1 Subsidiaries with material non-controlling interests (cont'd)

	PGC RM	PLBT RM	PLBES RM	Total RM
Year ended 31 August 2018				
Revenue	<u>10,584,676</u>	<u>15,328,354</u>	<u>5,736,695</u>	<u>31,649,725</u>
Profit/(Loss) for the financial year, representing total comprehensive income for the financial year	<u>198,862</u>	<u>(4,039,677)</u>	<u>1,247,660</u>	<u>(2,593,155)</u>
Year ended 31 August 2018				
Net cash generated from/(used in):				
Operating activities	<u>(2,766,735)</u>	<u>13,549,385</u>	<u>2,182,183</u>	<u>12,964,833</u>
Investing activities	<u>(1,320)</u>	<u>(11,130,111)</u>	<u>(2,176,057)</u>	<u>(13,307,488)</u>
Financing activities	<u>2,632,735</u>	<u>(4,524,065)</u>	<u>-</u>	<u>(1,891,330)</u>
Net change in cash and cash equivalents	<u>(135,320)</u>	<u>(2,104,791)</u>	<u>6,126</u>	<u>(2,233,985)</u>
As at 31 August 2017				
Non-current assets	53,145	41,648,306	953,729	42,655,180
Current assets	24,996,560	9,799,378	10,071,426	44,867,364
Non-current liabilities	-	(12,106,205)	-	(12,106,205)
Current liabilities	(21,361,449)	(39,324,025)	(23,621,427)	(84,306,901)
Net assets	<u>3,688,256</u>	<u>17,454</u>	<u>(12,596,272)</u>	<u>(8,890,562)</u>
Year ended 31 August 2017				
Revenue	<u>21,977,244</u>	<u>17,926,269</u>	<u>3,819,129</u>	<u>43,722,642</u>
Profit/(Loss) for the financial year, representing total comprehensive income for the financial year	<u>795,309</u>	<u>(4,586,056)</u>	<u>(10,178,261)</u>	<u>(13,969,008)</u>
Year ended 31 August 2017				
Net cash generated from/(used in):				
Operating activities	<u>(1,763,622)</u>	<u>17,183,930</u>	<u>(9,749,945)</u>	<u>5,670,363</u>
Investing activities	<u>(15,084)</u>	<u>(18,868,836)</u>	<u>9,632,514</u>	<u>(9,251,406)</u>
Financing activities	<u>1,848,234</u>	<u>2,026,714</u>	<u>-</u>	<u>3,874,948</u>
Net change in cash and cash equivalents	<u>69,528</u>	<u>341,808</u>	<u>(117,431)</u>	<u>293,905</u>

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

7. INVESTMENT IN ASSOCIATES

	GROUP	
	2018	2017
	RM	RM
Unquoted shares, at cost	4,155,701	4,155,701
Less : Accumulated impairment loss	(2,893)	-
	4,152,808	4,155,701
Share of post-acquisition reserves	314,542	(60,276)
	4,467,350	4,095,425

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

Name of Company	Effective Equity Interest		Principal Activities
	2018	2017	
	%	%	
Indirect – held through PLB Ventures Sdn. Bhd.			
Diligent Success Sdn. Bhd. ("DSSB")	50	50	Construction of buildings, repair and upgrading works, and the provision of marketing and consultancy services in relation to construction engineering and related works.
Indirect – held through PLB Land Sdn. Bhd.			
Desanova Development Sdn. Bhd. ("DDSB")	40	40	Property development.
Indirect – held through PLB Eco Solutions Sdn. Bhd.			
PLB Eco Resources Sdn. Bhd. ("PLBER")	38.89	38.89	Wholesale of metal and non-metal waste and scrap and materials for recycling.

2017

- (i) On 20 July 2017, PLBES had incorporated a 50% owned company, PLBER with an issued and paid-up capital of RM2 comprising of 2 ordinary shares of which 1 ordinary share amounting to RM1 is held by PLBES.
- (ii) On 28 February 2018, PLB Land Sdn. Bhd. ("PLD"), a wholly-owned subsidiary of the Company acquired 4,000 ordinary shares in DDSB, representing 40% equity interest for a total cash consideration of RM3,855,700.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

7. INVESTMENT IN ASSOCIATES (cont'd)

The summarised financial information of the material associate not adjusted for the percentage ownership held by the Group is as follows:

Summarised financial information of DDSB

	2018 RM	2017 RM	
As at 31 August			
Current assets	7,534,348	6,296,453	
Current liabilities	(3,576,003)	(3,287,368)	
Net assets	3,958,345	3,009,085	
Year ended 31 August			
Net profit, representing total comprehensive income	949,260	3,022,711	
Included in total comprehensive income are the following:			
Other income	-	3,982,700	
Administrative expenses	(4,740)	(5,989)	
	Other individually immaterial associates RM	Total RM	
	DDSB RM		
Reconciliation of net assets to carrying amount			
As at 31 August 2018			
Group's share of net assets	1,583,338	235,236	1,818,574
Goodwill	2,651,669	-	2,651,669
Carrying amount in the statement of financial position	4,235,007	235,236	4,470,243
As at 31 August 2017			
Group's share of net assets	1,203,634	240,122	1,443,756
Goodwill	2,651,669	-	2,651,669
Carrying amount in the statement of financial position	3,855,303	240,122	4,095,425
Group's share of results			
Year ended 31 August 2018			
Group's share of profit/(losses)	379,704	(4,886)	374,818
Year ended 31 August 2017			
Group's share of losses	(397)	(3,717)	(4,114)

Contingent liabilities and capital commitments

The associate has no contingent liabilities or capital commitments as at the end of the reporting period.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

8. INVESTMENT IN A JOINT VENTURE

	GROUP	
	2018	2017
	RM	RM
Unquoted shares, at cost	500,000	500,000
Share of post-acquisition reserves	16,596,474	16,631,836
	17,096,474	17,131,836
Less: Dividends received	(16,400,000)	(16,400,000)
	696,474	731,836

Details of the joint venture, which is incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activity
	2018	2017	
	%	%	

Indirect – held through PLB Land Sdn. Bhd.

PLB-Wonder Bay Development Sdn. Bhd.	50	50	Property development.
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The summarised financial information of PLB-Wonder Bay Development Sdn. Bhd. and a reconciliation of the summarised financial information to the carrying amount of the Group's interest in the joint venture, which is accounted for using the equity method are shown as follows:

	2018	2017
	RM	RM
As at 31 August		
Assets and liabilities		
Current assets including cash and cash equivalents of RM1,384,042 (2017: RM1,456,315)	1,530,524	1,598,197
Current liabilities	(137,576)	(134,526)
Equity	1,392,948	1,463,671
Group's carrying amount of the investment	696,474	731,836
Year ended 31 August		
Results		
Other income including interest income of RM9,109 (2017: RM9,283)	10,639	12,708
Administrative expenses	(77,175)	(93,735)
Loss before tax	(66,536)	(81,027)
Tax expense	(4,187)	-
Loss for the financial year	(70,723)	(81,027)
Group's share of loss for the financial year	(35,362)	(40,514)

Contingent liabilities and capital commitments

The joint venture has no contingent liabilities or capital commitments as at the end of the reporting period.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

9. LAND HELD FOR DEVELOPMENT

	GROUP	
	2018	2017
	RM	RM
Freehold land, at valuation	4,402,580	4,402,580
Freehold land, at cost		
Balance at beginning	44,480,181	45,839,548
Additions	240	3,019,247
Disposal	-	(4,378,614)
Balance at end	44,480,421	44,480,181
Development costs		
Balance at beginning	2,389,724	2,551,913
Additions	45,317	85,749
Disposal	-	(247,938)
Balance at end	2,435,041	2,389,724
	51,318,042	51,272,485
Represented by:		
Freehold land, at valuation	4,402,580	4,402,580
Freehold land, at cost	44,480,421	44,480,181
Development costs	2,435,041	2,389,724
	51,318,042	51,272,485

The freehold land with carrying amount of **RM36,506,895** (2017: RM32,597,895) are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

Freehold land at valuation was revalued on the open market value basis by the directors of certain subsidiaries on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission of Malaysia.

As permitted under the transitional provisions of *FRS 201: Property Development Activities*, the subsidiaries continue to retain the revalued amount of the land as its surrogate cost.

10. OTHER INVESTMENTS

	GROUP	
	2018	2017
	RM	RM
Available-for-sale financial assets:		
Shares quoted in Malaysia, at fair value		
Balance at beginning	8,546	2,316
Fair value adjustment	(958)	6,230
Balance at end	7,588	8,546
Market value of quoted shares in Malaysia	7,588	8,546

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

11. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2018	(Restated) 2017
	RM	RM
Deferred tax assets/(liabilities)		
Gain on revaluation of properties:		
Balance at beginning	(1,264,764)	(1,302,629)
Recognised in profit or loss	37,865	37,865
Balance at end	(1,226,899)	(1,264,764)
Real property gains tax on investment properties:		
Balance at beginning	(175,530)	(179,940)
Recognised in profit or loss	(113,546)	4,410
Balance at end	(289,076)	(175,530)
Others:		
Balance at beginning	1,172,782	1,411,540
Recognised in profit or loss	967,019	(238,758)
Balance at end	2,139,801	1,172,782
	623,826	(267,512)

Deferred tax assets and liabilities are attributable to the following:

	GROUP	
	2018	(Restated) 2017
	RM	RM
Property, plant and equipment	(1,365,899)	(1,357,764)
Profit recognition on construction contracts	47,000	(18,000)
Real property gains tax on investment properties	(289,076)	(175,530)
Tax effect on unrealised profit on construction contracts and property development costs	2,231,801	1,283,782
	623,826	(267,512)

12. INVENTORIES

	GROUP	
	2018	2017
	RM	RM
Freehold land	55,255	55,255
Completed development units	40,569,665	44,609,400
Raw materials	42,359	5,811,383
Work-in-progress	-	464,463
Finished goods	3,659,799	985,215
Trading goods	229,118	556,517
	44,556,196	52,482,233
Recognised in profit or loss:		
Inventories recognised as cost of sales	23,953,579	28,416,427
Inventories written down	348,618	72,692
* Inventories written off	255,665	3,595,413

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

12. INVENTORIES (cont'd)

Completed development units amounting to **RM34,038,434** (2017: RM38,100,996) are pledged to licensed banks as security for banking facilities granted to certain subsidiaries.

- * The inventories written off during in 2017 represents inventories which were destroyed as a result of a fire incident that occurred at the site of the Group's waste management business.

13. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2018	2017
	RM	RM
At cost:		
Balance at beginning	147,574,089	232,034,324
Development costs incurred during the financial year	43,813,084	35,577,912
Transfer to inventories	-	(34,031,099)
Reversal of completed projects	-	(96,303,418)
Expected loss		
Balance at beginning	-	(423,998)
Reversal	-	423,998
Balance at end	-	-
Costs recognised in profit or loss		
Balance at beginning	(4,234,614)	(56,227,205)
Reversal of completed projects	-	96,303,418
Recognised during the financial year	(14,461,071)	(44,310,827)
Balance at end	(18,695,685)	(4,234,614)
	172,691,488	133,043,105
Represented by:		
Freehold land	74,651,885	74,651,885
Development costs	116,735,288	62,625,834
Costs recognised in profit or loss	(18,695,685)	(4,234,614)
	172,691,488	133,043,105

Included in development costs incurred during the financial year are the following:

	GROUP	
	2018	2017
	RM	RM
Interest expense (Note 25)	3,191,289	4,515,900
Rental of land and buildings	25,162	25,678

The freehold land with carrying amount of **RM61,178,375** (2017: RM61,178,375) are pledged to licensed banks as security for banking facilities granted to a subsidiary.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

14. GROSS AMOUNT DUE FROM/TO CUSTOMERS ON CONTRACTS

	GROUP	
	2018	2017
	RM	RM
Due from:		
Construction contract costs incurred to date	27,297,626	56,251,985
Add: Attributable profits	2,289,579	3,361,479
	29,587,205	59,613,464
Less: Progress billings	(28,677,672)	(58,912,408)
	909,533	701,056
Due to:		
Construction contract costs incurred to date	177,018,978	124,443,952
Add: Attributable profits	12,786,130	7,834,527
	189,805,108	132,278,479
Less: Progress billings	(195,201,332)	(136,366,477)
	(5,396,224)	(4,087,998)

Included in construction contract costs incurred during the financial year are the following:

	GROUP	
	2018	2017
	RM	RM
Depreciation (Note 4)	184,549	205,218
Interest expense (Note 25)	634,633	1,054,427
Rental of land and buildings	3,750	9,747
Rental of machinery	466,894	756,548
Staff costs (Note 25)	2,930,863	2,780,228

15. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade receivables (Note 15.1)	22,936,030	24,945,826	-	-
Other receivables, deposits and prepayments (Note 15.2)	13,127,555	10,212,376	1,262,595	1,190,580
Amount due from subsidiaries (Note 15.3)	-	-	92,771,754	82,655,889
Amount due from an associate (Note 15.4)	2,370,594	2,327,348	-	-
	38,434,179	37,485,550	94,034,349	83,846,469

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

15. TRADE AND OTHER RECEIVABLES (cont'd)

15.1 Trade receivables

	GROUP	
	2018	2017
	RM	RM
Trade receivables	23,131,992	25,036,826
Less: Allowance for impairment		
Balance at beginning	(91,000)	(1,872,962)
Current charge	(195,962)	-
Written off	91,000	1,781,962
Balance at end	(195,962)	(91,000)
	22,936,030	24,945,826

Included herein are the following:

- (i) Retention sum receivable of **RM6,275,676** (2017: RM6,503,196).
- (ii) Stakeholders' sum of **RM25,448** (2017: RM1,240,196) as stipulated in the sale and purchase agreements.
- (iii) An amount of **RM1,201,625** (2017: RM Nil) due from Desanova Development Sdn. Bhd. ("DDSB"), an associate of the PLB Land Sdn. Bhd. ("PLD"), a subsidiary of the Company.
- (iv) Amount due from the following companies:

	GROUP	
	2018	2017
	RM	RM
KH-Base Engineering Sdn. Bhd.	499,300	276,345
Infitech Machinery Sdn. Bhd.	-	56,626
Infitech Ecogistic Sdn. Bhd.	-	6,941
QM Machinery Sdn. Bhd.	-	127,146

Refer to Note 31 (i) for related party relationship.

The credit terms granted by the Group to its trade receivables range from **14 to 90 days** (2017: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

15.2 Other receivables, deposits and prepayments

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other receivables	1,339,458	1,271,829	100	1,600
Less: Allowance for impairment	(380,564)	(380,564)	-	-
	958,894	891,265	100	1,600
Deposits	4,620,061	2,955,183	2,000	2,000
Prepayments	1,602,115	2,703,221	1,259,990	1,186,980
GST receivable	5,946,485	3,662,707	505	-
	13,127,555	10,212,376	1,262,595	1,190,580

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

15. TRADE AND OTHER RECEIVABLES (cont'd)

15.2 Other receivables, deposits and prepayments (cont'd)

GROUP

- (i) Included in other receivables is an amount of **RM Nil** (2017: RM16,906) due from Infitech Ecogistic Sdn. Bhd.. Refer to Note 31 (i) for related party relationship.
- (ii) Included in deposits are the following:
 - (a) An amount of **RM230,527** (2017: RM230,527) deposits and incidental costs paid for the acquisition of development land by a subsidiary.
 - (b) An amount of **RM2,751,851** (2017: RM1,800,000) being non-refundable deposit paid for acquisition of plant and machinery.
- (iii) Included in prepayments is an amount of **RM Nil** (2017: RM1,047,594) being advance payments made to suppliers.

15.3 Amount due from subsidiaries

COMPANY

The amount due from/to subsidiaries is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

15.4 Amount due from an associate

GROUP

The amount due from an associate is non-trade related, unsecured, non-interest bearing and is repayable on demand.

16. FIXED DEPOSITS WITH LICENSED BANKS

The encumbered fixed deposits are pledged to licensed banks for banking facilities granted to certain subsidiaries.

The effective interest rates of fixed deposits as at the end of the reporting period range from **2.90% to 3.31%** (2017: 2.80% to 3.10%) per annum.

17. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
HDA	320,119	202,208	-	-
Others	2,537,697	10,075,793	4,087	11,078
	2,857,816	10,278,001	4,087	11,078

The Housing Development Account (HDA) is maintained in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 in Malaysia, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002 in Malaysia, which can only be used for property development activities.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

18. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018	2017	2018 RM	2017 RM
Issued and fully paid:				
Balance at beginning	91,281,667	91,281,667	107,232,730	91,281,667
Issuance pursuant to:				
- Bonus issue	21,113,351	-	5,162,288	-
- Transition to no-par value regime on 31 January 2017	-	-	-	15,951,063
Balance at end	112,395,018	91,281,667	112,395,018	107,232,730

During the financial year, the Company's issued and paid-up share capital was increased from RM107,232,730 to RM112,395,018 by way of a bonus issue of 21,113,351 new ordinary shares on the basis of 1 bonus share for every 4 existing ordinary shares held. The bonus issue was firstly capitalised against the Company's share premium account and the remaining amount was capitalised from the retained profits account.

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. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

19. TREASURY SHARES

This amount represents the acquisition cost of treasury shares.

	2018		2017	
	No. of shares	RM	No. of shares	RM
Balance at beginning	9,124,500	10,508,115	9,124,500	10,508,115
Sold	(9,124,500)	(10,508,115)	-	-
Balance at end	-	-	9,124,500	10,508,115

During the financial year, the Company resold 9,124,500 representing all of the ordinary shares held as treasury shares in the open market at an average price of RM1.78 per share.

	Average Price RM	Highest Price RM	Lowest Price RM
2018			
Sale of shares	1.78	2.18	1.68

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

20. RESERVES

	GROUP		COMPANY	
	2018	(Restated) 2017	2018	2017
	RM	RM	RM	RM
Non-distributable:				
Share premium (Note 20.1)	-	-	-	-
Fair value reserve (Note 20.2)	(399)	559	-	-
	(399)	559	-	-
Distributable:				
Retained profits (Note 20.3)	37,844,140	38,919,110	42,607,465	42,117,975
	37,843,741	38,919,669	42,607,465	42,117,975

20.1 Share premium

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Balance at beginning	-	15,951,063	-	15,951,063
Less: Transition to no-par value regime on 31 January 2017	-	(15,951,063)	-	(15,951,063)
	-	-	-	-

20.2 Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

20.3 Retained profits

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

21. BORROWINGS

	GROUP	
	2018	2017
	RM	RM
Non-current liabilities		
Finance lease liabilities		
Within one year	160,637	228,832
More than one year and less than two years	163,077	144,060
More than two years and less than five years	85,176	177,381
More than five years	86,227	50,939
Balance carried forward	495,117	601,212

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

21. BORROWINGS (cont'd)

	GROUP	
	2018	2017
	RM	RM
Balance brought forward	495,117	601,212
Finance charges	(51,894)	(51,990)
Carrying amount at end	443,223	549,222
Amount due within one year included under current liabilities	(142,932)	(207,714)
	300,921	341,508
Term loans		
Total amount repayable	136,693,233	89,285,211
Amount due within one year included under current liabilities	(23,930,268)	(16,337,482)
	112,762,965	72,947,729
Bai' Bithaman Ajil		
Total amount repayable	1,170,784	4,561,789
Amount due within one year included under current liabilities	(1,170,784)	(3,318,845)
	-	1,242,944
	113,063,256	74,532,181
Current liabilities		
Bank overdrafts	20,193,748	13,569,684
Bankers acceptance	49,903,300	41,919,013
Invoice financing	960,000	135,000
Finance lease liabilities	142,932	207,714
Term loans	23,930,268	16,337,482
Bai' Bithaman Ajil	1,170,784	3,318,845
Revolving credit	21,900,000	21,900,000
	118,201,032	97,387,738
Total borrowings	231,264,288	171,919,919

A summary of the effective interest rates and the maturities of the borrowings are as follows:

	Average effective interest rate per annum (%)	Total RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
GROUP						
2018						
Bank overdrafts	7.46 to 8.65	20,193,748	20,193,748	-	-	-
Bankers acceptance	3.70 to 4.55	49,903,300	49,903,300	-	-	-
Invoice financing	6.92	960,000	960,000	-	-	-
Finance lease liabilities	2.30 to 2.70	443,223	142,932	150,815	114,878	34,598
Term loans	4.75 to 7.96	136,693,233	23,930,268	22,000,939	39,116,334	57,645,692
Bai' Bithaman Ajil	5.45	1,170,784	1,170,784	-	-	-
Revolving credit	5.74 to 8.03	21,900,000	21,900,000	-	-	-

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

21. BORROWINGS (cont'd)

	Average effective interest rate per annum (%)	Total RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
GROUP						
2017						
Bank overdrafts	7.10 to 8.29	13,569,684	13,569,684	-	-	-
Bankers acceptance	3.39 to 4.10	41,919,013	41,919,013	-	-	-
Invoice financing	6.65	135,000	135,000	-	-	-
Finance lease liabilities	2.30 to 3.99	549,222	207,714	131,105	163,487	46,916
Term loans	4.55 to 7.60	89,285,211	16,337,482	18,147,866	35,422,813	19,377,050
Bai' Bithaman Ajil	5.15	4,561,789	3,318,845	1,242,944	-	-
Revolving credit	5.74 to 7.77	21,900,000	21,900,000	-	-	-

The finance lease liabilities are secured over the leased assets (Note 4 (v)).

The borrowings (except for finance lease liabilities) are secured by way of:

- (i) Legal charges over certain properties of the subsidiaries;
- (ii) Debenture incorporating a fixed and floating charge over all present and future assets of a subsidiary;
- (iii) Pledge of fixed deposits of a subsidiary;
- (iv) Facility agreement;
- (v) Assignment of contract payment;
- (vi) Power of attorney in the event of default;
- (vii) Corporate guarantee of the Company and certain subsidiaries; and
- (viii) Joint and several guarantee by certain directors of the Company.

Breach of loan covenant

During the financial year, a subsidiary of the Company did not fulfill a loan covenant imposed in the offer letter of a bank loan. The said covenant entails the gearing ratio of the Group to not exceed 1.5 times at any given time. The credit line maintained with the said financial institution is an overdraft facility and it has been fully drawn down and presented as current liability as at the end of the reporting period. The financial institution is contractually entitled to review the loan facility in the event of a loan covenant breach.

As at the date when these financial statements were authorised for issue, the said financial institution has not requested for immediate repayment of the outstanding loan amount. In addition, the said subsidiary has submitted its application to the financial institution to revise the loan covenant and is presently awaiting approval. Management expects that a revised loan agreement will be in place by 2nd quarter of 2019.

22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables (Note 22.1)	37,543,972	25,806,578	-	-
Other payables and accruals (Note 22.2)	77,881,226	38,246,464	326,887	399,694
Amount due to subsidiaries (Note 22.3)	-	-	35,703,877	37,220,040
	115,425,198	64,053,042	36,030,764	37,619,734

22.1 Trade payables

Included herein are the amount due to the following companies:

	GROUP	
	2018 RM	2017 RM
KH-Base Engineering Sdn. Bhd.	3,295,243	2,229,508
QM Machinery Sdn. Bhd.	-	107,673
Infitech Ecogistic Sdn. Bhd.	-	25,189
Infitech Machinery Sdn. Bhd.	-	688,863

Refer to Note 31 (i) for related party relationship.

The trade payables are non-interest bearing and are normally settled within **14 to 90 days** (2017: 14 to 90 days) credit terms.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

22. TRADE AND OTHER PAYABLES (cont'd)

22.2 Other payables and accruals

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other payables	37,518,883	2,827,449	4,399	-
Accruals	34,945,788	35,265,008	322,488	354,245
Purchaser deposits	5,416,555	-	-	-
GST payable	-	154,007	-	45,449
	77,881,226	38,246,464	326,887	399,694

GROUP

Included in other payables are the followings:

(a) An amount of **RM10,635,849** (2017: RM1,461,000) due to holding company of the Company.

(b) An amount of **RM2,438,600** (2017: RM Nil) due to certain directors of the Company.

The amount due are non-trade related, unsecured, non-interest bearing and are repayable on demand.

22.3 Amount due to subsidiaries

COMPANY

The amount due to subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

23. REVENUE

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Construction contract revenue	50,720,992	69,974,189	-	-
Property development revenue	25,457,254	55,980,124	-	-
Trading sales	3,439,944	9,359,821	-	-
Gross rental income	544,043	581,099	-	-
Management fee income	-	2,034	3,307,116	3,628,215
Interest income	66,129	193,074	-	-
Waste management services income	21,073,742	17,963,346	-	-
Manufacturing income	526,069	384,584	-	-
	101,828,173	154,438,271	3,307,116	3,628,215

24. DIRECT COSTS

	GROUP	
	2018	(Restated) 2017
	RM	RM
Construction contract costs	36,545,339	59,453,816
Property development costs	20,049,061	34,343,044
Trading costs	3,142,838	8,834,728
Rental expenses	190,934	205,852
Waste management expenses	19,873,702	25,764,406
Cost of goods manufactured	791,404	402,698
	80,593,278	129,004,544

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

25. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2018	(Restated) 2017	2018	2017
	RM	RM	RM	RM
After charging:				
Auditors' remuneration				
- statutory audit	151,300	141,600	23,000	20,000
- under provision in prior year	-	2,000	-	2,000
- other services	4,300	45,900	3,000	6,500
Bad debts	2,000	3,180	-	-
Deemed loss on deconsolidation of subsidiaries	28,797	1,469	-	-
Depreciation (Note 4)	3,506,846	4,121,521	16,761	14,910
Directors' remuneration for non-executive directors				
- emoluments	12,000	8,000	12,000	8,000
- fees	78,000	84,000	78,000	84,000
Impairment loss on property, plant and equipment	2,980,302	-	-	-
Impairment loss on receivables	195,962	380,475	-	-
Interest expense ⁽ⁱ⁾	5,655,085	4,008,358	-	-
Inventories written down	348,618	72,692	-	-
Inventories written off	255,665	3,595,413	-	-
Loss on disposal of investment properties	-	2,797	-	-
Property, plant and equipment written off	268,404	2,502,988	-	-
Rental of land and buildings	444,720	78,925	233,520	233,520
Rental of machinery	4,141,333	4,435,202	-	-
Rental of motor vehicles	105,149	122,183	-	-
Staff costs ⁽ⁱⁱ⁾	12,840,967	13,045,975	2,438,285	2,783,228
And crediting:				
Deposit forfeited	510,383	-	-	-
Gain in changes on fair value of investment properties	2,270,925	21,800	-	-
Gain on disposal of property, plant and equipment	851	60,773	-	-
Interest income	284,348	314,743	-	-
Rental income	626,843	650,099	-	-
Reversal of expected loss on development project	-	423,998	-	-
Waiver of debts	-	-	-	172,397

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

25. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2018	(Restated) 2017	2018	2017
	RM	RM	RM	RM
(i) Interest expense				
- bank commitment	27,623	42,021	-	-
- bank overdraft	1,155,722	900,522	-	-
- banker's acceptance	2,720,787	1,875,642	-	-
- term loan	4,185,230	5,820,860	-	-
- revolving	1,354,440	825,001	-	-
- finance lease	23,495	35,874	-	-
- other borrowing	13,710	78,765	-	-
	9,481,007	9,578,685	-	-
Less: Capitalised under property development cost (Note 13)	(3,191,289)	(4,515,900)	-	-
Less: Capitalised in construction costs (Note 14)	(634,633)	(1,054,427)	-	-
	5,655,085	4,008,358	-	-
(ii) Staff costs				
- Salaries, wages, allowance and bonus	14,088,535	14,026,616	2,111,948	2,411,105
- EPF	1,361,063	1,409,359	217,106	256,790
- EIS	7,180	-	1,333	-
- SOCSO	110,200	107,419	21,538	21,709
- Other staff related expenses	204,852	282,809	86,360	93,624
	15,771,830	15,826,203	2,438,285	2,783,228
Less: Capitalised in construction costs (Note 14)	(2,930,863)	(2,780,228)	-	-
	12,840,967	13,045,975	2,438,285	2,783,228

Directors' remuneration

Included in the staff costs of the Group and of the Company is the aggregate amount of remuneration received and receivable by directors of the Company and its subsidiaries as shown below:

Executive directors of the Company:

Emoluments				
- Salaries, allowance and bonus	3,569,000	3,687,450	403,460	459,940
- EPF	192,295	237,635	33,185	42,718
	3,761,295	3,925,085	436,645	502,658
Benefits-in-kind	97,355	94,379	29,092	16,560
	3,858,650	4,019,464	465,737	519,218

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

25. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Executive directors of subsidiaries:				
Emoluments				
- Salaries, allowance and bonus	2,034,587	1,860,350	-	-
- EPF	244,213	223,242	-	-
	2,278,800	2,083,592	-	-
Benefits-in-kind	43,323	41,821	-	-
	2,322,123	2,125,413	-	-
Total executive directors' remuneration	6,180,773	6,144,877	465,737	519,218

26. TAXATION

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(3,477,671)	(2,782,997)	(8,000)	(52,000)
- Deferred tax relating to the origination and reversal of temporary differences	889,338	(197,893)	-	-
	(2,588,333)	(2,980,890)	(8,000)	(52,000)
(Under)/Over provision in prior year				
- Current tax	(3,559,784)	841,690	2,062	717
- Deferred tax	2,000	(3,000)	-	-
- Real property gains tax	-	1,110	-	-
	(3,557,784)	839,800	2,062	717
	(6,146,117)	(2,141,090)	(5,938)	(51,283)

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

26. TAXATION (cont'd)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2018	(Restated) 2017	2018	2017
	RM	RM	RM	RM
Profit/(Loss) before taxation	1,612,767	2,337,672	(545,884)	(224,204)
Add:				
- Share of results of associates	(374,818)	4,114	-	-
- Share of results of a joint venture	35,362	40,514	-	-
	1,273,311	2,382,300	(545,884)	(224,204)
Statutory tax rate of 24%	(305,595)	(571,752)	131,012	53,809
Income not subject to tax	333,918	174,666	-	-
Double deduction of expenses	410,457	10,045	-	-
Expenses not deductible for tax purposes	(2,532,827)	(789,455)	(139,012)	(105,809)
Utilisation of unabsorbed tax losses and capital allowances	-	1,543,784	-	-
Net deferred tax movement not recognised	(439,781)	(3,386,043)	-	-
Annual crystallisation of deferred tax on revaluation surplus	(49,505)	37,865	-	-
	(2,588,333)	(2,980,890)	(8,000)	(52,000)
(Under)/Over provision in prior years	(3,557,784)	839,800	2,062	717
	(6,146,117)	(2,141,090)	(5,938)	(51,283)

As at the end of the reporting period, the Group has not recognised the following deferred tax (assets)/liabilities:

	GROUP	
	2018	2017
	RM	RM
Property, plant and equipment	2,210,405	2,725,958
Property development	(63,934)	(14,648)
Unabsorbed tax losses	(7,260,711)	(7,177,647)
Unabsorbed capital allowances	(4,878,572)	(5,086,694)
Unabsorbed reinvestment allowance	(365,480)	(365,480)
	(10,358,292)	(9,918,511)

The potential deferred tax assets are not recognised in the financial statements as it is anticipated that the tax effects of such deferral will not reverse in the foreseeable future.

The gross amount and future availability of unabsorbed tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowance for which the related tax effects have not been accounted for at the end of the reporting period is follows:

	GROUP	
	2018	2017
	RM	RM
Unabsorbed tax losses	30,253,045	29,906,942
Unabsorbed capital allowances	20,327,382	21,194,561
Unabsorbed reinvestment allowance	1,522,835	1,522,835

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

27. (LOSS)/EARNINGS PER SHARE (SEN)

GROUP

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share of the Group is calculated by dividing the profit/loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as below:

	2018	(Restated) 2017
(Loss)/Profit attributable to owners of the Company (RM)	<u>(2,116,282)</u>	<u>3,985,739</u>
Weighted average number of ordinary shares in issue excluding treasury shares	<u>104,285,805</u>	<u>98,013,049*</u>
Basic (loss)/earnings per share (sen)	<u>(2.03)</u>	<u>4.07*</u>

(b) Diluted (loss)/earnings per share

There is no diluted (loss)/earnings per share as the Company does not have any convertible financial instruments as at end of the reporting period.

* As the bonus issue during the financial year ended 31 August 2018 was without any consideration, it is treated as if it had occurred before the beginning of 2017, the earliest period presented. Accordingly, the weighted average number of ordinary shares have been restated.

28. DIVIDEND

	2018 RM	2017 RM
In respect of financial year ended 31 August 2016 - First and final single tier dividend of 1%	<u>-</u>	<u>821,572</u>

29. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segment. No geographical segment information has been presented as the Group's activities and customers are all based in Malaysia.

Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets, revenue and expenses.

Business Segments

The Group comprises the following main business segments:

- | | |
|--------------------------|--|
| (1) Construction | Construction of industrial, residential and commercial building and renovation works. |
| (2) Property development | Housing and property development. |
| (3) Trading | Trading of construction materials. |
| (4) Property letting | Property letting. |
| (5) Waste management | Provision of waste management services, green waste management activity and wood shredding activity. |
| (6) Investment holding | Investment holding. |
| (7) Others | Renewable energy, manufacturing and advisory services. |

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

29. SEGMENTAL INFORMATION (cont'd)

	Construction RM	Property development RM	Trading RM	Property letting RM	Waste management RM	Investment holding RM	Others RM	Elimination RM	Note	Total RM
2018										
Revenue from										
External customers	50,787,120	25,457,255	3,439,944	544,042	21,065,050	1	534,761	-		101,828,173
Inter-segment	57,199,995	-	12,413,721	531,492	-	3,633,036	4,523	(73,782,767)	A	-
Total revenue	<u>107,987,115</u>	<u>25,457,255</u>	<u>15,853,665</u>	<u>1,075,534</u>	<u>21,065,050</u>	<u>3,633,037</u>	<u>539,284</u>	<u>(73,782,767)</u>		<u>101,828,173</u>
Result										
Segment results	5,444,808	3,758,311	327,002	615,122	(4,365,845)	(229,396)	(1,217,817)	(3,972,903)		359,282
Unallocated income										<u>6,569,114</u>
Profit from operations										6,928,396
Interest expense										(5,655,085)
Share of results of an associate										374,818
Share of results of a joint venture										<u>(35,362)</u>
Profit before taxation										1,612,767
Taxation										<u>(6,146,117)</u>
Loss for the financial year										<u>(4,533,350)</u>
Assets										
Segment assets	69,399,628	235,787,600	2,297,462	13,496,761	55,290,014	1,320,060	95,591,651			473,183,176
Investment in associates	-	4,237,300	-	-	-	230,050	-			4,467,350
Investment in a joint venture	-	696,474	-	-	-	-	-			696,474
Tax recoverable	150,040	1,722,528	-	-	-	600,515	-			2,473,083
Fixed deposits with licensed banks	1,551,001	7,606,887	-	-	-	-	3,643,613			12,801,501
Cash and bank balances	634,456	1,736,700	-	10,614	429,157	5,233	41,656			2,857,816
Deferred tax assets/ (liabilities)	(641,042)	1,274,862	-	(9,994)	-	-	-			623,826
Total assets	<u>71,094,083</u>	<u>253,062,351</u>	<u>2,297,462</u>	<u>13,497,381</u>	<u>55,719,171</u>	<u>2,155,858</u>	<u>99,276,920</u>			<u>497,103,226</u>
Liabilities										
Segment liabilities	63,077,127	22,027,502	11,368,771	154,290	7,194,469	330,136	16,669,127			120,821,422
Borrowings	51,153,495	101,501,842	2,508,783	-	12,106,205	-	63,993,963			231,264,288
Provision for taxation	1,109,281	42,750	-	10,353	546,475	-	-			1,708,859
Total liabilities	<u>115,339,903</u>	<u>123,572,094</u>	<u>13,877,554</u>	<u>164,643</u>	<u>19,847,149</u>	<u>330,136</u>	<u>80,663,090</u>			<u>353,794,569</u>
Other information										
Capital expenditure	231,602	8,142	-	-	9,017,861	-	90,268,629		B	99,526,234
Depreciation	506,799	156,325	-	-	3,011,237	16,761	273			3,691,395
Non-cash expenses/(income) other than depreciation	(23,231)	34,511	-	(2,270,925)	3,699,364	31,689	-		C	1,471,408

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

29. SEGMENTAL INFORMATION (cont'd)

	Construction RM	Property development RM	Trading RM	Property letting RM	Waste management RM	Investment holding RM	Others RM	Elimination RM	Note	Total RM
(Restated) 2017										
Revenue from										
External customers	50,427,263	75,720,124	9,359,821	581,099	17,963,346	2,034	384,584	-		154,438,271
Inter-segment	62,932,103	20,036,021	5,424,559	526,242	3,784,782	4,387,597	87,836	(97,179,140)	A	-
Total revenue	<u>113,359,366</u>	<u>95,756,145</u>	<u>14,784,380</u>	<u>1,107,341</u>	<u>21,748,128</u>	<u>4,389,631</u>	<u>472,420</u>	<u>(97,179,140)</u>		154,438,271
Result										
Segment results	4,768,792	12,912,818	545,903	1,103,200	(13,717,000)	(270,096)	(237,240)	967,649		6,074,026
Unallocated income										389,131
Profit from operations										6,463,157
Interest expense										(4,008,358)
Share of results of associates										(4,114)
Share of results of a joint venture										(40,514)
Profit before taxation										2,410,171
Taxation										(2,146,590)
Profit for the financial year										263,581
Assets										
Segment assets	46,557,053	216,807,574	4,082,403	19,666,186	56,299,638	1,264,804	724,410			345,402,068
Investment in associates	-	3,855,700	-	-	-	239,725	-			4,095,425
Investment in a joint venture	-	731,836	-	-	-	-	-			731,836
Tax recoverable	360,513	706,653	-	-	-	393,720	-			1,460,886
Fixed deposits with licensed banks	5,951,038	2,286,509	-	-	1,063,048	-	-			9,300,595
Cash and bank balances	6,188,650	2,604,692	-	2,707	1,467,347	12,217	2,388			10,278,001
Total assets	<u>59,057,254</u>	<u>226,992,964</u>	<u>4,082,403</u>	<u>19,668,893</u>	<u>58,830,033</u>	<u>1,910,466</u>	<u>726,798</u>			371,268,811
Liabilities										
Segment liabilities	50,960,132	7,368,784	3,065,224	152,791	6,174,840	401,993	17,276			68,141,040
Borrowings	46,388,589	103,907,875	4,993,185	-	16,630,270	-	-			171,919,919
Provision for taxation	-	600	-	7,836	3,770	-	-			12,206
Deferred tax liabilities	-	91,982	-	178,328	-	-	-			270,310
Total liabilities	<u>97,348,721</u>	<u>111,369,241</u>	<u>8,058,409</u>	<u>338,955</u>	<u>22,808,880</u>	<u>401,993</u>	<u>17,276</u>			240,343,475
Other information										
Capital expenditure	69,391	9,916	-	-	17,246,680	22,202	-		B	17,348,189
Depreciation	833,768	222,828	-	-	3,252,542	14,910	2,691			4,326,739
Non-cash expenses/(income) other than depreciation	10,091	(444,257)	-	(21,800)	6,478,876	1,469	72,692		C	6,097,071

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

29. SEGMENTAL INFORMATION (cont'd)

Notes to segment information:

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consists of property, plant and equipment.
- C Other material non-cash expenses/(income) consist of the following items:

	2018	(Restated) 2017
	RM	RM
Bad debts	2,000	3,180
Changes in fair value of investment properties	(2,270,925)	(21,800)
Deemed loss on deconsolidation of subsidiaries	28,796	1,469
Loss on disposal of investment properties	-	2,797
(Gain)/Loss on disposal of property, plant and equipment	(851)	(60,773)
Impairment loss on property, plant and equipment	2,980,302	-
Impairment loss on receivables	195,962	380,475
Impairment loss on investment in associate	2,893	-
Inventories written down	348,618	72,692
Inventories written off	255,665	3,595,413
Property, plant and equipment written off	268,404	2,502,988
Reversal of expected loss on development project	-	(423,998)
Share of results of associates	(374,818)	4,114
Share of results of a joint venture	35,362	40,514
	1,471,408	6,097,071

30. CAPITAL COMMITMENTS

	GROUP	
	2018	2017
	RM	RM
Property, plant and equipment		
- Approved but not contracted	50,096,738	28,839,434
Development land		
- Contracted and not provided for	261,253	261,253
	50,357,991	29,100,687

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

31. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Company has related party relationship with its subsidiaries whilst the Group has related party relationship with its key management personnel and the following companies:

Related party	Relationship
Hoon Teik Enterprise Sdn. Bhd.	: A company in which certain directors of the Company, have substantial financial interests.
KH-Base Engineering Sdn. Bhd.	: A company in which persons connected to certain directors of the Company, have substantial financial interests.
- Infitech Machinery Sdn. Bhd. - Infitech Ecogistic Sdn. Bhd. - Infitech LG (Malaysia) Sdn. Bhd. - HLB Infitech Sdn. Bhd. - QM Machinery Sdn. Bhd.	: Companies in which a director of certain subsidiaries, has substantial financial interest. During the financial year, the director had resigned as director of the subsidiaries. As such, these companies are no longer related parties.
Northern Guide Properties Sdn. Bhd.	A company in which a director of certain subsidiaries has substantial financial interest.
Global Jayamaju Sdn. Bhd.	: A company in which the major shareholder is a close member of certain directors of a subsidiary.

(ii) Related party transactions

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Transactions with subsidiaries:				
- Administrative expenses paid	-	-	(156,541)	(162,921)
- Administrative fee received	-	-	702,049	599,645
- Management fee income received	-	-	3,307,116	3,628,215
- Rental expenses paid	-	-	(213,600)	(213,600)
- Waiver of debts received	-	-	-	172,397
Transactions with associates:				
Progress billings to				
- Desanova Development Sdn. Bhd.	1,201,598	-	-	-
Sales of waste related products to				
- PLB Eco Resources Sdn. Bhd.	95,662	-	-	-
Transactions with related parties:				
Administrative expenses charge to KH-Base Engineering Sdn. Bhd.	33,601	-	-	-
Sale of construction materials to				
- KH-Base Engineering Sdn. Bhd.	733,934	1,768,402	-	-
- QM Machinery Sdn. Bhd.	-	51,047	-	-
Sale of waste related products to				
- HLB Infitech Sdn. Bhd.	-	67,541	-	-
- Infitech Ecogistic Sdn. Bhd.	-	75,457	-	-
- Infitech Machinery Sdn. Bhd.	-	600,035	-	-

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

31. RELATED PARTY DISCLOSURES (cont'd)

(ii) Related party transactions (cont'd)

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Purchases of construction materials and bricks from				
- Hoon Teik Enterprise Sdn. Bhd.	(947,982)	(166,755)	-	-
- QM Machinery Sdn. Bhd.	(159,313)	(253,893)	-	-
Purchases of waste materials from				
- Infitech Machinery Sdn. Bhd.	-	(3,608,156)	-	-
Progress billings from				
- KH-Base Engineering Sdn. Bhd.	8,376,749	17,774,160	-	-
Progress billings to				
- KH-Base Engineering Sdn. Bhd.	-	(864,500)	-	-
Professional fee paid to				
- Global Jayamaju Sdn. Bhd.	(161,758)	(152,126)	-	-
Rental of equipment paid to				
- QM Machinery Sdn. Bhd.	-	(224,261)	-	-
Rental of hostel paid to				
- HLB Infitech Sdn. Bhd.	-	(8,000)	-	-
- Infitech Machinery Sdn. Bhd.	-	(5,000)	-	-
Utilities charged to				
- Infitech Machinery Sdn. Bhd.	-	15,901	-	-
- HLB Infitech Sdn. Bhd.	-	58,954	-	-
Rental of machinery paid to				
- Infitech Machinery Sdn. Bhd.	-	(3,941,754)	-	-
Rental of vehicles paid to				
- Infitech Ecogistic Sdn. Bhd.	-	(600)	-	-
- Infitech Machinery Sdn. Bhd.	-	(31,684)	-	-
- QM Machinery Sdn. Bhd.	-	(37,260)	-	-
Purchase of property, plant and equipment from				
- QM Machinery Sdn. Bhd.	-	(173,044)	-	-
Consultancy paid to				
- Infitech Machinery Sdn. Bhd.	-	(38,555)	-	-
Diesel and hydraulic oil paid to				
- Infitech Machinery Sdn. Bhd.	-	(32,259)	-	-
- QM Machinery Sdn. Bhd.	-	(18,989)	-	-

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

31. RELATED PARTY DISCLOSURES (cont'd)

(ii) Related party transactions (cont'd)

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
General wages paid to				
- Infitech Machinery Sdn. Bhd.	-	(318,537)	-	-
Contract wages paid to				
- Northern Guide Properties Sdn. Bhd.	-	(26,848)	-	-
Transportation and travelling charges paid to				
- Infitech Ecogistic Sdn. Bhd.	-	(246,336)	-	-
- QM Machinery Sdn. Bhd.	-	(56,830)	-	-
Labour charge paid to				
- HLB Infitech Sdn. Bhd.	-	(61,664)	-	-
Upkeep and maintenance fee paid to				
- Infitech Machinery Sdn. Bhd.	-	(104,116)	-	-
- QM Machinery Sdn. Bhd.	-	(203,489)	-	-
Brokerage fees paid to				
- Northern Guide Properties Sdn. Bhd.	-	(283,979)	-	-
Reimbursement costs charged by				
- Infitech Ecogistic Sdn. Bhd.	-	(15,949)	-	-
- Infitech Machinery Sdn. Bhd.	-	(12,369)	-	-
- Northern Guide Properties Sdn. Bhd.	-	(3,636)	-	-
- KH-Base Engineering Sdn. Bhd	-	(18,812)	-	-
Advertising fees paid to				
- Northern Guide Properties Sdn. Bhd.	-	(47,000)	-	-
Sale of property to a director of the Company	-	415,350	-	-

(iii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 25.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale financial assets ("AFS") and financial liabilities measured at amortised cost ("FL").

GROUP	Carrying amount RM	L&R RM	AFS RM	FL RM
2018				
Financial assets				
Other investments	7,588	-	7,588	-
Gross amount due from customers on contracts	909,533	909,533	-	-
Receivables and refundable deposits	27,903,201	27,903,201	-	-
Fixed deposits with licensed banks	12,801,501	12,801,501	-	-
Cash and bank balances	2,857,816	2,857,816	-	-
	44,479,639	44,472,051	7,588	-
Financial liabilities				
Gross amount due to customers on contracts	5,396,224	-	-	5,396,224
Borrowings	231,264,288	-	-	231,264,288
Payables and accruals	110,008,643	-	-	110,008,643
	346,669,155	-	-	346,669,155
2017				
Financial assets				
Other investments	8,546	-	8,546	-
Gross amount due from customers on contracts	701,056	701,056	-	-
Receivables and refundable deposits	29,089,095	29,089,095	-	-
Fixed deposits with licensed banks	9,300,595	9,300,595	-	-
Cash and bank balances	10,278,001	10,278,001	-	-
	49,377,293	49,377,293	8,546	-
Financial liabilities				
Gross amount due to customers on contracts	4,087,998	-	-	4,087,998
Borrowings	171,919,919	-	-	171,919,919
Payables and accruals	63,899,035	-	-	63,899,035
	239,906,952	-	-	239,906,952

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
COMPANY				
2018				
Financial assets				
Receivables and refundable deposits	92,773,854	92,773,854	-	-
Cash and bank balances	4,087	4,087	-	-
	92,777,941	92,777,941	-	-
Financial liabilities				
Payables and accruals	35,708,276	-	-	35,708,276
2017				
Financial assets				
Receivables and refundable deposits	82,659,489	82,659,489	-	-
Cash and bank balances	11,078	11,078	-	-
	82,670,567	82,670,567	-	-
Financial liabilities				
Payables and accruals	37,574,285	-	-	37,574,285

32.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transaction.

32.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

32.3.1 Trade receivables

The Group and the Company do not have any significant exposure to any individual customer. The maximum exposure to credit risk of trade receivables is represented by their carrying amounts disclosed in Note 15 to the financial statements.

Credit risk in the property development activity is negligible as sales are normally to purchasers who have obtained financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as stipulated in the sale and purchase agreements. For those sales on a cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered upon full payments. This is the normal industry practice.

As for the Group's other business segments, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness in deciding whether credit shall be extended. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

32. FINANCIAL INSTRUMENTS (cont'd)

32.3 Credit risk (cont'd)

32.3.1 Trade receivables (cont'd)

The ageing of trade receivables and allowance for impairment of the Group is as follows:

	Gross RM	Individual impairment RM	Net RM
2018			
Not past due	17,696,375	-	17,696,375
1 to 30 days past due	1,452,818	-	1,452,818
31 to 60 days past due	376,123	-	376,123
61 to 90 days past due	116,113	-	116,113
Past due more than 91 days	3,490,563	(195,962)	3,294,601
	5,435,617	(195,962)	5,239,655
	23,131,992	(195,962)	22,936,030
2017			
Not past due	14,286,835	-	14,286,835
1 to 30 days past due	2,754,083	-	2,754,083
31 to 60 days past due	1,484,472	-	1,484,472
61 to 90 days past due	1,349,191	-	1,349,191
Past due more than 91 days	5,162,245	(91,000)	5,071,245
	10,749,991	(91,000)	10,658,991
	25,036,826	(91,000)	24,945,826

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM5,239,655** (2017: RM10,658,991) that are past due at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

32.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the performance of the subsidiaries regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

32. FINANCIAL INSTRUMENTS (cont'd)

32.3 Credit risk (cont'd)

32.3.3 Financial guarantees

The Company has issued unsecured financial guarantees to licensed banks for banking facilities granted to certain subsidiaries and unsecured performance guarantees to unrelated parties for performance of contracts by certain subsidiaries as follows:

	2018 RM	2017 RM
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	455,218,000	360,518,000
- Maximum exposure	<u>233,331,281</u>	<u>171,370,698</u>
Corporate guarantees issued to financial institutions for bank guarantee facilities granted to certain subsidiaries for contract bond in favour of third parties	<u>10,727,077</u>	<u>13,825,675</u>
Performance guarantees issued to unrelated parties for performance of contracts for works by certain subsidiaries.	<u>-</u>	<u>2,000,000</u>

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment and/or could not perform the contracts for works in accordance with the contracts' terms.

32.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
GROUP						
2018						
Interest bearing borrowings	231,264,288	237,506,965	119,076,870	22,685,589	39,909,985	55,834,521
Payables and accruals	<u>110,008,643</u>	<u>110,008,643</u>	<u>110,008,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>341,272,931</u>	<u>347,515,608</u>	<u>229,085,513</u>	<u>22,685,589</u>	<u>39,909,985</u>	<u>55,834,521</u>
2017						
Interest bearing borrowings	171,919,919	183,978,660	98,677,914	35,775,600	25,637,708	23,887,438
Payables and accruals	63,899,035	63,899,035	63,899,035	-	-	-
Financial guarantees	-	2,000,000*	2,000,000*	-	-	-
	<u>235,818,954</u>	<u>249,877,695</u>	<u>164,576,949</u>	<u>35,775,600</u>	<u>25,637,708</u>	<u>23,887,438</u>

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
COMPANY						
2018						
Payables and accruals	35,708,276	35,708,276	35,708,276	-	-	-
Financial guarantees	-	244,058,358*	244,058,358*	-	-	-
	35,708,276	279,766,634	279,766,634	-	-	-
2017						
Payables and accruals	37,574,285	37,574,285	37,574,285	-	-	-
Financial guarantees	-	187,196,373*	187,196,373*	-	-	-
	37,574,285	224,770,658	224,770,658	-	-	-

* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the end of the reporting period.

32.5 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair values due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	2018 RM	2017 RM
Fixed rate instruments		
Financial assets	12,801,501	9,300,595
Financial liabilities	443,223	549,222
Floating rate instruments		
Financial liabilities	230,821,065	171,370,697

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by **RM247,862** (2017: RM164,361) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

33. FAIR VALUE MEASUREMENT

33.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value which fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 2.2 to the financial statements for definition of Level 1 to 3 fair value hierarchy).

GROUP	Fair value of financial instruments				Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	
2018					
Financial assets					
Quoted shares	<u>7,588</u>	-	-	<u>7,588</u>	<u>7,588</u>
2017					
Financial assets					
Quoted shares	<u>8,546</u>	-	-	<u>8,546</u>	<u>8,546</u>

Fair value measurement

The investment in quoted shares which are quoted in an active market are carried at fair value by reference to their quoted closing bid price at the end of the reporting period.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

33.2 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2018					
Investment properties					
- Freehold land	-	3,603,944	-	3,603,944	3,603,944
- Leasehold land	-	2,130,553	-	2,130,553	2,130,553
- Buildings	-	9,519,503	-	9,519,503	9,519,503
- Freehold commercial lots and apartments	-	8,470,000	-	8,470,000	8,470,000
2017					
Investment properties					
- Freehold land	-	3,603,944	-	3,603,944	3,603,944
- Leasehold land	-	2,110,553	-	2,110,553	2,110,553
- Buildings	-	8,433,974	-	8,433,974	8,433,974
- Freehold commercial lots and apartments	-	7,304,604	-	7,304,604	7,304,604

There were no transfer between Level 1 and 2 during the financial year.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

33. FAIR VALUE MEASUREMENT (cont'd)

33.2 Fair value measurement of non-financial assets (cont'd)

Fair value measurement

The fair value of the investment properties has been arrived at on the basis of a valuation carried out by an independent valuer which have appropriate qualifications and recent experience in the valuation of properties in the relevant location where the Company's investment properties are situated.

The fair value of the investment properties are categorised under Level 2 of the fair value hierarchy. The fair value is determined using the Comparison Method of Valuation where the most significant input is price per square foot of similar properties that were sold recently or those that are currently offered for sale in the vicinity or other similar areas adjusting for difference in location, size and shape of lot, land tenure, time element, site facilities, condition of the buildings and other relevant adjustments.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

35. CHANGE IN ACCOUNTING POLICY

The Group has adopted the fair value model permitted by *FRS 140 Investment Property*, which have been applied in preparing the financial statements of the Group for the financial year ended 31 August 2018 accordingly the comparative information presented in the financial statements has been adjusted to reflect the same. The effects of the changes are disclosed below:

	31.8.2017		1.9.2016	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Group				
Consolidated statement of financial position				
Non-current assets				
Investment properties	21,453,075	13,095,654	21,541,275	13,472,342
Equity				
Reserves	38,919,669	30,737,778	51,700,335	43,811,342
Non-current liabilities				
Deferred tax assets/(liabilities)	(267,512)	(91,982)	(71,029)	108,911

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2018

35. CHANGE IN ACCOUNTING POLICY (cont'd)

	31.8.2017	
	As restated RM	As previously stated RM
Group		
Consolidated statement of comprehensive income		
Direct costs	(129,004,544)	(129,233,141)
Other income	319,429	367,331
General and administrative expenses	(19,786,496)	(19,894,289)
Profit before taxation	2,337,672	2,049,184
Taxation	(2,141,090)	(2,145,500)
Profit/(Loss) for the financial year	196,582	(96,316)

Group List Of Properties

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
1) <u>PLB-KH BINA SDN BHD</u>							
No.3A-07-01, Wisma Sri Weld, Pengkalan Weld, 10300 Penang	Office Lot/Rented	1/7/1996	Freehold	2,106 sq. ft.	600,000.00	28.5	21.5
No.3A-07-04, Wisma Sri Weld, Pengkalan Weld, 10300 Penang	Office Lot/Rented	1/7/1996	Freehold	1,673 sq. ft.	500,000.00	28.5	21.5
Flat unit known as Parcel No.5, 4th Floor erected on part of the land known as Grant No.33173, Lot 4640, Mukim 1, Province Wellesley, Central Penang. (4-05, Jalan Kurau, Taman Chai Leng 13700 Perai, Penang)	Flat/Vacant	1/7/1996	Freehold	678 sq. ft.	145,000.00	28.5	21.5
Parcel unit No.12, 1st Floor, Jalan Sempilai, Wisma Sempilai Jaya, 13700 Perai, Penang.	Office/Rented	26/10/1995	Freehold	1,778 sq. ft..	265,000.00	29	21
Grant (First Grade) No. Lot No. 1044, Section 4, Town of Butterworth, Province Wellesley, North Penang. (No.2, Jalan Telekom, 12000 Butterworth, Penang)	5-Storey Building/ Partially Rental	1/7/1996	Freehold	4,199 sq. ft./ 16,558 sq. ft.	3,700,000.00	28.5	21.5
H.S. (D) No.84 P.T. No PTB/A/076 Section 4, Town of Butterworth, Province Wellesley, North Penang (No.35 Tingkat Limbungan 1, Off Jalan Chain Ferry, 12100 Butterworth, Penang)	2-Storey Building/ Rented	1/7/1996	Freehold	1,690 sq. ft./ 3,000 sq. ft.	420,000.00	28.5	21.5
Suite No.1102, Tower No. Block B, Wisma Pantai, Plaza Pantai, Kuala Lumpur. (Suite B-11-1, Wisma Pantai, No.5, Jalan 4/83A Off Jalan Pantai Bahru 59200 Kuala Lumpur)	Office Lot/Rented	7/5/1996	Freehold	1,470 sq. ft.	630,000.00	31	19
H.S. (M) 211/1982, Plot No.30, Mukim of Sungai Pasir, District of Kuala Muda, Kedah.	Industrial land/ Partially Rented	16/4/2001	Leasehold land for 60 years expiry on 30.07.2043	174,246 sq. ft./ 1,400 sq. ft.	1,570,000.00	25	35
64, Jalan Seroja 1/2, Persiaran Amanjaya 2, 08000 Amanjaya, Kedah.	Shop office/Vacant	24/11/1998	Freehold	2,800 sq. ft.	300,000.00	32	18
6-02, Block C. Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft.	85,000.00	32	18
9-03, Block C. Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft.	85,000.00	32	18

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
9-04, Block C, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft.	85,000.00	32	18
A-G-03, Blk A, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600, Lot 950 & 380, Mukim 6, S.P.T, Penang	Shoplot/Rented	21/6/2002	Freehold	473 sq. ft.	85,000.00	33	17
A-G-04, Blk A, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600, Lot 950 & 380, Mukim 6, S.P.T, Penang	Shoplot/Rented	21/6/2002	Freehold	473 sq. ft.	85,000.00	33	17
Parcel 12, GF, Low Cost Shoplot (Katsura), Geran 35138, Lot 2205, Mukim 5, SPU, Penang. (Address : G-12-A, Jalan Sintuk 1, Taman Permatang Sintuk, 13100 Penaga, Penang.)		21/6/2005	Freehold	1,162.08 sq. ft.	150,000.00	36	14
Parcel 13, GF, Low Cost Shoplot (Katsura), Geran 35138, Lot 2205, Mukim 5, SPU, Penang. (Address : G-12A-A, Jalan Sintuk 1, Taman Permatang Sintuk, 13100 Penaga, Penang.)		21/6/2005	Freehold	1,162.08 sq. ft.	150,000.00	36	14
No. Shop 5, LG-Block A, GM550, Lot No. 18 in Mukim 13, North East District, Penang. (Add : No 9A-G-5, Taman Sri Idaman, Lorong Semarak Api 3, 11500 Pulau Pinang)	Shoplot/Vacant	2/7/2004	Freehold	45.56 sq. meter	170,000.00	35	15
No. Shop 6, LG-Block A, GM550, Lot No. 18 in Mukim 13, North East District, Penang. (Add : No 9A-G-6, Taman Sri Idaman, Lorong Semarak Api 3, 11500 Pulau Pinang)	Shoplot/Rented	2/7/2004	Freehold	45.56 sq. meter	170,000.00	35	15
Geran Mukim No. Hakmilik 2789 Lot No. 10486, Mukim 13, Tempat Pantai Jerjak, Daerah Timur Laut, Negeri Pulau Pinang. (Address : No. 36, Lintang Pantai Jerejak 3, Taman Jerejak Indah, 11700 Gelugor, Penang.)	Double Storey Semi-Detached House/Vacant	7/10/2008	Freehold	208 sq. meter/ 175 sq. meter	1,400,000.00	40	10
Lot PT666, Taman Sungai Kob, Mukim Karangan, Daerah Kulim, Negeri Kedah under H.S.(M) 231/1993	Vacant Land (For Bungalow Lot)	1/7/2009	Freehold	318 sq. meter	74,000.00	-	10
Lot 252, 253, 1962 and 2029, GM Nos. 188, 614, 784 and 1108 Respectively, Mukim 16, District of Seberang Perai Tengah and State of Penang	Vacant Land	29/12/2009	Freehold	45,928.7345 sq. meter	3,909,240.16	-	9

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
1782, Lot 253, Mukim 16, Bukit Teh, Bukit Mertajam, Seberang Perai Tengah	Single Storey House/Store	4/8/2011	Freehold	1,100 sq. ft./ 660 sq. ft.	183,856.67	42	8
Lot 723, Mukim 1, Daerah SPT (No 1321 Jalan Baru, Taman Chai Leng, 13700 Prai)	5-storey building	19/3/2016	Freehold	3,681 sq. ft./ 17,028 sq. ft.	2,800,000.00	47	3
Lot10434, No 1 Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Semi Detached/Vacant	27/11/2015	Freehold	5,073 sq. ft. 2,156 sq. ft.	1,090,200.00	47	3
Lot10441, No 15 Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Semi Detached/Vacant	27/11/2015	Freehold	5,073 sq. ft. 2,156 sq. ft.	1,090,200.00	47	3
Lot10442, No 16 Lorong Prestij 7, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Semi Detached/Vacant	27/11/2015	Freehold	4,087 sq. ft. 2,024 sq. ft.	934,800.00	47	3
Plot 01, No 72 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,904 sq. ft. 3,052 sq. ft.	1,191,170.00	48	2
Plot 02, No 70 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 03, No 68 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 04, No 66 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 05, No 62A Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 06, No 62 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 07, No 60 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 08, No 58 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 09, No 56 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Plot 10, No 52A Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 11, No 52 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 12, No 50 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,771 sq. ft. 3,127 sq. ft.	1,186,600.00	48	2
Plot 13, No 48 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,771 sq. ft. 3,127 sq. ft.	1,186,600.00	48	2
Plot 14, No 46 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 15, No 42A Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 16, No 42 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
Plot 17, No 40 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	12/1/2017	Freehold	1,200 sq. ft. 2,100 sq. ft.	753,180.00	48	2
21 A-07-03, Tingkat Paya Terubong 5, Taman Terubong Indah, 11060 Penang	Flat/Vacant	18/1/2017	Freehold	700 sq. ft.	160,000.00	48	2
21 A-07-04, Tingkat Paya Terubong 5, Taman Terubong Indah, 11060 Penang	Flat/Vacant	18/1/2017	Freehold	700 sq. ft.	160,000.00	48	2
21 B-14-03, Tingkat Paya Terubong 5, Taman Terubong Indah, 11060 Penang	Flat/Vacant	18/1/2017	Freehold	700 sq. ft.	160,000.00	48	2
2) <u>DYNABRICKS SDN BHD</u>							
Lot No. 1283 Mukim 3, Province Wellesley, North Penang.	Agricultural Land/ Sand Mining	1/7/1996	Leasehold land for 74 years expiring on 31.12.2039	2.19 acres	286,000.00	21	53
3) <u>PLB LAND SDN BHD</u>							
H.S. (D) No.169 P.T. No PTBM/C.005 Mukim 1, Province Wellesley, Central Penang (No. 1320, Jalan Baru, Chai Leng Park, 13700 Prai, Penang.)	5-storey building/ PLB's Corporate Office	1/7/1996	Freehold	7,541 sq. ft./ 33,378 sq. ft.	2,174,200.00 3,925,553.44	29	21

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Lot No.1594, Section 2, Town of Tanjung Tokong, North East District, Penang. No.12372 P2-02-27 (98-1-27, Prima Tanjung, Jalan Fettes, Bandar Tanjung Tokong 11200 Penang)	2nd levels of a 4-storey building/ Rented	7/1/2000	Freehold	1,283 sq. ft.	820,000.00	32	18
Lot No.1594, Section 2, Town of Tanjung Tokong, North East District, Penang. No.12372 P2-01-15,P2-02-15, P2-03-15,P2-04-15 & P2-05-15 (98-G-15, 98-1-15, 98-2-15, 98-3-15, 98-3A-15 Prima Tanjung, Jalan Fettes, Bandar Tanjung Tokong 11200 Penang)	Entire 5-storey office building/ Rented	25/5/2000	Freehold	9,561 sq. ft.	4,745,000.00	32	18
Lot 4702, Taman Mengkudu Juru, 14000 Bukit Mertajam	Vacant Land	31/8/2006	Freehold	19,867.264 sq. ft.	1.00	-	13
Lot 4703, Taman Mengkudu Juru, 14000 Bukit Mertajam	Vacant Land	31/8/2006	Freehold	142,522.656 sq. ft.	1.00	-	13
GRN58466 Lot9818, GRN58468 Lot9820, GRN58469 Lot9821, GRN58470 Lot9822, GRN58473 Lot9825, Lot GRN58474 Lot9826 in the Mukim 13, Daerah Timor Laut, Pulau Pinang	Development Land	14/9/2011	Freehold	59,446 sq. meter	25,963,656.81	-	7
Lot6435 GM1680 and Lot6436 GM1681, MK, 13, N.E.D. Penang	Development Land	9/12/2011	Freehold	9,471 sq. meter	14,170,649.96	-	7
GRN58461 Lot9813, GRN58462 Lot9814, GRN58463 Lot9815, GRN58464 Lot9816, GRN58465 Lot9817, Mukim 13, Daerah Timor Laut, Pulau Pinang	Development Land	18/2/2013	Freehold	170,361 sq. meter	41,303,314.58	-	6
Phase 2B GRN58460 Lot9812, Mukim 13, Daerah Timor Laut, Pulau Pinang	Development Land	18/2/2013	Freehold	21,840 sq meter	6,622,972.70	-	6
Phase 3A GRN58467 Lot9819,Mukim 13, Daerah Timor Laut, Pulau Pinang	Development Land	18/2/2013	Freehold	30,496 sq meter	29,639,055.67	-	6
Lot 2174, Lot 2175, Lot 2193, Lot 2194, Lot 2195, Seksyen 12, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang	Development Land	10/4/2013	Freehold	611 sq meter	7,366,076.31	-	6
Geran 107852 Lot 1814 and Geran 107853 Lot 1815 at Mukim 13, Seberang Perai Utara, Penang	Development Land	7/10/2013	Freehold	195.463 acres	27,113,973.13	-	5

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
GRN 23058, Lot 2589, Mukim 8, Seberang Perai Utara, Penang	Development Land	23/3/2014	Freehold	15,448.9321 sq. meter	1,968,982.08	-	5
GM51 Lots 1173, GM357 Lots 796 & GM363 Lots 816 at Mukim 13, Seberang Perai Utara, Penang	Development Land	9/4/2014	Freehold	16,147.863 sq meter	591,004.10	-	5
GRN 58471 Lot 9823, GRN 58472 Lot 9824, GRN 58475 Lot 9827, GRN 58476 Lot 9828, GRN 58475 Lot 9830, GRN 58479 Lot 9831, GRN 58480 Lot 9832, GRN 58481 Lot 9834, GRN 58482 Lot 9835, GRN 58536 Lot 9836, GRN 58537 Lot 9837, GRN 58538 Lot 9838, GRN 58540 Lot 9841, Mk 13, Daerah Timur Laut, Pulau Pinang	Development Land	27/8/2014	Freehold	75,589 sq meter	7,231,448.55	-	5
GM1117, Lot 1797, Mukim Jabi, Machang Kudung, Daerah Pokok Sena, Kedah.	Development Land	18/2/2016	Freehold	21,881 sq meter	2,797,104.70	-	3
BLK 1-2-1, Lorong Prestij 10, Taman Prestij III, Balik Pulau, 11000 Pulau Pinang.	Low Cost Flat / Vacant	29/1/2016	Freehold	650 sq ft	42,000.00	47	3
BLK 1-3-07, Lorong Prestij 10, Taman Prestij III, Balik Pulau, 11000 Pulau Pinang.	Low Cost Flat / Vacant	29/1/2016	Freehold	650 sq ft	42,000.00	47	3
BLK 3-G-02, Lorong Prestij 10, Taman Prestij III, Balik Pulau, 11000 Pulau Pinang.	Low Cost Flat / Vacant	29/1/2016	Freehold	650 sq ft	42,000.00	47	3
BLK 3-3A-25, Lorong Prestij 10, Taman Prestij III, Balik Pulau, 11000 Pulau Pinang.	Low Cost Flat / Vacant	29/1/2016	Freehold	650 sq ft	42,000.00	47	3
No 21-1-1, Tingkat Paya Terubong Indah 5, Taman Terubong Indah, 11060, Pulau Pinang (L-01-01)	Light Industry/ Vacant	20/1/2017	Freehold	1,410 sq ft	77,355.92	48	2
No 21-1-2, Tingkat Paya Terubong Indah 5, Taman Terubong Indah, 11060, Pulau Pinang (L-01-02)	Light Industry/ Vacant	20/1/2017	Freehold	1,410 sq ft	77,355.92	48	2
No 21-1-3, Tingkat Paya Terubong Indah 5, Taman Terubong Indah, 11060, Pulau Pinang (L-01-03)	Light Industry/ Vacant	20/1/2017	Freehold	1,283 sq ft	70,376.13	48	2
No 21-1-4, Tingkat Paya Terubong Indah 5, Taman Terubong Indah, 11060, Pulau Pinang (L-01-04)	Light Industry/ Vacant	20/1/2017	Freehold	1,283 sq ft	70,376.13	48	2
No 21-3-5, Tingkat Paya Terubong Indah 5, Taman Terubong Indah, 11060, Pulau Pinang (Shop-C-03-03)	Shop Lot/ Vacant	20/1/2017	Freehold	926.99 sq ft	50,854.33	48	2

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
No 21-1-23, Tingkat Paya Terubong Indah 5, Taman Terubong Indah, 11060, Pulau Pinang (Canteen)	Canteen/ Vacant	20/1/2017	Freehold	2,189.37 sq ft	120,108.02	48	2
Plot 18, No 38 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 19, No 40 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 20, No 42 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 21, No 42A Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 22, No 46 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 23, No 48 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,367 sq. ft. 274.17 sq. meter	651,115.42	48	2
Plot 25, No 52 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 26, No 52A Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 27, No 56 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 29, No 60 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 30, No 62 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 31, No 62A Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 32, No 66 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Rented	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Plot 33, No 68 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	1,200 sq. ft. 179.03 sq. meter	502,541.32	48	2
Plot 35, No 72 Kuala Jalan Baru, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Shop Office/ Vacant	8/6/2017	Freehold	2,356.44 sq. ft. 340.50 sq. meter	643,405.64	48	2
BLK 5-01-02, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-01-3A, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-01-07, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-01-10, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-01-11, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-01-12, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-01-12A, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	271,625.51	48	2
BLK 5-01-15, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-01-16, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	274,360.51	48	2
BLK 5-02-01, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,001.52	48	2
BLK 5-02-10, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	275,181.01	48	2
BLK 5-02-12, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	275,181.01	48	2

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
BLK 5-02-12A, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	275,181.01	48	2
BLK 5-02-12B, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	275,181.01	48	2
BLK 5-02-16, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	275,181.01	48	2
BLK 5-03-12, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,001.52	48	2
BLK 5-03-12B, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,001.52	48	2
BLK 5-03-15, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,001.52	48	2
BLK 5-3A-02, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-3A, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-05, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-10, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-11, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-12, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-12A, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-12B, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
BLK 5-3A-15, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 5-3A-16, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 3-02-05, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	275,181.01	48	2
BLK 3-02-09, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,001.52	48	2
BLK 3-3A-12, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 3-05-05, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	277,642.52	48	2
BLK 1-01-10, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	917 sq. ft.	275,181.01	48	2
BLK 1-01-11, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	917 sq. ft.	275,181.01	48	2
BLK 1-01-12A, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	917 sq. ft.	275,181.01	48	2
BLK 1-03-12, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	284,206.53	48	2
BLK 1-3A-05, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 1-3A-12, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
BLK 1-3A-12A, Halaman Prestij, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Apartment/ Vacant	8/6/2017	Freehold	911 sq. ft.	276,822.02	48	2
Plot 4, No 7 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Plot 5, No 9 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 6, No 11 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 7, No 11A Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 12, No 23 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	385,061.81	48	2
Plot 14, No 27 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 15, No 29 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 16, No 31 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 17, No 33 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 18, No 35 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 19, No 37 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 20, No 39 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 21, No 41 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 22, No 43 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Plot 23, No 45 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 24, No 47 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	385,061.81	48	2
Plot 25, No 49 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	385,061.81	48	2
Plot 27, No 53 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 29, No 57 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Plot 30, No 59 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Lot 31, No 61 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Lot 32, No 63 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Lot 33, No 65 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Lot 34, No 67 Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Lot 46, No 52A Lorong Prestij 2, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	387,764.48	48	2
Lot 95, No 45 Lorong Prestij 3, Taman Prestij III, 11000 Balik Pulau, Pulau Pinang	Double Storey Terence/ Vacant	8/6/2017	Freehold	1,400 sq. ft. 1,840 sq. ft.	386,156.52	48	2
4) <u>EXCELGRAND PROPERTIES SDN</u>							
<u>BHD</u>							
Grant No. 104192 Lot No. 6195, Mukim 11, Province Wellesley, South Penang.	Agricultural Land/ Partially Rented	1/7/1996	Freehold	4.73 acres	345,837.05	-	25

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
5) <u>ERA PUJAAAN SDN BHD</u>							
Grant (First Grade) No. 26109, 26128 & 26140, Lot No. 11, 49 & 84, Section 5, Town of Bukit Mertajam, Province Wellesley, Central Penang.	Development Land/ Partially Rented	1/7/1996	Freehold	1.282 acres	2,791,979.18	-	24
6) <u>HEKTAR PUJAAAN SDN BHD</u>							
S.P. 26165 & 26166, Lot Nos. 495 & 496, Mukim of Junjong District of Kulim, Kedah.	Agricultural Land/ Vacant	1/7/1996	Freehold	15.20 acres	859,760.33	-	27
Grant No. 42087, Lot 347, Mukim of Serdang, District of Bandar Bahru, Kedah.	Agricultural Land/ Vacant	17/12/1996	Freehold	5.67 acres	406,726.85	-	23
7) <u>GAINTREND SDN BHD</u>							
No. HS (D) 1239, Lot No. 3149, Mukim 13, Daerah S.P.T., Negeri Pulau Pinang. (No. 2, Jalan Industri Beringin, Taman Perindustrian Beringin, 14100 Juru, Penang.)	Double Storey Light Industry Factory/Office, Store and Engineering Works	8/2/1995	Freehold	14,208 sq. ft./ 6,000 sq. ft.	291,090.51	29	21
Pajakan Negeri No. Pendaftaran 1643, No. Lot 002785, Bandar BW, Seksyen 3, Daerah S.P.U. Penang. (No. 40, Lorong Mak Mandin 5/1, Kawasan Perindustrian Mak Mandin, 13400 Butterworth, Penang.)	1 1/2 Storey Light Industry Rented	30/10/1998	99 years leasehold land expiry on 05.03.2069	2,250 sq. ft./ 3,150 sq. ft.	680,000.00	51	48
Pajakan Negeri No. Pendaftaran 1701, No. Lot 002843, Bandar BW, Seksyen 3, Daerah S.P.U. Penang. (No. 48, Lorong Mak Mandin 5/3, Kawasan Perindustrian Mak Mandin, 13400 Butterworth, Penang.)	1 1/2 Storey Light Industry Rented	30/6/1999	99 years leasehold land expiry on 05.03.2069	2,400 sq. ft./ 3,300 sq. ft.	720,000.00	51	48
No. Lot 10487, Pantai Jerjak, Mukim 13, Daerah Timur Laut, Pulau Pinang (No. 38, Lintang Pantai Jerjak 3, 11700 Gelugor, Penang)	Double Storey Semi-Detached House/Land	22/11/2005	Freehold	2,238 sq. ft./ 1,886 sq. ft.	1,500,000.00	37	13
No. Lot 10488, Pantai Jerjak, Mukim 13, Daerah Timur Laut, Pulau Pinang (No. 38-A, Lintang Pantai Jerjak 3, 11700 Gelugor, Penang)	Double Storey Semi-Detached House/Land	28/8/2006	Freehold	2,378 sq. ft./ 1,886 sq. ft.	1,580,000.00	37	13

Group List Of Properties (Cont'd)

At 31 August 2018

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount 31/8/2018 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
No. Lot 156, Studio L, Storey Cluster Link (No. 8, Lorong Cassia Tengah 38, Bandar Cassia, 14100 Simpang Empat, Pulau Pinang.)	Double Storey Terrace Cluster House/Land	30/6/2008	99 years leasehold land expiry on 06.07.2104	1,657 sq. ft./ 1,217 sq. ft.	300,000.00	86	13
No. Lot 190, Studio L, Storey Cluster Link No. 20, Lorong Cassia Tengah 36, Bandar Cassia, 14100 Simpang Empat, Pulau Pinang.	Double Storey Terrace Cluster House/Land	30/6/2008	99 years leasehold land expiry on 06.07.2104	1,151 sq. ft./ 1,217 sq. ft.	260,000.00	86	13
H.S.D 21688, Lot No. 4031, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Vacant Land	31/8/2010	Freehold	1,173 sq. ft.	55,251.01	41	9
H.S.D 21690, Lot No. 4032, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang. (No. 22, Lorong Tempua 1, Taman Tempua, 14100 Simpang Ampat, Pulau Pinang.)	Double Storey Terrace/Vacant	31/8/2010	Freehold	1,173 sq. ft./ 1,600 sq. ft.	229,047.95	41	9
8) <u>PLB CEMERLANG SDN BHD</u>							
Geran 644 Lots 1121, Geran 288 Lots 1709, Geran 289 Lots 1711 at Mukim 1, Seberang Perai Utara, Penang	Development Land	31/12/2013	Freehold	389,981.59 sq. ft.	2,532,942.74	-	5
Geran 569 Lot 781, Geran 807 Lot 780, Geran 568 Lot 779, Geran 35 Lot 773, Geran 34 Lot 772, Geran 286 Lot 1704, Geran 285 Lot 1703, Geran 284 Lot 1702, MK1, Geran 36 Lot 774, MK1, Seberang Perai Utara, PP	Development Land	8/7/2015	Freehold	502,264.90 sq. ft.	10,533,434.73	-	4
9) <u>INDAH MULIA DEVELOPMENT SDN BHD</u>							
Lot 70690, Mukim 12, Daerah Barat, Pulau Pinang	Vacant Land	22/5/2013	Freehold	65 sq. meter	1.00	-	6
Lot 70699, Mukim 12, Daerah Barat, Pulau Pinang	Vacant Land	22/5/2013	Freehold	430 sq. meter	1.00	-	6
10) <u>PHOENIX RESIDENCES SDN BHD</u>							
Lot 463, Mukim 12, Daerah Barat Daya, Bayan Lepas, Pulau Pinang.	Development Land	23/5/2016	Freehold	1,962.61 sq. meter	38,530,882.08	-	3

Shareholdings Statistics

As At 30 November 2018

SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders as at 30 November 2018, the substantial shareholders and their respective shareholdings are as follows:-

Name of Substantial Shareholder	No. of shares beneficially held		% of Shareholding	
	Direct	Indirect	Direct	Indirect
Leading Builders Sdn. Bhd.	67,437,420*	-	60.00*	
Dato' Seri Ong Choo Hoon	3,416,368	68,313,251 # @	3.04	60.78#@
Dato' Dr. Ong Seng Soon	99,166	67,614,503# ^Δ	0.09	60.16# ^Δ

Notes:-

* 10,250,000 and 6,875,000 shares are held through HLB Nominees (Tempatan) Sdn. Bhd. and AMSEC Nominees (Tempatan) Sdn Bhd respectively.

Indirect interest by virtue of their substantial shareholdings in Leading Builders Sdn. Bhd.

@ Indirect Interest by virtue of the interest of his children in the Company pursuant to Section 59(11)(c) of the Act.

Δ Indirect interest by virtue of the interest of his spouse in the Company pursuant to Section 59(11)(c) of the Act.

DIRECTORS' INTEREST

Based on the Register of Directors' Shareholdings, the Directors and their respective shareholdings as at 30 November 2018 are as follows :-

Name of Directors	No. of shares beneficially held		% of Shareholding	
	Direct	Indirect	Direct	Indirect
Dato' Seri Ong Choo Hoon	3,416,368	68,313,251 *@	3.04	60.78* [@]
Dato' Dr. Ong Seng Soon	99,166	67,614,503* ^Δ	0.09	60.16* ^Δ
Dato' Ong Guat Beng	65,416	312,500**	0.06	0.28**
Ong Seng Chye	82,916	-	0.07	-
Mardzukhi bin Abu Bakar	10,416	-	0.01	-
Saw Chin Eng	-	-	-	-
Teoh Siew Tin	-	-	-	-
Wein Siew Fen	-	-	-	-

Notes :-

* Indirect interest by virtue of their substantial shareholdings in Leading Builders Sdn. Bhd.

** Indirect interest by virtue of the interest of her daughter in the Company pursuant to Section 59(11)(c) of the Act.

@ Indirect Interest by virtue of the interest of his children in the Company pursuant to Section 59(11)(c) of the Act.

Δ Indirect interest by virtue of the interest of his spouse in the Company pursuant to Section 59(11)(c) of the Act.

Shareholdings Statistics (Cont'd)

As At 30 November 2018

Issued and Fully Paid	: RM112,395,018
Class of Shares	: Ordinary Shares of RM1.00 each fully paid
No. of Shareholders	: 1,187
Voting Rights	: On show of hand - One vote per person On a poll - One vote for one ordinary share

Analysis of Shareholdings as at 30 November 2018

Size of Shareholdings	No. of holders	%	No. of shares	%
1 – 99	148	12.82	7,159	0.01
100 – 1,000	66	5.71	27,839	0.03
1,001 – 10,000	711	61.56	2,398,560	2.13
10,001 – 100,000	180	15.58	5,115,443	4.55
100,001 – 4,107,857*	47	4.07	37,408,597	33.28
4,107,858 and above **	3	0.26	67,437,420	60.00
Total	1,155	100.00	112,395,018	100.00

Notes:-

* Less than 5% of issued shares.

** 5% and above of issued shares

Top 30 Shareholders as at 30 November 2018

No.	Name of Shareholders	No. of shares	%
1	LEADING BUILDERS SDN. BHD.	34,736,920	30.91
2	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEADING BUILDERS SDN BHD (PNG644)	10,250,000	9.12
3	LEADING BUILDERS SDN. BHD.	10,061,250	8.95
4	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LEADING BUILDERS SDN.BHD.(SMART)	6,875,000	6.12
5	TAN BUN HUI	3,268,375	2.91
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ONG SENG WAN (PB)	2,788,000	2.48
7	LEADING BUILDERS SDN. BHD.	2,597,875	2.31
8	LEADING BUILDERS SDN. BHD.	2,416,375	2.15
9	CHENG MOOH TAT	2,401,000	2.14
10	ONG CHOO HOON	2,347,618	2.09

Shareholdings Statistics (Cont'd)

As At 30 November 2018

Top 30 Shareholders as at 30 November 2018 (cont'd)

No.	Name of Shareholders	No. of shares	%
11	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN BUN HUI (SMART)	2,250,000	2.00
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN YEE HUI (SMART)	2,250,000	2.00
13	TAN HAN PENG	2,063,000	1.84
14	TAN YEE HUI	1,942,550	1.73
15	LEE SEE SEE	1,544,125	1.37
16	PERNIAGAAN MUHIBBAH RIA SDN BHD	1,376,000	1.22
17	ONG SENG ENG	1,256,000	1.12
18	TAN YEE HUI	1,199,875	1.07
19	TAN BUN HUI	1,067,500	0.95
20	ONG CHOO HOON	1,056,250	0.94
21	THEOH MOOI TENG	1,039,500	0.93
22	TAN BUN CHOW	1,034,875	0.92
23	ZULKHARNAIN BIN ARIFFIN	907,916	0.81
24	TIU JON HUI	893,875	0.80
25	LEADING BUILDERS SDN. BHD.	500,000	0.45
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SEE SEE (MG0000122)	445,000	0.40
27	ONG SENG YOW	364,500	0.32
28	ONG SENG CHIEH	339,500	0.30
29	YEAP CYNDY	312,500	0.28
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG SENG SZE (SS2 PJ-CL)	300,000	0.27

Notice Of Twenty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of the Company will be held at PLB Engineering Berhad, 3rd Floor, Training Room, 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang on Wednesday, 30 January 2019 at 2.30 p.m. for the following purposes:-

AGENDA

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 August 2018 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Notes |
| 2. To approve the payment of Directors' benefits of RM8,000 for the financial year ended 31 August 2017. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors' benefits of RM12,000 for the financial year ended 31 August 2018. | Ordinary Resolution 2 |
| 4. To approve the payment of Directors' fees and Directors' benefits of RM90,000 for the financial year ending 31 August 2019. | Ordinary Resolution 3 |
| 5. To re-elect the following Directors retiring by rotation pursuant to Article 81 of the Company's Articles of Association (Constitution):- | |
| a) Dato' Dr. Ong Seng Soon | Ordinary Resolution 4 |
| b) Dato' Ong Guat Beng | Ordinary Resolution 5 |
| c) Mr. Saw Chin Eng | Ordinary Resolution 6 |
| 6. To re-appoint Messrs Grant Thornton as auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As special business:-

To consider and if thought fit, to pass with or without modifications the following ordinary/special resolutions:-

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purpose 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 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") 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 annual general meeting of the Company."

Ordinary Resolution 8

Notice Of Twenty-Second Annual General Meeting (Cont'd)

8. PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT, subject always to the provisions of the Companies Act 2016 (the "Act"), the Constitution of the Company, Main Market Listing Requirements of the Bursa Securities or other regulatory authorities, approval be and is hereby given to the Company and/or subsidiary companies to enter into all arrangements and/or transactions as specified in Section 2.2, Part A of the Circular to Shareholders of the Company dated 28 December 2018, involving the interests of directors, major shareholders or persons connected with such directors or major shareholders of the Company ("Related Parties") as detailed in Part A, Section 2.2 of the Circular to Shareholders of the Company dated 28 December 2018, provided that such arrangements and/or transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for day-to-day operations; and
- (iii) carried out in the ordinary course of business or the normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to be detriment of the minority shareholders of the Company.

(the "Shareholders' Mandate")

THAT the Shareholders' Mandate shall take effect from this resolution and shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340 (2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

And THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Ordinary Resolution 9

9. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT approval be and is hereby given to Madam Teoh Siew Tin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 10

10. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT approval be and is hereby given to Mr Saw Chin Eng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 11

Notice Of Twenty-Second Annual General Meeting (Cont'd)

11. PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in Part B of the Circular to shareholders dated 28 December 2018 be and is hereby adopted as the new Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of new Constitution with full powers to assent to any conditions, modifications and/or amendments as may be required by any authorities to give effect to the Proposed Adoption of new Constitution of the Company.

Special Resolution 1

12. To transact any other business of which due notices shall have been given.

By Order of the Board,

HING POE PYNG (MAICSA 7053526)

Company Secretary

Penang

Date: 28 December 2018

Notes :

1. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote in his stead. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in 1 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 its holds.
3. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.
4. To be valid, the proxy form duly completed must be deposited at the registered office of the Company, 51-8-E Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Depositors who appear in the Record of Depositors as at 30 November 2018 shall be regarded as Member of the Company entitled to attend this meeting or appoint proxy to attend and vote on his behalf.
7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

Explanatory Notes on Ordinary Business:

1. **Agenda 1- To receive the Audited Financial Statements for the financial year ended 31 August 2018 together with the Reports of the Directors and Auditors thereon.**
This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.
2. **Ordinary Resolution 3- Payment of Directors' fees and Directors' benefits for the financial year ending 31 August 2019**
The proposed Ordinary Resolution 3 is to facilitate payment of Directors' fees and Directors' benefits calculated based on the number of scheduled Board and Committee meetings for year 2019 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to additional unscheduled Board/Committee meetings or enlarged Board size), approval will be sought at the next Annual General Meeting ("AGM") for additional fees and benefits to meet the shortfall.

Notice Of Twenty-Second Annual General Meeting (Cont'd)

Explanatory Notes on Special Business:

1. Ordinary Resolution 8 – Authority to allot and issue shares

The proposed ordinary resolution 8, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM. The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition. As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

2. Ordinary Resolution 9 – Proposed Renewal of and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed ordinary resolution 9 in relation to Proposed of Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature is to seek approval from the shareholders for renewal of the shareholders' mandate granted by the shareholders of the Company at the Twenty-First AGM held on 30 January 2018. The Proposed Shareholders' Mandate will enable the Company and its subsidiaries to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations involving the interest of Directors, major shareholders or persons connected to the Directors and/or major shareholders of the Company and its subsidiaries ("Related Parties"), subject to the transactions being in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Twenty-Second AGM of the Company.

3. Ordinary Resolutions 10 – Retention of Independent Non-Executive Director, Madam Teoh Siew Tin

The proposed ordinary resolution 10, if passed, will enable the Independent Director who had served more than 9 years to be retained and continued to act as Independent Director of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 August 2018.

4. Ordinary Resolutions 11 - Retention of Independent Non-Executive Director, Mr Saw Chin Eng

The proposed ordinary resolution 11 is to seek shareholders' approval through a two tier voting process and, if passed, will enable the Independent Directors who had served more than 12 years to be retained and continued to act as Independent Directors of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 August 2018.

5. Special Resolution 1- Proposed Adoption of New Constitution of the Company

This Special Resolution 1, if passed, will align the Constitution with the Companies Act, 2016 which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity.

Please refer to Part B of the Circular to Shareholder dated 28 December 2018 for further information.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

Statement Accompanying Notice Of Annual General Meeting (Pursuant To Paragraph 8.27(2) Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad)

No individual is standing for election as a Director at the forthcoming AGM of the Company.

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Proxy Form

CDS Account No.													
				-					-				

* I / We
 (FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION/ NOTICE OF REGISTRATION/ IN CAPITAL LETTERS)

of
 (ADDRESS)

being a * member / members of the abovenamed Company, hereby appoint
 (FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of
 (ADDRESS)

or failing him,
 (FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of
 (ADDRESS)

as * my / our proxy to vote for * me / us on * my / our behalf at the 22nd Annual General Meeting of the Company to be held at PLB Engineering Berhad, 3rd Floor, Training Room, 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang on Wednesday, 30 January 2019 at 2.30 p.m. and any adjournment thereof.

AGENDA

No	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' benefits of RM8,000 for the financial year ended 31 August 2017.		
2.	To approve the payment of Directors' benefits of RM12,000 for the financial year ended 31 August 2018.		
3.	To approve the payment of Directors' fees and Directors' benefits of RM90,000 for the financial year ending 31 August 2019.		
4.	To re-elect Dato' Dr. Ong Seng Soon as Director.		
5.	To re-elect Dato' Ong Guat Beng as Director.		
6.	To re-elect Mr. Saw Chin Eng as Director.		
7.	To re-appoint Messrs. Grant Thornton as the Company's Auditors.		
8.	To authorise Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		
9.	To approve the Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10.	Retention of Madam Teoh Siew Tin as an Independent Non-Executive Director.		
11.	Retention of Mr Saw Chin Eng as an Independent Non-Executive Director.		
	Special Resolution		
1.	To approve the adoption of new Constitution of the Company.		

Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

Signed this day of 2018/2019.

.....
 Signature of Member(s)

Notes :

1. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote in his stead. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in 1 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 its holds.
3. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.
4. To be valid, the proxy form duly completed must be deposited at the registered office of the Company, 51-8-E Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Depositors who appear in the Record of Depositors as at 30 November 2018 shall be regarded as Member of the Company entitled to attend this meeting or appoint proxy to attend and vote on his behalf.
7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

Please fold across the lines and close

Affix
Postage
Stamp

The Company Secretaries
PLB Engineering Berhad (418224-X)
51-8-E Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Please fold across the lines and close



PLB ENGINEERING BERHAD (418224-X)

1320, Jalan Baru, Taman Chai Leng,
13700 Perai, Pulau Pinang, Malaysia.

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Fax : + 604-399 8323

Email : info@plbgroup.com.my
Website : www.plb.com.my
www.plbhomes.com.my



PLB-KH Bina Sdn. Bhd.
MS ISO 9001-2008
CERT NO: AR2341



Gaintrend Sdn. Bhd.
MS ISO 9001-2008
CERT NO: AR2730



PLB Green Construction Sdn. Bhd.
MS ISO 9001-2008