JACK-IN GROUP LIMITED (ASX: JIP)

2019
ANNUAL REPORT

CONTENTS

ABOUT JACK-IN GROUP

Jack-In Group Limited ("JIG") through its subsidiary, Jack-In Pile (M) Sdn Bhd is one of the leading specialist contractor for the hydraulic jack-in piling system in Malaysia. With the advantages of being both environmentally friendly and efficient, this piling system commands an exceptionally strong demand in the urban areas.

Jack-in piling machine is a preferred choice by developers and government agencies due to its much reduced noise and efficient speed. Traversing diverse market segments, our project portfolio comprises commercial, infrastructure, industrial and high rise residential projects.

With the fleet of more than 30 hydraulic injection machine, cranes and construction vehicles in Malaysia and staff strength of more than 300 employees, the company has outstanding track record of 600 projects over a period of ten years.

CORPORATE INFORMATION

DIRECTORS

H'ng Bok Chuan
H'ng Hup Choong
Mak Siew Wei
Sim Seng Loong
Alan Robert Fraser
Lee Beng Teck

AUDIT COMMITTEE

Sim Seng Loong (Chairman)
Alan Robert Fraser
Lee Beng Teck

REMUNERATION COMMITTEE

Sim Seng Loong (Chairman)
H'ng Hup Choong
Alan Robert Fraser

COMPANY SECRETARY

Amanda Thum Sook Fun

SHARE REGISTRAR

Boardroom Pty Ltd
Level 12,
225 George St Sydney NSW 2000
Australia

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

AUDITOR

SYA PAC
160 Robinson Road
#2603 SBF Center
Singapore 068914
+65 6538 1993

COMPANY REGISTRATION NUMBER

201134138G
ARBN 160 966 585

REGISTERED OFFICE

138, Cecil Street, #12-01A Cecil Court
SINGAPORE 069538
Tel: +65 6534 0181

BUSINESS ADDRESSES

59-3 Jalan Sri Permaisuri 8
Bandar Sri Permaisuri, 56000 Kuala Lumpur
MALAYSIA
Tel: +603 9171 6888

Suite 1301, Level 13, 115 Pitt Street
Sydney, NSW 20000
AUSTRALIA
Tel: +612 8256 1100

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of Jack-In Group Limited ("JIG") for the financial year ended 31 March 2019.

The Group's financial year ended 31 March 2019 saw a 21% decrease in revenue, as the property and construction sector in Malaysia has softened amidst a cautious economic environment. Nevertheless, the Group achieved a commendable gross revenue of MYR185 million notwithstanding the current challenging economic conditions.

At present, revenue from our principal activity in the provision of piling services are wholly contributed from our Malaysian operation. It is our belief that our continued commitment to upholding the highest standards of business conduct will enable us to procure more new contracts in Malaysia.

Expansion Plan

The Group has for the time being, put its expansion plan on hold to focus on its core activities in Malaysia. Our current sizeable fleet of machineries is sufficient for instant mobilisation should any project so require, allowing us to undertake projects within Malaysia in a more efficient and effective manner. We believe that, despite the challenging local economic environment, we will be able to procure more projects in the future given our reputation and credentials.

Results

On a year-on-year, the Group's revenue decreased by MYR50.5 million or 21% for the financial year ended 31 March 2019 as compared to the preceding financial year. The Group reduced its loss after taxation for the year to MYR1.1 million compared to MYR3.3 million in the preceding year. The current year loss has included an unrealised loss on foreign exchange of MYR0.4 million arising mainly from a weaker Australian Dollar in which we maintain A$6.0 million of the Group's funds in fixed deposit.

Business Outlook

For the first time since its independence, Malaysia had a change of government in May 2018. Whilst there is much uncertainty of the future, the general public is optimistic and hopeful of the new government to improve and strengthen the economy of Malaysia in the years ahead.

The Malaysian economy has remained cautious and prudent after the change of government and this has impacted the general economy, particularly the construction and property development industry.

Nevertheless, as property and infrastructural development is the traditional main catalyst of economic growth, we expect this sector will see a healthy recovery, which will bode well for our Group.

Conclusion

The Board remains confident that JIG is well-placed to continue to deliver justifiable and profitable growth. We are confident our outstanding track record for our Malaysian business segment will procure more business opportunities and we will continue to update our shareholders from time to time when we are awarded with significant piling and construction contracts.

I would like to thank my fellow directors and the management team who have all worked tirelessly for the Group.

I also thank you, our shareholders, for your continued support.

H'ng Bok Chuan
Chairman and Managing Director

DIRECTORS' PROFILE

H'ng Bok Chuan
Chairman and Managing Director
Aged 56, Malaysian
Appointed on 23rd December 2016

Mr. H'ng Bok Chuan has been the Managing Director of Jack-In Pile (M) Sdn Bhd, a subsidiary of JIG since 2006. He is considered a veteran in the construction industry with more than 30 years of experience.

Mr. H'ng sets the direction and business strategies for JIG and is directly involved in the development of new piling systems and methods in addition to managing the contract department on project costing and pricing for tenders of JIG's subsidiary. He is also involved in JIG business development.

H'ng Hup Choong
Executive Director
Aged 47, Malaysian
Appointed on 23rd December 2016

Mr. H'ng Hup Choong has more than 21 years of experience in the piling and foundation services sector.

He is responsible for overseeing the entire operations of JIG's subsidiary, Jack-In Pile (M) Sdn Bhd, which involves resource planning, procurement, project management and logistics matters.

Mak Siew Wei
Executive Director
Aged 44, Malaysian
Appointed on 17th May 2017

Mr. Mak Siew Wei pursued his education in the United States of America and graduated with a Bachelor's Degree in Management Information System upon which he worked for Marvic International (NY) Ltd in New York.

He has managed hotels, entertainment and commercial projects through the stages of conducting due diligence, corporate acquisition, joint venture negotiations, obtaining regulatory approvals, risk management and investment plans for public listed companies in Malaysia and overseas market.

Throughout the tenure of his career, Mr. Mak has been involved in all manner of corporate governance and capital raising as executive as well as non-executive directors of various listed companies.

He is currently an Executive Director of two public listed companies having served as the Chairman of the Risk Management as well as the Investment Committee.

Sim Seng Loong
Independent Director
Aged 52, Malaysian
Appointed on 23rd December 2016

Mr. Sim Seng Loong is a Certified Public Accountant in Malaysia and Australia, and also holds various other certifications through training and updates in the fields of accountancy and taxation obtained throughout this career.

He currently sits on the Board of Pentamaster Corporation Berhad as an Independent Non-Executive Director.

Alan Robert Fraser
Independent Director
Aged 69, Australian
Appointed on 3rd April 2017

Mr. Alan Robert Fraser has over 30 years of experience in Australia and overseas on greenfield mineral exploration, mine project management and mine treatment plant construction and commissioning. He has managed gold exploration projects through the stages of tenement acquisition, joint venture negotiation, obtaining regulatory approvals and the management of field exploration programs, through to completion of mining, rehabilitation and handover of the property back to community and government authorities.

Throughout the 30 plus years, Mr. Fraser has been involved in all manner of corporate governance and capital raising as chairman, managing director and non-executive director of various listed entities. He is currently a Non-Executive Director of NuEnergy Gas Ltd (NGY), having served on the board for in excess of 25 years. NGY is actively involved in Coal Bed Methane exploration and exploitation in Indonesia principally on the island of Sumatra.

Lee Beng Teck
Independent Director
Aged 53, Singaporean
Appointed on 1st August 2019

Mr. Lee Beng Teck is an entrepreneur with many years of experience in the field of automotive and mechanical services. He is currently a full time businessman.

DIRECTORS' PROFILE (Cont'd)

Criteria for an "independent" director

Where this charter or the charter of a Board Committee requires one or more "independent" directors, the following criteria are to be considered by the Board to determine if the relevant person is independent. An "independent" director is non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, the independent exercise of their judgment.

When determining the independent status of a director, the Board will consider whether the director:

(a) is a substantial shareholder of JIG (that is, holds 5% or more of the issued voting shares of JIG) or an officer of, or otherwise;

(b) associated directly with a substantial shareholder of JIG;

(c) is employed, or has previously been employed, in an executive capacity by JIG, and there has been a period of at least three years between ceasing such employment and serving on the Board;

(d) has within the last three years been a principal of a material professional adviser or a material consultant to JIG, or an employee materially associated with the service provided;

(e) is a material supplier or customer of JIG, or an officer of or otherwise associate directly or indirectly with a material supplier or customer; or

(f) has a material contractual relationship with JIG other than as a director of JIG. Family ties and cross-directorships may be relevant in considering interests and relationship which may compromise independence and should be disclosed by directors to the Board.

DIRECTORS' & COMMITTEE MEETINGS

During the financial year ended 31 March 2019, there has been four Board of Directors' meetings. Attendance by each Director during the year was as follows:

Directors:	Board of Directors		Nomination Committee & Remuneration Committee		Audit Committee		Risk Management	
	Held	Attend	Held	Attend	Held	Attend	Held	Attend
H'ng Bok Chuan	4	4	-	-	-	-	-	-
H'ng Hup Choong	4	4	-	-	-	-	-	-
Mak Siew Wei	4	4	-	-	-	-	-	-
Sim Seng Loong	4	4	-	-	5	5	-	-
Alan Robert Fraser	4	4	-	-	5	5	-	-
Lee Keh Sai*	4	4	-	-	5	5	-	-

*Mr. Lee Keh Sai has resigned as director of the Company with effect from 1 August 2019.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of JIG is committed to maintaining high standards of Corporate Governance. This Corporate Governance Statement ("Statement") discloses the extent to which JIG has followed the 3rd Edition of the ASX Corporate Governance Principles and Recommendations (ASX Principles and Recommendations).

The information in this Statement has been approved by the Board and is current as at the date of this report.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

Companies should establish and disclose the function reserved to the Board and those delegated to senior executives.

The Board's responsibilities are set out in JIG Board Charter, which is available on the subsidiary's website (http://www.jackinpile.com.my). Delegation to senior executives is set out in Board policies and in operating policies and procedures.

Recommendation 1.2

Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Prior to appointing a director or executive, or putting forward to security holders a candidate for election or re-election, JIG undertakes an internal due diligence process to ensure the candidate is of good fame and character. Qualifications and experience are carefully considered in the context of the overall organisation, with appropriate background and reference checks undertaken. JIG ensures that all material information for the election / re-election of Directors is provided to security holders in order for them to make an informed decision.

Recommendation 1.3

Companies should have a written agreement with each Director and senior executive setting out the terms of their appointment.

The roles and responsibilities of directors and senior executives form part of appointment letters and/or service contracts.

Recommendation 1.4

The company secretary should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The company secretary is accountable to the Board, through the Chair, as required.

Recommendation 1.5

A company should have a diversity policy, disclose the contents thereof and report on the measureable objectives for achieving gender diversity.

JIG is committed to establishing and maintaining employee and Board diversity, which recognises the strategic and personal advantages that arise from a workplace where decisions are based on merit and all employees are treated equally. The Board has adopted a Diversity Policy which is available on its website. To ensure JIG commitment to promoting diversity is ongoing, the measureable objectives will be derived from, but not limited to, the following assessment strategies:

(a) Assessing the prevalence of female employees in the organisation against the prevalence of females in senior management and Board positions.
(b) Assessing the prevalence of ethnically and culturally diverse employees in the organisation against the prevalence of ethnically and culturally diverse employees in senior management and Board positions.
(c) Assessing JIG and its subsidiary's human resource policies and objectives against the Diversity policy.
(d) Assessing JIG and its subsidiary's education and communication policies, promotion and materials against the Diversity Policy.
(e) Assessing JIG and its subsidiary's performance objectives against the flexibility needs of a varied range of employees.

The statistics on the proportion of female employees in JIG group as at 31 March 2019 are as follows:

	Male (%)	Female (%)
Board of Directors	100	-
Senior Management	100	-
Others	75	25
Total	72	28

Recommendation 1.6

Companies should disclose the process for evaluating the performance of the Board, its committee and individual directors and disclose if a performance evaluation was undertaken in the reporting period.

JIG has adopted a performance evaluation process according to ISO9001:2008 standard for the Board and its Committee and the Board considers this process appropriate for the size and composition of the Board. The performance evaluation for the Board and its Committee is an ongoing process by the Nomination Committee.

Recommendation 1.7

Companies should disclose the process for evaluating the performance of senior executives and disclose if a performance evaluation was undertaken in the reporting period.

JIG has adopted an annual performance evaluation process according to ISO9001:2008. In addition, under this Charter, the Remuneration Committee and Nomination Committee are required to review and report to the Board on the performance of senior executives. JIG has conducted a performance evaluation for senior executives during the reporting period in accordance with the process disclosed.

Principle 2: Structure the Board to add value

Recommendation 2.1

The Board should have a Nomination Committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.

The Company has to disclose the Charter of the Committee, its members, meetings held during the reporting period as well as individual attendances. JIG has set up separate Nomination Committee and Remuneration Committee. The Board has adopted a formal Nomination Committee Charter which includes the following:

- A description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors; and
- The Board's policy for the nomination and appointment of directors.

Information on the Committee's membership, meetings held during the reporting period as well as individual attendance can be found in the Directors' Profile page.

Recommendation 2.2

A Company should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The names of the directors and their qualifications and experiences are stated under the Directors' Profile section of the Annual Report with the term of office held by each director.

Recommendation 2.3

A Company should disclose the names of the independent directors; relevant director's interest and the length of service of each director.

Information on each of the directors, including skills, experience and expertise relevant to each director in office at the date of the Annual Report the period they have been in office, the names of the directors considered by the Board to constitute independent directors are included in the Directors' Profile section.

Recommendation 2.4

The majority of the Board should be Independent Directors.

At the date of the Annual Report, the Board consists of three independent directors and three executive directors. JIG does not have a majority of independent directors on its Board. The Board acknowledges the ASX Corporate Governance Council's recommendation that a majority of the Board should be independent non-executive directors. Given JIG's current size and circumstances, the Board believes that it can maintain Board independence through re-election of directors at annual general meetings.

Recommendation 2.5

The Chair should be an independent Director and not the Chairman.

The Chairman of the Board is not an independent Director. However, the Board believes that Mr. H'ng Bok Chuan is the most appropriate person to act as Chairman given his extensive knowledge of JIG and its subsidiary's overall operations and important business relationship. Mr. H'ng Bok Chuan is the Chairman and Managing Director. Given his expertise and relationships with the clients, and the reasons outlined above, the Board believes that he is the best qualified person for both the roles of Chairman and Managing Director. The Board acknowledges the ASX Corporate Governance Council's recommendation and in conjunction with the Nomination Committee will continue to evaluate the appropriateness of Mr. H'ng Bok Chuan holding both roles.

Recommendation 2.6

A Company should have a programme for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.

The Nomination Committee has been delegated the responsibility to establish and facilitate an induction program for new directors with all such information and advice which may be considered necessary or desirable for the director to commence their appointment to the Board, including information and advice regarding:

(i) the Group financial, strategic, operational and risk management position;
(ii) the rights, duties and responsibilities of the directors;
(iii) the roles and responsibilities of senior executives; and
(iv) the role of Board committees.

No professional development processes have been put in place, but directors may seek independent professional advice at the expense of JIG following conclusion with the Chairman as agreed by the Board.

Principle 3: Act Ethically and Responsibly

Recommendation 3.1

Companies should establish a Code of Conduct and disclose the Code or a summary of it.

JIG is committed to high standards of corporate governance and professional behaviour. The Board has adopted a Code of Conduct, which is available on the Group's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The Board should establish an Audit Committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent Directors; and is chaired by an independent director, who is not a chair of the Board.

The Company has to disclose the Charter of the Committee, its members and their qualifications and experiences, meetings held during the reporting period as well as individual attendances. JIG has established an Audit Committee, consisting of three independent directors. The Chair is an independent director. The Board acknowledges the ASX Corporate Governance Council's recommendations and achieves the recommended composition of majority independent directors to ensure proper financial reporting. JIG has adopted a formal Audit Charter, which is available on the subsidiary's website (http://www.jackinpile.com.my). The name and qualifications of those appointed to the Audit Committee and their attendances at meetings of the Committee and the number of meetings of the Audit Committee are included in the Directors' Profile section.

Recommendation 4.2

The Board should, before it approves the entity's financial statements for a financial period, receive from its COO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

JIG has received assurance from the Chairman and Managing Director that the declaration provided in accordance with Section 19 of the Companies Act, Cap. 50 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 4.3

The Company's External Auditor should attend its AGM and should be available to answer question from security holders relevant to the audit.

The External Auditor attends the AGM to answer questions from security holders.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and disclosure these policies or a summary of it.

JIG has adopted a Continuous Disclosure and External Communication Policy, where announcement of new projects and operation updates are lodged with the ASX from time to time.

Principle 6: Respect the rights of security holders

Recommendation 6.1

A Company should provide information about itself and its governance to investors via its website.

Information on JIG and its subsidiary, its operations and governance can be found on the subsidiary's website (http://www.jackinpile.com.my).

Recommendation 6.2

The Company should design and implement an investor relations programme to facilitate effective two-way communication with investors.

JIG does have a formal investor relations email for shareholders to raise any issues of concern. In addition to that, JIG is committed to communicating effectively with shareholders through ongoing releases to the market via the ASX providing shareholders the opportunity to ask questions at the general meetings of JIG and by giving shareholders ready access to balanced and understandable information about JIG and Corporate proposals, which is available on the subsidiary's website.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

JIG respects the rights of its shareholders and encourage their participation at general meetings, to facilitate the effective exercise of those rights. JIG provides appropriate notice periods and disclosure to promote shareholders attendance and participation at the general meetings of JIG.

Recommendation 6.4

A Company should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

To facilitate effective communication with shareholders, the shareholders have the option to receive communication and to communicate with JIG by sending their queries to the Company at its address investorrelations@jackingroup.com.

Principle 7: Recognise and manage risk

Recommendation 7.1

The Board should have a committee to oversee risk which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.

The Company has to disclose the Charter of the Committee, its members, meetings held during the reporting period as well as individual attendances. The Board has established a Risk Management Committee which has a formal Charter that outlines JIG's policies on risk oversight and management of material business risks. The Committee is chaired by an independent director.

Recommendation 7.2

The Company's risk management framework should be reviewed at least annually by the Board or a committee, to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.

The Board has adopted a formal Risk Committee Charter which includes a requirement for management to design and implement the risk management and internal control system to manage JIG material business risks and report to it on whether those risks are being managed effectively. Management reports to the Board as to the effectiveness of JIG management of its material business risks during the reporting period.

Recommendation 7.3

A Company should disclose if it has an internal audit function, how the function is structured and what role it performs; or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

JIG outsources its internal audit functions where an independent firm will be engaged for specific internal audit engagements. There has been no internal audit engagements during the financial year.

Recommendation 7.4

A Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

JIG takes its compliance with economic, environmental and social sustainability with utmost care and attention. JIG employs local employees as a priority and seeks to ensure the communities reap the economic benefits of the operating environment's natural assets.

Principle 8: Remunerate Fairly and Responsibly

Recommendation 8.1

The Board should have a Remuneration Committee which has at least three members, a majority of whom are Independent Directors; and is chaired by an Independent Director.

The Company has to disclose the Charter of the Committee, its members, meetings held during the reporting period as well as individual attendances. The Board has established a Remuneration Committee. The Board has adopted a formal Remuneration Committee Charter which includes JIG's policy. The names of members of the Remuneration Committee and their attendance at meetings of the Committee are included in the Directors' Profile section.

Recommendation 8.2

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior management.

The Remuneration Committee Charter sets out the obligations on the Remuneration Committee with respect to considering the remuneration for executives and independent non-executive directors of JIG. At present, both the executive and independent non-executive directors receive fixed fees only on per annum basis.

Recommendation 8.3

A Company which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.

None of the directors have any equity-based remuneration.

ASX ADDITIONAL INFORMATION

The shareholders information set out below are as at 31 October 2019. At this date, the Company has 402,265,400 ordinary shares.

SUBSTANTIAL SHAREHOLDERS

Holder Name	No. of shares
HSBC Custody Nominees	155,980,981
Citicorp Nominees Pty Limited	74,254,400
RHB Securities Singapore Pte Ltd	44,183,315
CUCM Holdings Sdn Bhd	36,000,000
BNP Paribas Noms Pty Ltd	31,194,913

TOP 10 LARGEST SHAREHOLDERS

Holder Name	No. of Shares	(%)
HSBC Custody Nominees	155,980,981	38.8%
Citicorp Nominees Pty Limited	74,254,400	18.5%
RHB Securities Singapore Pte Ltd	44,183,315	11.0%
CUCM Holdings Sdn Bhd	36,000,000	8.9%
BNP Paribas Noms Pty Ltd	31,194,913	7.7%
Premier Global Consultancy Sdn Bhd	16,500,000	4.1%
Infinite Discovery Sdn Bhd	11,884,207	3.0%
Teng Whoo Goh	5,000,000	1.2%
Ho Nam Siah	5,000,000	1.2%
Yuen Ee Wong	2,511,532	0.6%

DISTRIBUTION OF SHAREHOLDING

Holding Ranges	No. of Holders	No. of Shares	%
1 – 1000	73	3,809	<0.1%
1,001 – 10,000	198	933,134	0.2%
10,001 – 100,000	32	1,230,256	0.3%
100,001 – 10,000,000	31	30,100,475	7.5%
Above 10,000,000	7	369,997,726	92.0%
TOTAL	**341**	**402,265,400**	**100.0%**

There were no shareholders holding less than a marketable parcel of one share each.

No ordinary shares are subject to escrow.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

Directors of the Company

The directors in office at the date of this statements are:

H'ng Bok Chuan	Executive Chairman
H'ng Hup Choong	Executive Director
Mak Siew Wei	Executive Director
Sim Seng Loong	Independent Non-Executive Director
Lee Beng Teck	Independent Non-Executive Director (appointed on 1 August 2019)
Alan Robert Fraser	Independent Non-Executive Director

Arrangements to enable directors to acquire shares or debentures

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

Directors' interest in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Companies Act, Cap. 50 (the "Act"), the directors who held office at the end of the financial year had no interests in the shares of the Company and its related corporations except as stated below:-

	Direct interests		Indirect interests	
Name of directors and Company in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Jack-In Group Limited				
Ordinary Shares				
H'ng Bok Chuan	105,000,000	105,000,000	36,000,000	36,000,000
H'ng Hup Choong	60,000,000	60,000,000	36,000,000	36,000,000
Mak Siew Wei	2,509,032	2,509,032	-	-

Mr. H'ng Bok Chuan, by virtue of Section 7 of the Companies Act, is deemed to have an interest in the Company and all the related corporations of the Company.

Share options

Options to take up unissued shares
During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

Options exercised
During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

Unissued shares under option
At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Sim Seng Loong (Chairman)
Lee Beng Teck
Alan Robert Fraser

The Audit Committee performs the functions in accordance with the Audit and Risk Committee Charter and Section 201B of the Companies Act, Cap. 50. The Audit Committee has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(i) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(ii) the Group's financial and operating results and accounting policies;

(iii) the audit plan of the external auditors;

(iv) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(v) the announcements as well as the related releases on the results and financial positions of the Company and the Group;

(vi) the co-operation and assistance given by the management to the Group's external and internal auditors; and

(vii) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of SYA PAC for re-appointment as external auditors at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Independent Auditor

The auditors, SYA PAC, has expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

H'NG BOK CHUAN

MAK SIEW WEI

19 November 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JACK-IN GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jack-In Group Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 67.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

(i) We draw attention to Note 10 to the financial statements concerning an estimation uncertainty made by the management relating to loss allowances for trade receivables balances that are past due but not credit-impaired.

(ii) We draw attention to Note 21 to the financial statements under the paragraph Credit risk where management did not prepare information about the Group's credit risk exposure and significant concentrations of credit risk by credit risk grading.

Our opinion is not modified in respect of these matters.

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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JACK-IN GROUP LIMITED

Key audit matter	How the matter was addressed in the audit
Revenue recognition The stage of completion used for revenue recognition is based on the Group's progressive satisfaction of its performance obligations for each contract with survey reports of contract activities and corresponding costs incurred on those contracts. Estimation of costs including contingencies for each contract requires management to make certain assumptions, and profitability of each contract requires judgement based on industry experience, taking into account, *inter alia*, time and materials required to complete. Any changes in these estimates could result in material variances in revenue and related costs, including any provisions to recognise for foreseeable losses. As the budgeted and progressive margin recognised on existing contracts could significantly change in future periods, there is an inherent risk that certain contracts may be loss-making.	We verified the contract revenues and costs recognised to contract terms, project status and survey reports and other relevant supporting documents. We reviewed the reasonableness of estimates used and evaluated for the risk of possible management bias by performing analytical procedure, including trend analysis over disaggregated data on sampling of contracts. We also reviewed management's assessment of estimated costs to complete and probability of further costs, such as rectification costs and made enquiries on the rationale for such possible occurrences with management.
Expected credit losses for trade receivables and contract assets The Group's trade receivables and contract assets amounted to MYR134.3 million and MYR69.2 million respectively. At each reporting date, the Group identifies trade receivables and contract assets that are credit-impaired and determines loss allowance, if any. The Group then measures loss allowances at an amount equal to lifetime expected credit losses ("ECL") in relation to the remaining trade receivables and contract assets. Judgement is required to determine if any loss allowances were required to be recognised for these trade receivables and contract assets.	We reviewed management's assessment of the recoverability of receivables and contract assets and the appropriateness of the ECL model applied by management. We enquired management regarding their understanding of debtors and assessment on recoverability and estimation of loss allowances. We reviewed the payment history of debtors and checked for receipts subsequent to the year-end. We also considered contract performance and other arrangements reached with customers, including any settlement arrangements.
Investment properties We identified the valuation of investment properties as a key audit matter due to the significant judgements associated with determining the fair values for each of the investment properties. As at 31 March 2019, the Group's investment properties amounted to MYR6.62 million. The Group's investment properties are stated at fair value based on valuation performed by an independent qualified professional valuer ("Valuer"). The fair value of investment properties were derived using the direct comparison method. Details of the valuation techniques used in the valuation are disclosed in Note 5 to the consolidated financial statements.	We evaluated the competence, capabilities and objectivity of the Valuer and obtained an understanding of the Valuer's scope of work and the terms of engagement. We also evaluated the appropriateness of the Valuer's valuation approach to assess if it is consistent with the requirements of IFRSs and industry norms, assessed the reasonableness of the key assumptions used in arriving at the valuation including the recent market transaction of properties in similar location and condition and the adjustment factors applied in the valuation.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and all other information in the annual report, which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 controls.

- Obtain an understanding of internal controls 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 internal controls.

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

- Conclude on the appropriateness of management's 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 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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 consolidated financial statements. 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 controls 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 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 current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is David Lim.

SYA PAC
Public Accountants and
Chartered Accountants
Singapore

19 November 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group 2019 MYR	2018 MYR
Revenue from contracts		**184,978,784**	235,508,074
Costs of sales		**(162,528,838)**	(214,101,132)
Gross profit		**22,449,946**	21,406,942
Other income		**2,809,040**	3,001,872
Administrative expenses		**(17,942,112)**	(19,035,300)
Other expenses		**(1,048,026)**	(2,740,067)
Finance costs		**(6,391,825)**	(3,768,598)
		(25,381,963)	(25,543,965)
Loss before tax	3	**(122,977)**	(1,135,151)
Tax expense	4	**(931,861)**	(2,160,671)
Loss for the year		**(1,054,838)**	(3,295,822)
Item that will not be reclassified subsequently to profit or loss			
Gain on revaluation of investment property		**155,956**	-
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**2,164**	13,161
Other comprehensive income for the year, net of tax		**158,120**	13,161
Total comprehensive income for the year		**(896,718)**	(3,282,661)
Loss per ordinary share (MYR)	19		
Basic		**(0.0026)**	(0.0082)
Diluted		**(0.0026)**	(0.0082)

This statement must be read in conjunction with notes to the financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		Group		Company	
	Note	2019 MYR	2018 MYR	2019 MYR	2018 MYR
Assets					
Non-current assets					
Investment properties	5	**6,620,000**	-	**-**	-
Property, plant and equipment	6	**30,765,765**	37,470,860	**-**	-
Investment in subsidiaries	7	**-**	-	**50,956,983**	193,284,000
		37,385,765	37,470,860	**50,956,983**	193,284,000
Current assets					
Assets held for sale	8	**2,035,000**	2,500,000	**-**	-
Contract assets	9	**69,180,530**	57,348,350	**-**	-
Trade and other receivables	10	**143,200,212**	116,055,874	**215,642**	1,081,124
Prepayments		**9,040,005**	2,035,810	**6,841**	6,673
Cash and bank balances	11	**30,634,794**	30,846,640	**17,944,814**	18,550,915
		254,090,541	208,786,674	**18,167,297**	19,638,712
Total assets		**291,476,306**	246,257,534	**69,124,280**	212,922,712
Equity and liabilities					
Capital and reserves					
Share capital	12	**94,831,961**	94,831,961	**250,335,755**	250,335,755
Merger reserve	13	**(38,536,852)**	(38,536,852)	**-**	-
Revaluation reserve	14	**155,956**	278,494	**-**	-
Translation reserve		**11,746**	9,582	**-**	-
Accumulated profits (losses)		**8,197,674**	8,974,018	**(185,223,172)**	(41,186,269)
		64,660,485	65,557,203	**65,112,583**	209,149,486
Non-current liabilities					
Deferred tax liabilities	15	**1,986,855**	2,665,986	**-**	-
Borrowings	16	**11,386,507**	8,605,726	**-**	-
		13,373,362	11,271,712	**-**	-
Current liabilities					
Borrowings	16	**42,606,499**	37,384,347	**-**	-
Trade and other payables	17	**141,861,480**	122,787,288	**4,011,697**	3,773,226
Contract liabilities	9	**28,974,480**	9,256,984	**-**	-
		213,442,459	169,428,619	**4,011,697**	3,773,226
Total liabilities		**226,815,821**	180,700,331	**4,011,697**	3,773,226
Total equity and liabilities		**291,476,306**	246,257,534	**69,124,280**	212,922,712

This statement must be read in conjunction with notes to the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

		Group					
	Note	Share capital MYR	Merger reserve MYR	Revaluation reserve MYR	Translation reserve MYR	Accumulated profits MYR	Total MYR
Current year							
Balance at 1 April 2018		94,831,961	(38,536,852)	278,494	9,582	8,974,018	65,557,203
Total comprehensive income for the year:							
Loss for the year		-	-	-	-	(1,054,838)	(1,054,838)
Other comprehensive income	14	-	-	155,956	2,164	-	158,120
Transfer to accumulated profits	14	-	-	(278,494)	-	278,494	-
Balance at 31 March 2019		**94,831,961**	**(38,536,852)**	**155,956**	**11,746**	**8,197,674**	**64,660,485**
Prior year							
Balance at 1 April 2017		94,831,961	(38,536,852)	278,494	(3,579)	12,269,840	68,839,864
Total comprehensive income for the year		-	-	-	13,161	(3,295,822)	(3,282,661)
Balance at 31 March 2018		94,831,961	(38,536,852)	278,494	9,582	8,974,018	65,557,203

This statement must be read in conjunction with notes to the financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Company		
	Share capital MYR	**Accumulated losses MYR**	**Total MYR**
Current year			
Balance at 1 April 2018	250,335,755	(41,186,269)	209,149,486
Total comprehensive income for the year	-	(144,036,903)	(144,036,903)
Balance at 31 March 2019	**250,335,755**	**(185,223,172)**	**65,112,583**
Prior year			
Balance at 1 April 2017	250,335,755	(35,563,385)	214,772,370
Total comprehensive income for the year	-	(5,622,884)	(5,622,884)
Balance at 31 March 2018	250,335,755	(41,186,269)	209,149,486

This statement must be read in conjunction with notes to the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group 2019 MYR	Group 2018 MYR
Operating activities			
Loss before tax		**(122,977)**	(1,135,151)
Adjustments for:			
Bad debts		**-**	64,125
Fair value loss on investment properties		**637,403**	-
Depreciation		**7,709,526**	6,989,999
Deposit written (back) off		**(2,900)**	407,386
Gain on disposal of property, plant and equipment		**(1,002,004)**	-
Impairment loss on receivables		**1,388,683**	8,631
Interest expense		**6,391,825**	3,699,860
Interest income		**(244,416)**	(215,195)
Loss on disposal of asset held for sale		**20,000**	-
Reversal of allowance for doubtful debts		**-**	(127,110)
Waiver of interest		**-**	(1,912,965)
Operating cash flows before working capital changes		**14,775,140**	7,779,580
Trade and other receivables		**(27,649,000)**	(16,062,353)
Trade and other payables		**18,044,753**	24,795,523
Cash generated from operation		**5,170,893**	16,512,750
Income tax paid		**(2,614,389)**	(4,074,463)
Interest paid		**(5,602,010)**	(2,976,029)
Net cash (used in) from operating activities		**(3,045,506)**	9,462,258
Investing activities			
Interest received		**244,416**	215,195
Proceeds from disposal of property, plant and equipment		**1,359,146**	-
Proceeds from disposal of investment property		**2,480,000**	-
Purchase of property, plant and equipment		**(1,970,079)**	(6,964,503)
Net cash from (used in) investing activities		**2,113,483**	(6,749,308)
Financing activities			
Drawdown of revolving credit		**5,000,000**	2,000,000
Drawdown of term loan		**-**	2,836,212
(Repayment) drawdown of trust receipts		**(9,900,000)**	462,571
Interest paid		**(789,815)**	(723,831)
Payment of finance lease payables		**(4,491,150)**	(5,583,578)
Payment of term loan instalments		**(1,264,972)**	(645,530)
Placement of fixed deposits pledged		**738,982**	(7,372,481)
Drawdown(repayment) of bankers' acceptance		**9,795,154**	(2,213,000)
Net cash used in financing activities		**(911,801)**	(11,239,637)
Net decrease in cash and cash equivalents		**(1,843,824)**	(8,526,687)
Cash and cash equivalents at beginning of the year		**3,107,437**	11,634,124
Cash and cash equivalents at end of the year	11	**1,263,613**	3,107,437

This statement must be read in conjunction with notes to the financial statements

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. DOMICILE AND ACTIVITIES

The Company (Registration Number 201134138G) is incorporated in Singapore with its principal place of business and registered office at 138 Cecil Street, #12-01A Cecil Court, Singapore 069538. The Company is listed on the Australian Stock Exchange. The financial statements are expressed in Malaysian Ringgit ("MYR").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and International Financial Reporting Standards ("IFRSs").

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
c) Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Group and its subsidiaries. Control is achieved when the Group:
- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;

- o Rights arising from other contractual arrangements; and
- o Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the IFRS are recognised at their fair value at the acquisition date, except that:

- o Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- o Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in IFRS 2 *Share-based Payment* at the acquisition date; and
- o Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2.4 Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (before 1 April 2018)

Effective interest method

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

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Equity investment held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is included in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Available-for-sale financial assets are stated at cost, less any impairment in recoverable value, where fair values cannot be reliably measured.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables where the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For all financial assets, objective evidence of impairment could include:
- o significant financial difficulty of the issuer or counterparty; or
- o default or delinquency in interest or principal payments; or
- o it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets (from 1 April 2018)

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforementioned, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “other operating income” line item.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “Other income” line item in profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line items.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment if whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date if initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtor operate, obtained from economic expert reports, financial analysts and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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Despite the aforementioned, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- o Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate Group. Loans to related parties are assessed for expected credit losses on an individual basis);
- o Past-due status; and
- o Nature, size and industry of debtors.

The Grouping is regularly reviewed by management to ensure the constituents of each Group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

<u>Financial liabilities and equity instruments</u>

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Treasury shares

When the Company purchase its own equity share capital, the consideration paid, including any directly attributable costs, is recognised as 'Treasury shares' within equity. When the treasury shares are subsequently disposed, the realised gains or losses on disposal of the treasury shares are recognised in equity.

Bank borrowings and bills payables

Interest-bearing bank loans, bank overdrafts and bills payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.6 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2% or over the terms of lease
Plant, machinery and site equipment	12% to 20%
Office equipment, furniture, fittings and renovation	20% to 50%
Motor vehicles	20%

Freehold land is not subject to depreciation.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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2.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.8 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

2.10 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.11 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses 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 contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.14 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.16 Foreign currency transactions and translations

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are presented in Malaysian Ringgit, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Malaysian Ringgit using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve within other reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.17 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.18 Critical judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

<u>Key sources of estimation uncertainty</u>

The 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, are discussed below.

(i) Contract revenues, related costs and foreseeable losses and provisions

Revenue recognition and profit on uncompleted contracts is dependent on estimating the outcome of the on-going contracts, as well as completion to date. Based on the Group's experience and the nature of the contract activities undertaken, management makes estimates of the costs to complete, rectification and foreseeable costs at each reporting date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the reporting date, which would affect revenues and profits recognised in the current and future years.

The Group makes provisions for foreseeable losses in profit or loss for certain contracts when it is probable that total costs to complete will exceed the total contract revenue. This assessment process involves significant estimates and uncertainties over factors such as outcome of negotiations with various parties involved in the projects, increase in costs and delays. These uncertainties may result in estimates deferring from the future losses that the Group will incur and any changes to the provisions will affect profit or loss in the future years.

The provisions recognised represents management's best estimate of the expected future cost required. Significant estimates and assumptions are made in determining the provisions. Those estimates and assumptions deal with uncertainties such as changes to timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position and statement of profit or loss by adjusting the provision.

(ii) Recoverable amounts of trade and other receivables

When measuring ECL, a considerable amount of judgement and accounting estimates such as supportable forward-looking information is required in assessing the ultimate realisation of trade and other receivables.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group also considered the ageing of the receivables, credit-worthiness of its customers and historical write-off of receivables. Except for the loss allowances, the Group believes that no further allowances is necessary in respect of the remaining receivables due to the track record of its customers.

The Company assessed the collectability of the outstanding balances, having considered the financial conditions of the subsidiaries, their ability to make the required repayments and control over the repayments. Management believes that no loss allowances is necessary in respect of the remaining balances. If the financial conditions of the subsidiaries were to deteriorate, further loss allowances may be required.

The carrying amounts of the Group's trade and other receivables and the related loss allowances for doubtful debts are disclosed in Note 10 to the financial statements.

(iii) Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets on a regular basis in order to determine the amount of depreciation expenses to be recognised for each financial year. Changes in the expected level of use and anticipated technological changes could impact the economic useful lives and the residual values of the assets which could impact the depreciation charge and consequently affect the Group's results. The residual value is reviewed at each reporting date, with any change in estimate accounted for prospectively as a change in estimate.

(iv) Impairment assessment of plant and equipment

Impairment assessment of plant and equipment requires extensive applications of judgements and estimates by management.

Management judgement is required particularly in assessing: (i) whether there are any indications that the value of the related asset may not be recoverable; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows estimated based on its continued use in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections.

(v) Impairment assessment on interests in subsidiaries

The carrying values of the Company's investments in subsidiaries are reviewed for impairment whenever there is any indication that the investment may be impaired. This requires significant judgement to evaluate, amongst other factors, the future profitability of the subsidiary, the financial health and near-term business outlook including factors such as industry performance and operational and financing cash flows. The recoverable amounts of the investments could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amounts.

3. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

	Group	
	2019	**2018**
	MYR	**MYR**
Income:		
Foreign exchange gain	**24,663**	-
Gain on disposal of property, plant and equipment	**1,002,004**	-
Interest income	**244,416**	215,195
Rental income	**752,591**	225,638
Reversal of allowance for doubtful debts	**-**	127,110
Sundry income	**475,738**	253,477
Waiver of interest	**-**	1,912,965
Expenses:		
Audit fee	**314,725**	279,069
Bad debts	**-**	64,125
Fair value loss of investment properties	**637,403**	-
Depreciation	**7,709,526**	6,989,999
Employee benefits expense	**16,766,523**	19,618,995
Foreign exchange loss	**441,778**	2,771,228
Impairment loss on trade receivables	**1,388,683**	8,631
Interest on bankers' acceptance	**653,868**	694,533
Interest on bank guarantee	**160,104**	197,785
Interest on bank overdraft	**70,338**	17,896
Interest on finance lease liabilities	**3,520,712**	1,286,021
Interest on hire purchase	**430,137**	532,404
Interest on revolving credit	**1,212,924**	848,532
Interest on term loan	**359,678**	191,427
Loss on disposal of asset held for sale	**20,000**	-
Rental of land	**49,000**	48,000
Rental of office equipment	**14,786**	12,093
Rental of premises	**127,300**	127,450
Service fee	**-**	1,343,809

Employee benefits expense:		
Directors' fee	**1,172,745**	1,184,516
Directors' pension contributions	**26,100**	21,600
Directors' salaries and bonus	**316,750**	210,000
Directors' other benefits	**1,123**	853
Pension contribution	**361,316**	355,100
Salaries, overtime, allowances and bonus	**7,507,361**	8,621,729
Wages	**7,346,867**	9,192,292
Other benefits	**34,261**	32,905
	16,766,523	19,618,995

Staff costs recognized under construction cost incurred to date is MYR12,545,451 (2018: MYR14,853,954).

4. TAX EXPENSE

	Group 2019 MYR	Group 2018 MYR
Current tax	**1,610,992**	1,347,456
Deferred tax	**(679,131)**	813,215
	931,861	2,160,671

The total charge for the year can be reconciled to the loss before tax as follows:

	Group 2019 MYR	Group 2018 MYR
Loss before tax	**(122,977)**	(1,135,151)
Tax at 24%	**(29,514)**	(272,436)
Tax effect of non-taxable income	**(41,535)**	(25,259)
Tax effect of non-deductible expenses	**1,121,381**	1,866,676
Under-provision in prior year	**804,684**	630,515
Deferred tax assets not recognized	**(923,155)**	(38,825)
Tax expense	**(931,861)**	2,160,671

Taxation of the Group relates solely to its operations in Malaysia. Neither the Company nor any other company of the Group is subject to tax for the reporting period.

5. INVESTMENT PROPERTIES

	Group 2019 MYR	Group 2018 MYR
Beginning of the year	**-**	2,500,000
Acquired during the year [1]	**2,035,000**	-
Transfer from capital expenditure in-progress [2]	**5,639,657**	-
Transfer from buildings [3]	**1,461,790**	-
Reclassified as held for sale [1] (Note 8)	**(2,035,000)**	(2,500,000)
Gain on fair value adjustment included in other comprehensive income	**155,956**	-
Loss from fair value adjustments included in profit or loss	**(637,403)**	-
At end of the year	**6,620,000**	-

(1) On 1 March 2019, the Group accepted a property located at Phileo Damansara II ("Phileo Damansara II") from a customer as settlement of outstanding trade receivables amounting to MYR2,035,000 in-lieu of cash. Management is of the view that the amount of MYR2,035,000 agreed with the customer adequately reflects the fair value of the property and has classified it as an investment property during the year. No independent valuation was performed on Phileo Damansara II.

In May 2019, the Group resolved to dispose Phileo Damansara II to a vendor as partial settlement of outstanding trade payables amounting to MYR2,035,000 in-lieu of cash. At the end of the reporting period, management reclassified the investment property as an asset held for sale(Note 8).

(2) During the year, the Group completed the construction of certain properties and resolved to recognise these properties as investment properties. The completed properties are reclassified from the Group's property, plant and equipment 'capital expenditure in-progress'.

(3) During the year, certain buildings owned by the Group were leased to outside parties. With the change in use of the buildings, the Group resolved to reclassify these buildings from property, plant and equipment 'buildings' to investment properties.

Fair value measurements of the Group's investment properties

The fair values of the Group's investment property as at 31 March 2019 have been determined on the basis of valuations carried out by an independent valuer not related to the Group, having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The fair value was determined based on the comparison approach that reflects recent transaction prices for similar properties, and entails critical analyses of recent evidence of values of comparable properties in the vicinity and making adjustments for differences. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Investment properties are categorized under Level 2 of the fair value hierarchy, which has been determined by the directors based on the comparison approach. There were no transfers between Levels 1 and 2 and into or out of Level 3 during the year.

Details of the Group's investment properties as at 31 March 2019 are as follow:

Investment property	Location	Property type	Fair value MYR	Tenure
Unit 90-G, KL Traders Square [i]	Unit No. 90-G, Plaza KLTS, Jalan Gombak, Setapak, 53000 Kuala Lumpur	Shop unit, stratified 3-storey shop office	1,340,000	Freehold
Unit 90-1, KL Traders Square [i]	Unit No. 90-1, Plaza KLTS, Jalan Gombak, Setapak, 53000 Kuala Lumpur	Office unit, stratified 3-storey shop office	800,000	Freehold
Unit 90-2, KL Traders Square [i]	Unit No. 90-2, Plaza KLTS, Jalan Gombak, Setapak, 53000 Kuala Lumpur	Office unit, stratified 3-storey shop office	700,000	Freehold
24 Hillpark Avenue [i]	No. 24 & 24-1, Jalan Hillpark 11/2, Pusat Perdagangan Hillpark, 42300 Bandar Hillpark Puncak Alam, Selangor Darul Ehsan	2-storey shop office	850,000	Leasehold until 26 July 2091
26 Hillpark Avenue [i]	No. 26 & 26-1, Jalan Hillpark 11/2, Pusat Perdagangan Hillpark, 42300 Bandar Hillpark Puncak Alam, Selangor Darul Ehsan	2-storey shop office	750,000	Leasehold until 26 July 2091
B1-35-01 Kenwingston[i]	Unit No. B1-35-01, Kenwingston Square Garden, Persiaran Bestari, 63000 Cyberjaya, Selangor Darul Ehsan	Service apartment unit	360,000	Freehold

Investment property	Location	Property type	Fair value MYR	Tenure
B2-15-06 Kenwingston[i]	Unit No. B1-35-01, Kenwingston Square Garden, Persiaran Bestari, 63000 Cyberjaya, Selangor Darul Ehsan	Service apartment unit	270,000	Freehold
No. 22 The Palazzia[ii]	Unit No. 97-1-22, Floor No. UG, The Palazzia, Jalan Bukit Gambier, 11700 Gelugor, Pulau Pinang	Stratified shop lot with mezzanine floor	790,000	Freehold
B-05-01 Setia Tri-Angle[ii]	Unit No. 3, B-05-01, Persiaran Kelicap, Setia Tri-Angle, 11900 Bayan Lepas, Pulau Pinang	Corner 3+1-bedroom apartment	760,000	Freehold
			6,620,000	

(i) Transferred from capital expenditure in progress under Property, plant & equipment (Note 6)
(ii) Transferred from buildings under Property, plant & equipment (Note 6)

The following amounts derived from the Group's investment properties are recognised in profit or loss: -

	Group	
	2019 MYR	**2018 MYR**
Rental income	136,706	171,170
Direct operating expenses arising from investment properties that generate rental income	48,318	32,704

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

6. PROPERTY, PLANT AND EQUIPMENT

	Group						
	Freehold land MYR	**Buildings MYR**	**Plant, machinery and site equipment MYR**	**Office equipment, furniture, fittings and renovation MYR**	**Motor vehicles MYR**	**Capital expenditure in progress MYR**	**Total MYR**
At costs							
At 1 April 2017	1,151,969	3,064,053	57,919,111	889,278	2,380,563	4,833,497	70,238,471
Addition	-	-	5,759,526	279,572	56,000	869,405	6,964,503
At 31 March 2018	1,151,969	3,064,053	63,678,637	1,168,850	2,436,563	5,702,902	77,202,974
Addition	-	-	6,946,956	24,397	-	1,491,667	8,463,020
Reclassification	-	-	726,193	-	-	(726,193)	-
Reclassified to investment properties	-	(1,620,518)	-	-	-	(5,639,657)	(7,260,175)
Disposals	-	-	(1,670,428)	(1,638)	(457,192)	-	(2,129,258)
At 31 March 2019	**1,151,969**	**1,443,535**	**69,681,358**	**1,191,609**	**1,979,371**	**828,719**	**76,276,561**
Accumulated depreciation							
At 1 April 2017	-	285,212	30,083,694	628,179	1,745,030	-	32,742,115
Addition	-	62,698	6,483,454	202,841	241,006	-	6,989,999
At 31 March 2018	-	347,910	36,567,148	831,020	1,986,036	-	39,732,114
Addition	-	36,973	7,222,588	231,371	218,594	-	7,709,526
Reclassification	-	-	(4,125)	57	4,068	-	-
Reclassified to investment properties	-	(158,728)	-	-	-	-	(158,728)
Disposals	-	-	(1,392,620)	(1,638)	(377,858)	-	(1,772,116)
At 31 March 2019	**-**	**226,155**	**42,392,991**	**1,060,810**	**1,830,840**	**-**	**45,510,796**
At 31 March 2019	**1,151,969**	**1,217,380**	**27,288,367**	**130,799**	**148,531**	**828,719**	**30,765,765**
At 31 March 2018	1,151,969	2,716,143	27,111,489	337,830	450,527	5,702,902	37,470,860

Capital expenditure in progress

The Group's capital expenditure in progress relates to expenditure for commercial properties and machinery in the course of construction.

Assets held under finance leases

The carrying amount of property, plant and equipment held under finance leases at the end of the reporting period were:

	Group	
	2019	**2018**
	MYR	**MYR**
Plant, machinery and site equipment	**7,610,751**	16,639,492
Motor vehicles	**64,520**	240,309

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

Assets pledged as security

Freehold land, buildings and capital expenditure in progress with carrying amount shown below are pledged as securities (Note 16):

	Group	
	2019	**2018**
	MYR	**MYR**
Freehold land	**1,151,969**	1,151,969
Buildings	**1,217,381**	2,716,143
Capital expenditure-in-progress	**-**	4,669,060

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	**2018**
	MYR	**MYR**
Unquoted equity shares, at cost	**193,284,000**	193,284,000
Impairment loss	**(142,327,017)**	-
Net	**50,956,983**	193,284,000
Movements in impairment loss:		
Balance at beginning of the year	**-**	-
Charge to profit or loss	**142,327,017**	-
Balance at end of the year	**142,327,017**	-

During the year, management carried out a review of the carrying amount of all its subsidiaries. An impairment loss of MYR142,327,017 was recognised for the year ended 31 March 2019 to write down the carrying amount of a subsidiary to its estimated recoverable amount. The recoverable amounts of the subsidiaries have been determined based on their net assets.

Details of the Group's subsidiaries are as follow:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power 2019	2018
Jack-In Holdings Pte Ltd [1]	Investment holding	Singapore	**100%**	100%
Jack-In Pile (M) Sdn Bhd [2]	Provision of piling contract services	Malaysia	**100%**	100%
Jack-In Pile (Australia) Pty Ltd [3]	Inactive	Australia	**100%**	100%

(1) Audited by SYA PAC, Singapore.
(2) Audited by Siew Boon Yeong & Associates, Chartered Accountants, Malaysia.
(3) Not audited for consolidation purpose as the subsidiary is not material.

8. ASSETS HELD FOR SALE

	Group 2019 MYR	2018 MYR
Beginning of the year	**2,500,000**	-
Disposed during the year	**(2,500,000)**	-
Reclassified from investment properties (Note 5)	**2,035,000**	2,500,000
At end of the year	**2,035,000**	2,500,000

On 12 February 2018, the Group resolved to dispose the investment property and reclassified the investment property from non-current assets to current assets as an asset held for sale. The disposal was completed in September 2018 for a consideration of MYR2,480,000. At the end of 2018, management has not recognised an impairment loss of MYR20,000 representing fair value less costs to sell as it considers the amount to be insignificant.

In May 2019, the Group resolved to dispose a property initially recognised as an investment property to a vendor for partial settlement of outstanding trade payables in-lieu of cash (Note 5). Management is of the view that the amount of MYR2,035,000 agreed with the vendor adequately reflects the fair value less costs to sell of the property and has not recognised any impairment loss or costs to sell as the amount is considered to be insignificant. At the date of this report, the disposal is still in progress and has yet to be completed.

9. CONTRACT ASSETS AND LIABILITIES

	Group 2019 MYR	Group 2018 MYR
Aggregate costs incurred to date	**531,333,599**	376,512,293
Add: Attributable profit	**100,051,101**	72,815,679
	631,384,700	449,327,972
Less: Progress billings	**(591,178,650)**	(401,236,606)
	40,206,050	48,091,366
Analyzed as:		
Contract assets	**69,180,530**	57,348,350
Contract liabilities	**(28,974,480)**	(9,256,984)
	40,206,050	48,091,366

10. TRADE AND OTHER RECEIVABLES

	Group 2019 MYR	Group 2018 MYR	Company 2019 MYR	Company 2018 MYR
<u>Trade receivables</u>				
Third parties	**70,064,725**	44,930,169	**-**	-
Related parties	**39,928,881**	35,557,909	**-**	-
Retention sum	**24,342,905**	26,722,056	**-**	-
	134,336,511	107,210,134	**-**	-
<u>Other receivables</u>				
Third parties	**1,326,388**	1,998,707	**-**	-
Related parties	**2,162,672**	2,133,967	**186,723**	1,051,458
Deposits	**1,581,537**	1,923,359	**28,919**	29,666
Tax recoverable	**3,793,104**	2,789,707	**-**	-
	8,863,701	8,845,740	**215,642**	1,081,124
	143,200,212	116,055,874	**215,642**	1,081,124

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

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2019 MYR	**2018 MYR**
Cost	**138,539,717**	110,032,492
Allowance for credit loss	**(4,203,206)**	(2,822,358)
Carrying amount	**134,336,511**	107,210,134

	Group	
Allowance for credit loss		
Beginning balance	**2,822,358**	3,546,507
Addition	**1,388,683**	8,631
Reversal of allowance	**-**	(127,110)
Bad debts written off	**(7,835)**	(605,670)
Ending balance	**4,203,206**	2,822,358

The Group has trade receivables that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2019 MYR	**2018 MYR**
Past due 1 to 30 days	**7,762,766**	4,614,665
Past due 31 to 60 days	**15,514,930**	1,922,367
Past due 61 to 180 days	**23,394,587**	7,585,712
Past due 181 to 360 days	**24,311,495**	5,073,680
Past due more than 360 days	**51,004,394**	50,645,757
	121,988,172	69,842,181

Expected credit loss assessment for trade receivables as at 31 March 2019

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

Allowance for trade receivables prior to 1 April 2018

In 2018, the Group in assessing the recoverability and whether any allowance or impairment of these balances is required, management considered, inter alia, merits of the debtors within the industry, past experiences with these debtors and industry norms of contract performance and collections. These balances are not impaired as the management is of the view that these debts will be collected in due course.

Related parties

Related parties' balances refer to balances with companies in which certain directors of the Group and key management personnel of a subsidiary company hold financial interest. These balances are unsecured, non-interest bearing and repayable on demand.

Retention sum

Retention sum relating to on-going and completed projects receivable. Retention sums are unsecured and non-interest bearing.

Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition, other than amounts due from subsidiaries and related parties.

Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to the 12-month expected credit losses ("ECL").

There is evidence indicating the amounts due from certain subsidiaries and related parties are credit-impaired, hence the loss allowance is measured at an amount equal to lifetime ECL for these amounts.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

11. CASH AND BANK BALANCES

	Group		Company	
	2019 MYR	**2018 MYR**	**2019 MYR**	**2018 MYR**
Cash at bank	**3,646,495**	3,119,359	**450,739**	462,829
Short-term deposits	**26,988,299**	27,727,281	**17,494,075**	18,088,086
	30,634,794	30,846,640	**17,944,814**	18,550,915

Short-term deposits are in varying periods of between one and twelve months, depending on the immediate cash requirements of the Group, and bear effective interest rates ranging from 2.55% to 3.16% (2018: 1.57% to 3.15%) per annum.

Short-term deposits are pledged to licensed banks as securities for banking facilities granted to a subsidiary.

Cash and bank balances denominated in foreign currencies are as follows:

	Group		Company	
	2019 MYR	**2018 MYR**	**2019 MYR**	**2018 MYR**
Malaysian Ringgit	**12,452,638**	12,086,876	**-**	-
United States Dollars	**105,669**	99,956	**40,576**	38,387
Singapore Dollars	**117,771**	404,456	**37,742**	324,681
Australian Dollars	**17,958,716**	18,255,352	**17,866,496**	18,187,847
	30,634,794	30,846,640	**17,944,814**	18,550,915

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 March:

	Group	
	2019 MYR	**2018 MYR**
Cash at bank	**3,646,495**	3,119,359
Bank overdraft (Note 16)	**(2,382,882)**	(11,922)
Cash and cash equivalents in the consolidated statement of cash flows	**1,263,613**	3,107,437

12. SHARE CAPITAL

The number of shares of the Group and Company at the beginning and end of the year is 402,265,400 (2018: 402,265,400). Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

13. MERGER RESERVE

The Companies Act 2016 in Malaysia, which came into operation on 31 January 2017, abolished the concept of authorized share capital and par value of share capital. Consequently, the amounts standing to the credit of the capital redemption reserve became part of the legal subsidiary company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its capital redemption reserve of MYR500,000 for the bonus issue pursuant to Section 618(4) of the Act. There was no impact on the number of ordinary shares in issue or the relative entitlement of any of the members of the legal subsidiary company as a result of this transition. As the acquisition of this legal subsidiary was accounted for under merger accounting, the transfer has been recognised as "merger reserves".

The difference between cost of merger and the value of the shares received under merger accounting following the corporate reorganization performed prior to the reverse takeover exercise is non-distributable.

14. REVALUATION RESERVE

Revaluation reserve arises from the valuation of property and fair value adjustment of investment property. Movement for the year is as follow:

	Group	
	2019 MYR	**2018 MYR**
Beginning of the year	**278,494**	278,494
Transfer to accumulated profits [(1)]	**(278,494)**	-
Gain on fair value adjustment of an investment property	**155,956**	-
At end of the year	**155,956**	278,494

[(1)] This relates to the asset held for sale in 2018 amounting to MYR2,500,000 disposed of during the year (Note 8).

15. DEFERRED TAX LIABILITIES

	Group	
	2019 MYR	**2018 MYR**
<u>Excess of capital allowances over depreciation</u>		
Beginning balance	**2,665,986**	1,852,771
Recognised in profit or loss	**(679,131)**	813,215
Ending balance	**1,986,855**	2,665,986

The deferred tax liabilities are in respect of (deductible) taxable temporary differences as follows:

	Group	
	2019 MYR	**2018 MYR**
Deductible timing differences from changes in fair value on investment properties	**(115,547)**	-
Taxable timing differences from capital allowance in excess of corresponding accumulated depreciation	**2,102,402**	2,665,986
	1,986,855	2,665,986

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FOR THE YEAR ENDED 31 MARCH 2019

16. BORROWINGS

	Group 2019 MYR	Group 2018 MYR
Non-current		
Later than one year but not later than five years		
Obligation under finance lease	**5,680,090**	2,070,422
Term loans	**1,206,211**	2,011,423
	6,886,301	4,081,845
Later than five years		
Term loans	**4,500,206**	4,523,881
	11,386,507	8,605,726
Current		
Not later than one year		
Bank overdraft	**2,382,882**	11,922
Bankers' acceptance	**12,595,154**	2,800,000
Obligation under finance lease	**2,202,439**	3,810,316
Term loans	**426,024**	862,109
Trust receipts	**-**	9,900,000
Revolving credits	**25,000,000**	20,000,000
	42,606,499	37,384,347
	53,993,006	45,990,073

The borrowings other than obligation under finance lease are secured by:
(i) First-party legal charge of freehold land, building, commercial properties in-progress and investment properties of a subsidiary company (Note 5);
(ii) An irrevocable standby letter of credit issued by a bank in Singapore guaranteed by the Company;
(iii) Pledge of short-term deposits of a subsidiary company; and
(iv) Joint and several guarantee by the directors of a subsidiary company.

Obligation under finance lease

	Group Minimum payments MYR	Group Present value of payments MYR
31 March 2019		
Not later than one year	**2,671,062**	**2,202,439**
Later than one year but not later than five years	**6,587,017**	**5,680,090**
Total minimum lease payment	**9,258,079**	**7,882,529**
Less: future finance charges	**(1,375,550)**	**-**
Present value of minimum lease payments	**7,882,529**	**7,882,529**

	Group Minimum payments MYR	Present value of payments MYR
31 March 2018		
Not later than one year	4,023,567	3,810,316
Later than one year but not later than five years	2,204,419	2,070,422
Total minimum lease payment	6,227,986	5,880,738
Less: future finance charges	(347,248)	-
Present value of minimum lease payments	5,880,738	5,880,738

These obligations are secured by a charge over the leased assets as disclosed in Note 6.

	Group 2019 %	2018 %
Effective interest rate:		
Bank overdraft	**7.65 to 7.82**	7.65 to 7.90
Bankers' acceptance	**4.72 to 5.60**	4.34 to 5.35
Obligation under finance lease	**2.55 to 5.78**	2.37 to 3.50
Term loans	**4.67 to 6.65**	4.42 to 6.65
Trust receipts	**-**	4.46
Revolving credits	**4.90 to 5.50**	5.30 to 5.35

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 MYR	2018 MYR	2019 MYR	2018 MYR
Trade payables				
Third parties	**95,005,278**	76,340,919	**-**	-
Related parties	**27,550,150**	20,279,609	**-**	-
Retention sum	**10,230,939**	11,201,724	**-**	-
	132,786,367	107,822,252	**-**	-

	Group		Company	
	2019 MYR	2018 MYR	2019 MYR	2018 MYR
Other payables				
Third parties	**5,610,446**	7,164,303	**1,198,429**	1,236,735
Accruals	**1,883,047**	6,856,495	**332,332**	285,060
Withholding tax payable	**176,927**	-	**176,927**	-
Deposits received	**33,566**	300,000	**-**	-
Related parties	**-**	-	**-**	2,118,365
Subsidiaries	**-**	-	**1,718,647**	-
Directors	**1,371,127**	644,238	**585,362**	133,066
	9,075,113	14,965,036	**4,011,697**	3,773,226
	141,861,480	122,787,288	**4,011,697**	3,773,226

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 150 days' terms.

Related parties

Related parties' balances refer to balances with companies where directors and key management personnel of a subsidiary company has financial interest. These balances are unsecured, non-interest bearing and repayable on demand.

18. RELATED PARTY TRANSACTIONS

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2019 MYR	2018 MYR
Transactions with companies which the directors of the Company have substantial financial interests:		
Progress billings to	**4,454,521**	8,744,563
Progress billings from	**(4,712,142)**	(2,628,510)

Compensation of key management personnel

Key management personnel are those persons including executive directors having authority and responsibility for planning, directing and controlling the activities of the operations of the Group. The remuneration of directors and other members of key management personnel during the financial year are as follows:

	Group	
	2019	**2018**
	MYR	**MYR**
Salaries and other short-term employee benefits:		
Directors	**1,516,718**	1,416,969
Other key management personnel	**1,227,277**	1,249,997
	2,743,995	2,666,966

19. LOSS PER ORDINARY SHARE

The basic and diluted loss per share are calculated by dividing the net loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	**2018**
	MYR	**MYR**
Net loss attributable to equity holders of the Group	**(1,054,838)**	(3,295,822)
Weighted average number of ordinary shares for purpose of calculating basic and diluted loss per share	**402,265,400**	402,265,400
Basic and diluted loss per share	**(0.0026)**	(0.0082)

20. SEGMENTAL REPORTING

The Chairman and Managing Director monitors the Group's operating results regularly for the purpose of making decisions about resource allocation and performance assessment. Consolidated results are also reviewed regularly by the Chairman and Managing Director.

No information by operating segments is presented as the principal operation of the Group relates entirely to one sole business segment; i.e. the provision of piling contract services. Neither does the Group have any vertical integrated operations in rendering its piling contract services.

Geographical information

The operating results by geographical location of the Group for the reporting period are as follows:

	Group			
	Malaysia MYR	**Singapore MYR**	**Australia MYR**	**Total MYR**
31 March 2019				
Contract revenue	**184,978,784**	**-**	**-**	**184,978,784**
Gross profit	**22,449,946**	**-**	**-**	**22,449,946**
Other income	**2,499,412**	**309,628**	**-**	**2,809,040**
Administrative expenses	**(16,263,333)**	**(1,647,256)**	**(31,523)**	**(17,942,112)**
Other expenses	**(637,403)**	**(410,623)**	**-**	**(1,048,026)**
Finance costs	**(6,391,825)**	**-**	**-**	**(6,391,825)**
Profit (Loss) before tax	**1,656,797**	**(1,748,251)**	**(31,523)**	**(122,977)**
Taxation	**(931,861)**	**-**	**-**	**(931,861)**
Profit (Loss) after tax	**724,936**	**(1,748,251)**	**(31,523)**	**(1,054,838)**
31 March 2018				
Contract revenue	235,508,074	-	-	235,508,074
Gross profit	21,406,942	-	-	21,406,942
Other income	2,734,385	267,487	-	3,001,872
Administrative expenses	(15,754,082)	(3,249,695)	(31,523)	(19,035,300)
Other expenses	-	(2,740,067)	-	(2,740,067)
Finance costs	(3,699,860)	(68,738)	-	(3,768,598)
Profit (Loss) before tax	4,687,385	(5,791,013)	(31,523)	(1,135,151)
Taxation	(2,160,671)	-	-	(2,160,671)
Profit (Loss) after tax	2,526,714	(5,791,013)	(31,523)	(3,295,822)

21. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The management review and agree policies and procedures for the management of these risks, which are executed by the management team. It is and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Foreign currency risk

Foreign currency risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company and its subsidiaries, primarily United States Dollar (USD), Singapore Dollar (SGD) and Australian Dollar (AUD).

The Group's currency exposures at the reporting date were as follows:

	Group			
	USD MYR	**SGD MYR**	**AUD MYR**	**Total MYR**
At 31 March 2019				
Cash and bank balances	**105,669**	**117,771**	**17,958,716**	**18,182,156**
At 31 March 2018				
Cash and bank balances	99,956	404,456	18,255,352	18,759,764

A 10% strengthening of the functional currency against the following currencies at the reporting date would have increased losses by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group	
	2019 MYR	**2018 MYR**
United States Dollars	**(10,567)**	(9,996)
Singapore Dollars	**(11,777)**	(40,446)
Australian Dollars	**(1,795,871)**	(1,825,535)
	(1,818,215)	(1,875,977)

A 10% weakening of the functional currencies against the above currencies at the reporting date would have had the equal but opposite effect on the profit, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their floating rate borrowings.

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:

	Group	
	2019	**2018**
	MYR	**MYR**
Floating rate instruments		
Bank overdraft	**2,382,882**	11,922
Bankers' acceptance	**12,595,154**	2,800,000
Term loans	**6,132,441**	7,397,413
Trust receipts	**-**	9,900,000
Revolving credits	**25,000,000**	20,000,000
Net exposure	**46,110,477**	40,109,335

An increase of 25 basis point would have increased losses before taxation by MYR115,276 (2018: MYR101,273) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

	Group	
	2019	**2018**
	MYR	**MYR**
Fixed rate instruments		
Obligation under finance lease	**7,882,529**	5,880,738

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

Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The management is satisfied that funds are available to finance the operations of the Group.

The maximum amount the Group could be forced to settle in relation to financial guarantees under the arrangement given to certain vendors by the Company for the purpose of securing the procurement of goods by a subsidiary is MYR30.1 million (2018: MYR7.8 million) if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is highly likely that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee arrangement which is dependent on the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit loss.

The table below summarizes the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Group			
	Within 12 months MYR	**2 to 5 years MYR**	**More than 5 years MYR**	**Total MYR**
At 31 March 2019				
Borrowings	**42,606,499**	**6,886,301**	**4,500,206**	**53,993,006**
Trade and other payables	**141,861,480**	**-**	**-**	**141,861,480**
Financial guarantee contracts	**30,098,000**	**-**	**-**	**30,098,000**
	214,565,979	**6,886,301**	**4,500,206**	**225,952,486**
At 31 March 2018				
Borrowings	37,384,347	4,081,845	4,523,881	45,990,073
Trade and other payables	122,787,288	-	-	122,787,288
Financial guarantee contracts	7,800,000	-	-	7,800,000
	167,971,635	4,081,845	4,523,881	176,577,361

	Company			
	Within 12 months MYR	**2 to 5 years MYR**	**More than 5 years MYR**	**Total MYR**
At 31 March 2019				
Trade and other payables	**4,011,697**	**-**	**-**	**4,011,697**
At 31 March 2018				
Trade and other payables	3,773,226	-	-	3,773,226

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables and loan to the holding company. For other financial assets (including investment securities and cash), the Group minimizes credit risk by dealing with good credit rating counterparties where possible.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Group has trade receivables amounting to MYR98,593,585 (2018: MYR69,842,181) that are past due, of which MYR51,004,394 (2018: MYR50,645,757) has been past due over 12 months. The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL and determines the expected credit losses based on historical credit loss experience of the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. In assessing the recoverability and whether any loss allowance is required, management has considered, inter alia, merits of the debtors within the industry, past experiences with these debtors and industry norms of contract performance and collections.

Exposure to credit risk

The Group has significant concentration of credit risks in the form of outstanding balance due from 1 (2018: 1) receivables representing 35% (2018: 40%) of total receivables.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to certain vendors by the Company for the purpose of securing the procurement of goods by a subsidiary. The maximum exposure in this respect is the maximum amount the Group will have to pay if the guarantee is called on.

At the reporting date, the Group did not prepare information about its credit risk exposure and significant concentrations of credit risk by credit risk grading as management did not report such information to key management personnel for credit risk management purposes and therefore, had not determined the number of credit risk rating grades that should be used to disclose such information. These financial assets are analysed by past due status as management relies on past due available debtor-specific information which is used to assess whether credit risk has increased since initial recognition.

22. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortized cost were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	MYR	**MYR**	**MYR**	**MYR**
Financial assets - Loans and receivables				
Trade and other receivables	**143,200,212**	116,055,874	**215,642**	1,081,124
Cash and bank balances	**30,634,794**	30,846,640	**17,944,814**	18,550,915
	173,835,006	146,902,514	**18,160,456**	19,632,039
Financial liabilities at amortized costs				
Trade and other payables	**141,861,480**	122,787,288	**4,011,697**	3,773,226
Borrowings	**53,993,006**	45,990,073	**-**	-
	195,854,486	168,777,361	**4,011,697**	3,773,226

23. CAPITAL MANAGEMENT

The Group's and the Company's primary objectives when managing capital are:
- To safeguard the Group's and the Company's ability to continue as a going concern;
- To support the Group's and the Company's stability and growth;
- To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently does not adopt any formal dividend policy.

The Group and the Company monitor capital on the basis of its equity ratio, which is calculated as being equity as a percentage of total assets. The Group's and the Company's equity ratios are as follows:

	Group		Company	
	2019 MYR	**2018 MYR**	**2019 MYR**	**2018 MYR**
Total equity	**64,660,485**	65,557,203	**65,112,583**	209,149,486
Total assets	**291,476,306**	246,257,534	**69,124,280**	212,922,712
Equity ratio	**22%**	27%	**94%**	98%

There were no changes in the Group's and the Company's approach to capital management during the financial year ended 31 March 2019.

The Group and the Company are not subject to externally imposed capital requirements.

24. DIVIDEND

The directors do not recommend any dividend in respect of the current financial year ended 31 March 2019.

25. CONTINGENCIES

The Company has provided financial guarantees amounting to SGD10,000,000 or approximately MYR30,098,000 (2018: MYR8,300,000) to a certain vendor for the purpose of securing the procurement of goods by a subsidiary.

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FOR THE YEAR ENDED 31 MARCH 2019

26. CAPITAL COMMITMENTS

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2019 MYR	2018 MYR
Purchase of commercial office lot and residential units	**789,760**	481,250

27. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2019 MYR	2018 MYR
Minimum lease payments under operating leases	191,086	187,543

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for the rental of office premises were as follows:

	Group		Company	
	2019 MYR	2018 MYR	2019 MYR	2018 MYR
Future minimum lease payments payable:				
Within one year	69,788	194,720	69,788	194,720
In the second to fifth year inclusive	47,420	67,950	47,420	67,950
	117,208	262,670	117,208	262,670

Operating lease payments represent rentals payables by the Group for certain of its office properties and warehouse facilities. Leases are negotiated for an average contractual periods of 1 to 3 years and rentals are fixed for the duration of the contractual periods.

28. EVENT AFTER REPORTING PERIOD

As disclosed in Note 5 and Note 6 to the financial statements, the Group had in May 2019 reclassified certain investment properties as assets held for sale as it has agreed with a supplier to partially settle certain trade payables balances amounting to MYR2,035,000 with the investment property in-lieu of cash. At the date of this report, the disposal is still in progress and has yet to be completed.

29. STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following IFRS was issued but not effective and is expected to have an impact to the Group in the period of its initial application.

Effective for annual periods beginning on or after 1 January 2019

- IFRS 16: Leases

IFRS 16 Leases

IFRS 16 will supersede IAS 17 Leases and its associated interpretative guidance effective from 1 January 2019 unless early adopted. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer. Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor IAS 17.

Upon adoption of IFRS 16, the Group will recognise liabilities for non-cancellable operating lease commitments (other than those which fall within the exceptions stated above); and recognise a corresponding right of use asset to be amortised on a straight line basis over the lease period. Note 27 provides an indication of the nature and extent of lease payment obligations which fall within IFRS 16.

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