IPMUDA BERHAD

197501000834 (22146-T)

ANNUAL REPORT 2020


DURASET

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fifth ("45th") Annual General Meeting of Ipmuda Berhad will be held at Multaqam Hall, Level 10, Maju Tower, 1001 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Friday 18 December 2020 at 9.00 a.m. for the following purposes:-

(In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 45th AGM at short notice. Kindly check Bursa Malaysia Securities Berhad's and the Company's website at www.ipmuda.com.my for the latest updates on the status of the said meeting.)

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Directors' and Auditors' Reports thereon. ***(Please refer to Explanatory Note 1)***
2. To approve the payment of Directors' Fees of RM96,100.00 for the financial year ended 30 June 2020. ***Ordinary Resolution 1***
3. To approve the payment of Directors' benefits payable to the Non-Executive Directors up to an amount of RM110,000.00 from 19 December 2020 until the next Annual General Meeting of the Company in 2021. ***Ordinary Resolution 2 (Please refer to Explanatory Note 2)***
4. To re-elect the following Directors retiring under Article 138 of the Company's Constitution:

   (a) Encik Beroz Nikmal bin Mirdin ***Ordinary Resolution 3***

   (b) Encik Jeefri bin Muhamad Yusup ***Ordinary Resolution 4***

   (c) Mr Baevinraj Thiagarajah ***Ordinary Resolution 5***

   (d) Dato' Amiruddin bin Abdul Satar ***Ordinary Resolution 6***
5. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 7***

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Special Resolution:

6. **PROPOSED AMENDMENTS TO ARTICLE 74 AND ARTICLE 75 OF THE COMPANY'S CONSTITUTION ("PROPOSED AMENDMENTS")**

   "THAT the Proposed Amendments to the existing Article 74 and Article 75 of the Company's Constitution be and are hereby approved and adopted by the deletion of the existing Article 74 and Article 75 in their entirety and substituted with the new Article 74 and Article 75 to read as follows: ***Special Resolution (Please refer to Explanatory Note 3)***

   General mandate for issue of securities

   Existing Article 74

   Subject to Paragraph 6.06 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior Members approval in a Meeting of Members of the precise terms and conditions of the issue.

New Article 74

Subject to the provisions of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company shall not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds such maximum percent allowed by the Exchange from time to time, of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior Members' approval in a Meeting of Members of the precise terms and conditions of the issue.

Application of waiver of Meeting of Members

Existing Clause 75

Notwithstanding Article 74 above and where there is still in effect a resolution approving the issuance of shares by the Company in accordance with the provisions of Sections 75 and 76 of the Act, the Company may apply to the relevant stock exchanges on which its shares are listed for waiver of convening a Meeting of Members to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten per cent (10%) of the issued capital.

New Clause 75

Notwithstanding Article 74 above and where there is still in effect a resolution approving the issuance of shares by the Company in accordance with the provisions of Sections 75 and 76 of the Act, the Company may apply to the Exchange for waiver of convening a Meeting of Members to obtain Members' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed such maximum percent allowed by the Exchange from time to time of the issued capital of the Company pursuant to the Listing Requirements.

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

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

7. **AUTHORITY TO THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016**

Ordinary Resolution 8 (Please refer to Explanatory Note 4)

"THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 75 and Section 76 of the Companies Act 2016, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD
CHAN LAI CHOON (MAICSA 0809269) (SSM PC No: 201908002941)
Secretary

Kuala Lumpur
30 October 2020

NOTES:

1. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or not more than two (2) proxies, to attend and vote in his stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

4. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

6. The instrument appointing the proxy must be deposited at the Registered Office of the Company at 9th Floor, Maju Tower, 1001 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Notes: (cont'd)

7. Pursuant to 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice shall be put to vote by way of poll.

8. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 45th Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 11 December 2020. Only a depositor whose name appears in the Record of Depositors as at 11 December 2020 shall be entitled to attend and vote at this meeting as well as for appointment of proxy/proxies to attend and vote in his stead.

A) Explanatory Notes on Ordinary Business/Special Business

1) Item 1 of the Agenda – Audited Financial Statements for the Financial Year Ended 30 June 2020

This Item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 requires the Directors to only lay before the Company at its annual general meeting its annual financial statements and thus, does not require a formal approval of the Shareholders for the audited financial statements. Hence, this item of the Agenda is not put forward for voting.

2) Item 2 of the Agenda – Ordinary Resolution 2

Section 230(1) of the Companies Act 2016 provides that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payment to Non-Executive Directors ("NEDs") at the 45th Annual General Meeting ("45th AGM"):

i) Ordinary Resolution 2 on payment of Directors' benefits up to the amount of RM110,000 comprise of meeting allowances payable for attendance of the NEDs. The aforesaid Directors' benefits are computed based on the number of scheduled meetings and unscheduled meetings (where necessary) for Board, Board Committee meetings and general meetings, assuming full attendance by all the NEDs. The amount also includes a contingency sum to cater to unforeseen circumstance such as the appointment of any additional Director.

In the event, where the payment of Directors' benefits payable during the above period exceeded the estimated amount sought at this 45th AGM, shareholders' approval will be sought at the next Annual General Meeting.

3) Item 6 of the Agenda - Special Resolution – Proposed Amendments to existing Article 74 and Article 75 of the Company's Constitution ("Proposed Amendments")

The Proposed Amendments is to allow the Company to issue such maximum percent of new shares pursuant to Section 75 and 76 of the Companies Act 2016 allowed by Bursa Malaysia Securities Berhad from time to time.

Amid the unprecedented uncertainty surrounding the recovery of the coronavirus COVID-19 pandemic, Bursa Malaysia Securities Berhad had, as an interim measure, allow listed issuers to seek a higher general mandate of not more than 20% of the total issued shares (excluding treasury shares) for issue of new securities.

4) Item 7 of the Agenda - Ordinary Resolution 8

The proposed Ordinary Resolution 8 if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to issue and allot shares in the Company up to an amount not exceeding 20% of the total number of issued shares of the Company for the time being for such purposes as the Directors deem fit and in the interest of the Company.

Notice of
Annual General Meeting
[cont'd]

A) Explanatory Notes on Ordinary Business/Special Business (cont'd)

4) Item 6 of the Agenda - Ordinary Resolution 8 (cont'd)

The Company had at the last Annual General Meeting held on 05 December 2019 obtained the mandate from shareholders to allot up to a maximum of 10% of the total issued shares of the Company.

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 16 April 2020 granted greater flexibility for listed issuers to raise funds quickly and efficiently through an increased general mandate limit for new issue of securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares) ("20% General Mandate") to assist and support listed issuers in these trying and challenging times due to the COVID-19 pandemic. Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

The Board of Directors is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders as the authority will facilitate any possible fund-raising exercises, including but not limited to placement of shares for purpose of funding current and/or future investment projects, working capital, operational expenditure and/or acquisitions. This renewed mandate, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 05 December 2019, which mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

Administrative Guide:

The health and safety of our members and staff who will attend the 45th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 45th AGM:

1. As a precautionary measure to contain the spread of the COVID-19 and to accommodate the venue's limited space, the meeting will be based on first-come-first serve basis.

2. Members or proxies are encouraged to abide by regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 45th AGM in person.

3. Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the 45th AGM on their behalf by submitting the proxy form with predetermined voting instruction.

4. Members or proxies who are unwell with sore throat, flu, cough, fever, diarrhoea and/or shortness of breath; or have travel history to high risk countries affected by COVID-19 in the past 14 days; or have contact with a person who is confirmed with COVID-19 infection in the past 14 days are advised to refrain from attending the 45th AGM.

5. In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or proxies) wish to attend the 45th AGM in person.

   Upon your arrival at the Meeting venue, Members or proxies may be required to undergo a temperature screening and to complete a self-declaration form. Based on prevailing safety and health guidelines, Members/proxies may not be allowed into the Meeting, if:

   i. your temperature reading is above 37.5°C or you show symptoms of respiratory illness such as sore throat, flu, cough, and/or shortness of breath; or
   ii. based on your self-declaration, you are advised to self-isolate.

Administrative Guide: (cont'd)

6. Members / proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the meeting in person.

7. Members or proxies are advised to observe/maintain social distancing throughout the meeting.

8. No door gift will be provided to the Members or proxies.

9. No breakfast / lunch will be provided to the Members or proxies.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

There are no individuals standing for election as Directors (other than those Directors who are standing for re-election as Directors) at the 45th Annual General Meeting of the Company.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 8 as stated in the Notice of Annual General Meeting of the Company for details.

CORPORATE DATA

BOARD OF DIRECTORS

Encik Beroz Nikmal bin Mirdin
Executive Chairman

Encik Jeefri bin Muhamad Yusup
Chief Executive Officer

Dato' Amiruddin bin Abdul Satar
Independent Non-Executive Director

Mr Teh Foo Hock
Independent Non-Executive Director

Mr Baevinraj Thiagarajah
Independent Non-Executive Director

SECRETARY

Ms Chan Lai Choon
(MAICSA 0809269)
(SSM PC No: 201908002941)

REGISTERED OFFICE

9th Floor Maju Tower
1001 Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : 03-2719 2828
Fax : 03-2719 2818

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : 03-7890 4700
Fax : 03-7890 4670

AUDITORS

Grant Thornton Malaysia PLT
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : 03-2692 4022
Fax : 03-2732 5119

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia Berhad
Bank Islam Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board (Stock Code 5673)
Listed on 22 December 1993

WEBSITE

www.ipmuda.com.my

PROFILE OF BOARD OF DIRECTORS

ENCIK BEROZ NIKMAL BIN MIRDIN

Executive Chairman

Age/Gender:
42/Male

Nationality:
Malaysian

Encik Beroz was appointed to the Board and Executive Chairman of Ipmuda on 18 June 2020.

Beroz Nikmal bin Mirdin was appointed as the Chief Executive Officer of Telekosang Hydro in October 2018. He obtained his Bachelor of Science in Electrical Engineering from Widener University, United State America (USA) and a Master of Science in Management Information Systems from Pennsylvania State University, USA. He served at the System Planning Department of PJM Interconnection LLC, USA, which is a regional transmission organisation that coordinates the movements of wholesale electricity in some regions of the USA from 1999 to 2006. After his return to Malaysia, he served as the Deputy Chief Engineer at System Operations Department of Tenaga Nasional Berhad, in charge of the Operation Studies Section from 2007 to 2009. Thereafter, he was the Vice President of Investments of Khazanah Nasional Berhad from 2009 to 2010 and the Managing Director and director of Perak Hydro Renewable Energy Corporation Sdn Bhd from 2010 to 2018. He was also an Executive Director at Gunung Capital Berhad from 13 November 2013 to 21 November 2016.

He does not hold directorship in any public companies nor other public listed companies.

He is the spouse of Puan Nurhaida binti Abu Sahid, a major shareholder of the Company and is the son-in-law of Tan Sri Abu Sahid bin Mohamed who is also a major shareholder of the Company.

Save as disclosed above, Encik Beroz does not have any family relationship with any Director and/or other major shareholder of the Company.

He has not been convicted for any offence within the past five years. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies during the financial year.

ENCIK JEEFRI BIN MUHAMAD YUSUP

Chief Executive Officer

Age/Gender:
55/Male

Nationality:
Malaysian

Encik Jeefri was appointed to the Board and as Chief Executive Officer on 18 June 2020.

Having begun his career as a Corporate Finance Executive with Arab Malaysian Merchant Bank, Encik Jeeffri's financial acumen and entrepreneurial talents were honed during roles in Shell Malaysia's treasury unit and later, as Area Accountant, Sarawak. He then joined Land and General Bhd, developing new businesses opportunities for the Group.

As a senior consultant with InCam Asset Management and later as Director of Institutional Broking for Kenanga Investment Bank, he also gained a reputation for his capabilities in stock and money markets.

Encik Jeefri had seen a growing need to reduce healthcare cost to employers and so, he founded Malaysia's first Healthcare Management company, HMO Pacific Sdn Bhd. He also set up and managed two (2) private hospitals, Pusat Perubatan Naluri and Rampai Puteri Medical Centre.

Encik Jeefri is a graduate of The Chartered Association of Certified Accountants (ACCA), United Kingdom (UK).

He does not hold directorship in any public companies nor other public listed companies.

He does not have any family relationship with any Director and/or other major shareholder of the Company.

He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies during the financial year.

Profile of
Board of Directors
[cont'd]

MR TEH FOO HOCK

Independent
Non-Executive Director

Age/Gender:
55/Male

Nationality:
Malaysian

Mr Teh was appointed to the Board on 17 October 2019. He is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee and Risk Management Committee of the Company.

He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants (MIA) since 1996. He is also a member of the Malaysian Institute of Taxation and the Institute of Internal Auditors of Malaysia.

He has extensive experience in corporate governance, finance, accounting, taxation and management reporting in several public listed companies involved in manufacturing, oil palm plantations, milling, property development, trading and mining activities, properties management and security.

He also has over 12 years of experience in an established public accounting firm in the field of corporate compliance involving audit, including internal audits and investigations, finance, secretarial, taxation and consultancy.

Mr Teh is an Independent Non-Executive Director of Komarkcorp Berhad. He does not hold directorship in other public listed companies.

Mr Teh does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company.

He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

MR BAEVINRAJ THIAGARAJAH

Independent
Non-Executive Director

Age/Gender:
45/Male

Nationality:
Malaysian

Mr Baevin was appointed to the Board on 09 July 2020. He is currently the Chairman of the Risk Management Committee and a member of audit committee, Nomination and Remuneration of the Company.

Mr Baevin commenced his management consulting career with the Boston Consulting Group (BCG) in 2000. There he worked on consulting projects in industries such as Power, Automative and Financial Services across the Asia Pacific region.

In 2007, Mr Baevin left BCG to set up a boutique management consulting firm where he has served Government Agencies and Government Linked Companies on projects related to strategy and turnaround.

Some of his career highlights includes the set up and execution of the power sector reform program for the Malaysian power sector, carve-out of an operation and maintenance (O&M) company for a regional telco company and turnaround of various companies. He has also been engaged by DRB-HICOM as a part of the senior management team to support implementation of special initiatives.

Apart from consulting, Mr Baevin is a Board member of various private limited companies, including that of a 40MW mini-hydro power plant.

Mr Baevin completed his secondary education in Royal Military College (RMC) and went on to graduate from Imperial College London in1998 with a Bachelor degree (1st Class) in Electrical and Electronics Engineering.

He does not hold directorship in any public companies nor other public listed companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company.

He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies during the financial year.

DATO' AMIRUDDIN BIN ABDUL SATAR

Independent
Non-Executive Director

Age/Gender:
56/Male

Nationality:
Malaysian

Dato' Amiruddin was appointed to the Board on 19 August 2020. He is Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee and Risk Management Committee of the Company.

An accountant by profession, Dato' Amiruddin is a member of the Association of Chartered Certified Accountants (ACCA) and also obtained a Masters in Business Administration (MBA) from Henley Business School, University of Reading, United Kingdom.

He gained significant experience in the fields of finance and management through his capacity as Accountant and Finance Manager at several large and reputable organisations in the country before joining KPJ Healthcare Berhad (KPJ) in 1993. In 2012 he was appointed the President and Managing Director of KPJ until his resignation on 01 July 2020.

He has been appointed as the new Director-General of the Federal Land Development Authority (FELDA) effective 15 October 2020. He is also a member of Malaysia Advisory Committee (MAC) of ACCA and former Vice President of the Association of Private Hospitals of Malaysia (APHM).

Dato' Amiruddin does not hold directorship in any public companies nor other public listed companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company.

He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies during the financial year.

KEY MANAGEMENT PROFILE

ENCIK BEROZ NIKMAL BIN MIRDIN

Executive Chairman

Age/Gender: 42/Male **Nationality:** Malaysian

Please refer to his Director's profile appearing in Page 9 of the Annual Report.

ENCIK JEEFRI BIN MUHAMAD YUSUP

Chief Executive Officer

Age/Gender: 55/Male **Nationality:** Malaysian

Please refer to his Director's profile appearing in Page 9 of the Annual Report.

MR POON KEAN HIN

Chief Financial Officer

Age/Gender: 47/Male **Nationality:** Malaysian

Mr Poon Kean Hin was appointed as Chief Financial Officer on 30 November 2018.

He has 21 years of experience in financial management, audit and corporate finance in various corporations in Malaysia and China. He is a member of MIA and a fellow member of ACCA.

He started his career with PricewaterhouseCoopers in the areas of auditing and business assurance. Having to become a member of MIA and ACCA, he moved to Alliance Investment Bank Berhad (corporate finance) to broaden his knowledge and skills. He subsequently joined KPMG Huazhen (Shanghai) in audit and business assurance to gain international exposure.

Upon returning to Malaysia, he worked at SJ Grant Thornton (audit). Moving into operation, he become the Head of Finance to a group of subsidiaries of Hexagon Group Berhad and followed by Elster-Instromet Sdn Bhd. He then joined YFG Berhad as a Deputy Head of Corporate Finance. At OCK Group Berhad, he was the Acting Group Chief Financial Officer.

He brings the breadth of experience and diverse skill sets to contribute in his role as Senior Vice President Corporate Development & Strategy in the Company when he took on this role from 19 November 2018 until 29 November 2018.

Mr Poon does not hold any directorship in any public companies and nor public listed companies

He does not have any family relationship with any Director and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has not been convicted for any offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

CHAIRMAN'S STATEMENT

"Bolstered by the new winds of change, we look forward to spearheading an era of sustainability and growth. We will continue to build on our strengths with indomitable spirit and forge ahead in new directions with fresh zeal."

On behalf of the Board of Directors, I am pleased to present the Report and Financial Statements of Ipmuda Berhad and the Group for the year ended 30 June 2020.

While this financial year may have been fraught with unprecedented events that caused an unforetold slowdown in economic activities and put a damper on our Acceleration Programme, it has served to remind us of the need for diversification in keeping ahead of the curve.

In the interest of the Group's sustainability now and in the future, a change in management has been instituted in order to provide the impetus and necessary expertise in the effort to move the Group into areas vital for growth.

We are mindful of the need for pre Coronavirus 2019 ("COVID-19") momentum to be resumed on the trading of building materials. In fact, much of our marketing and specification efforts have already been restarted. We are poised and ready to take on the volume upon the recovery of the industry. The trading of building materials will continue, for the time being, to be our main source of revenue.

We are optimistic that the timely and effective rollout of both the Prihatin Rakyat Economic Stimulus Package and the Penjana Economic Recovery Plan together with the Government's accommodative monetary policies and fiscal pump priming measures and also the upcoming Budget 2021 to be tabled in early November 2020 will bode well for the construction industry and the Malaysian economy.

I would like to commend the effort taken by the Ipmuda team over the Movement Control Order ("MCO") period, during which Ipmuda managed a "pivot" to supply medical personal protective equipment and sanitising products to existing and new customers.

Mudacare Sdn Bhd. (formerly known as Edar Steel Resources Sdn Bhd), which was set up during the MCO, now has its own online store, capitalising on digital platforms to reach customers. In addition to that, it has an ongoing business collaboration with an e-hailing and taxi company for the sanitisation of their fleet of cars and has also acquired sole agencies for selected products.

We are fortunate to have recently emerged from our Transformation Programme, which I believe has made Ipmuda a lean and agile organisation. We look forward to this same spirit as we embark on future phases of transformative growth.

Owing to the current economic climate, we have had to make the difficult decision to delay the launch of our Kristal 2 Condominium development in Kota Kinabalu, and to put on hold our Lifestyle Retail Neighbourhood Mall development in Petaling Jaya.

The Board and I would like to extend our gratitude and sincere thanks to Tan Sri Abu Sahid bin Mohamed, who has helmed the Group as Executive Chairman since 1997. After over 23 years, Tan Sri has decided to retire from his active role in Ipmuda Berhad. We wish him good health and the very best in his future endeavours.

The Board and I would also like to record our thanks to the individuals who have left the Board since the last financial year. For their contribution to the Company, we would like to thank Dato' Stephen Sim Choo Thiam, Dato' Maarof bin H.A. Rahman, Datuk David Rashid bin Ghazalli, Puan Nazariah binti Ibrahim and Dato' Ahmad Bakri bin Shabdin.

I would like to take this opportunity to welcome and also introduce our new Board members who bring with them the skills and expertise relevant to the directions in which the Group will be heading.

Chairman's Statement [cont'd]

En Jeefri bin Muhamad Yusup has taken over the role of Chief Executive Officer of the Ipmuda Group of Companies. En Jeefri comes from a background of finance and the setting up and management of private hospitals. HMO Pacific Sdn Bhd, a pioneer in managed healthcare was one of the companies he founded in 1998.

Dato' Amiruddin bin Abdul Satar, having headed KPJ Healthcare Berhad for many years needs no introduction. Dato' joins the Board as an Independent Non-Executive Director.

Mr Baevinraj Thiagarajah also joins the Board as an Independent Non-Executive Director. Mr Baevinraj hails from a technical consulting background for renewable energy and power transmission. Graduating from Imperial College with a first-class degree in Electrical and Electronic Engineering, Mr Baevinraj commenced his consulting career with 7 years at Boston Consulting Group, leaving to set up his own practice that was consulted by the Malaysian Government and Government-linked companies.

The Board and I welcome the new Directors and we look forward to taking the Company to new heights together.

Ipmuda Rensol Sdn Bhd, the construction and engineering division of Ipmuda Berhad, has secured a 100MW solar photovoltaic ("PV") power facility project in Marang, Terengganu. This RM78M Engineering Procurement Construction Commissioning & Completion ("EPCC") project was awarded in September 2020 and will see the plant begin commercial operation in November 2021. We look forward to getting involved in more of such projects in the future.

I would like to take this opportunity to extend our sincerest gratitude to our Bankers, Business Partners, Suppliers, Customers and Shareholders for their continued support, trust and confidence in us.

With the expertise that the new Board and management brings, I would like to focus on turnaround and looking into new businesses to position Ipmuda on a more sustainable footing.

My utmost thanks goes to staff of the Ipmuda Group who have worked tirelessly and made numerous sacrifices to help the Company through these trying times.

The COVID-19 pandemic may have been somewhat of a blessing in disguise to the Group as it has given us a reality check and consequently compelled us to expedite the Group's Acceleration Programme. This lull in the industry has provided an opportune moment for us to refocus our priorities and to take positive steps towards making the Company profitable and to ensure sustainable future growth.

Beroz Nikmal bin Mirdin
Executive Chairman

23 October 2020

SUSTAINABILITY STATEMENT

We affirm our commitment to sustainability by disclosing our approach and presenting a summary of our efforts in the period.

In light of the Coronavirus 2019 ("COVID-19") experience, we would like to take the opportunity of the Sustainability Report to highlight and address necessary changes in our Business Strategies that we intend to put in place to better future proof the Company.

1. Approach

Our advocacy towards sustainability are focused around the following areas:

(i) Business Sustainability;
(ii) Environmental Sustainability; and
(iii) Social Sustainability.

Material sustainability matters under the above areas will be considered and addressed should it be of significant impact. Key Senior Management are tasked to ensure that efforts are made to address sustainability in the business strategies, planning as well as in the daily operations of the Company.

As already reported last year, we have adopted and formalised our Credo with six (6) core beliefs called SCRIPT. SCRIPT is the abbreviation of the following core values:

(i) Sharing;
(ii) Creativity;
(iii) Respect;
(iv) Integrity;
(v) Passion; and
(vi) Team.

We believe that although well thought out goals, strategies, robust business and action plans together with appropriate performance indicators, milestones and measures will drive the Company forward, we will also need the Credo to anchor a strong and deep set of beliefs to ensure a "Oneness" to bind all staff.

For the period 2020-2021, the management has chosen to highlight "Integrity" as it enters a phase of renewal. As a word, Integrity means "the quality of being honest and having strong moral principles".

Integrity is to be extended to all reaches of the Company and in its dealing including and especially in areas of **Corporate Governance** and **Transparency** both within and outside the Company.

"Integrity, Corporate Governance & Transparency"

2. Business Sustainability

Our Transformation journey which began in 2018 was imperative for business sustainability. Ipmuda needed to refocus its Vision, Business and Strategies. The ensuing rationalisation and restructuring efforts taken has made Ipmuda an agile organisation.

This augured well during the Movement Control Order ("MCO") where we were able to pivot to source and supply much needed personal protective equipment as well as sanitising services.

The transformed organisation also managed to stay connected, both internally and with customers, suppliers, bankers and other business partners throughout the MCO. We also managed to continue with our normal business and this was mainly due to our new Entreprise Resource Planning ("ERP") system which has now proven a timely investment. Our sales team could still perform quotations, query stocks and customer account balances through their mobile apps.

2. Business Sustainability (cont'd)

In our 3-year plan, we were looking to have upstream and downstream diversification to maximise margins within the industry. COVID-19 was a reality check for us, showing us unprecedented sequences of events that would bring a standstill to an entire industry.

We will be revisiting our diversification strategies.

Our trading division has undergone further reorganisation.

We now have an additional line of products which will come under Mudacare Sdn Bhd (formerly known as Edar Steel Resources Sdn Bhd). Mudacare Sdn Bhd ("Mudacare") will focus on medical, sanitising and personal protection equipment as well as nanotech based sanitising services. Mudacare currently supplies to both existing customers and also new sets of customers, including online retail based ones. We will continue to grow Mudacare as a new trading division in this new normal.

Our building materials division continues with the following strategic thrusts:

(i) Branding and specifications;
(ii) Solutions supply;
(iii) Affordable homes products; and
(iv) Finishing products.

We continue with our brand building and promoting to developers, architects, interior designers, contractors and other specifiers. We are currently focused on Ortolani (sanitarywares, faucets and bathroom accessories) and Concorde (locksets and architectural ironmongeries). Efforts in ensuring the quality, designs and value of the products will pay off in the longer term.

We have successfully penetrated developers with our "solutions supply" or "cost down" approach. We were able to assist customers by reducing their overall cost through sourcing, negotiated pricing as well as value engineering. On our side, we are able to supply better margined finishing products rather than rely on general building products for the bulk of our revenue.

We have successfully recommended the use of our Industrialised Building Systems ("IBS") and Autoclaved Aerated Concrete ("AAC") lightweight blocks to reduce costs as well as sourced exclusive Moroccan influenced ceramic tiles from Indonesia which costs less than similar ones from current sources.

We have curated a selection of products for the affordable homes market. Bulk pricing and meticulous sourcing ensures that quality for affordable homes are not compromised.

We continue to work towards supplying more finishing products. As such we continue to seek out new and better products and solutions for our customers. Such products are to reduce manual labour and site time.

To further improve coordination and enable efficiency through multitasking, we have this year, centralised all sourcing, marketing and business development at our Kuala Lumpur head office.

We have strengthened our collection and legal teams to ensure proper tracking and follow up on our customer accounts. Together with the sales force, these teams has worked tirelessly through the MCO period and continues to do so.

We foresee that Building Materials will still be the main source of revenue to Ipmuda in the immediate future. Medical products and sanitising services will for the time being only supplement this revenue. However, we will endevour to grow this new line of products.

Trading of Building Materials by itself, will not grow the Company significantly. However, having a foothold in the construction supply chain will allow the Ipmuda Group to take advantage of the imminent fiscal spending and industry growth.

2. Business Sustainability (cont'd)

A cursory glance at the Directors profiles will reveal that our Board members have strong and illustrious backgrounds in renewable energy and healthcare industries. The successful bid by the Groups construction and engineering division, Ipmuda Rensol Sdn Bhd for the 100MW Solar Photovoltaic ("PV") Engineering Procurement & Commissioning & Completion ("EPCC") project in Marang, Terengganu is testament to their commitment and depth of involvement in the business of the Company.

We will be revisiting our diversification strategies. With the hindsight of COVID-19, our existing strategy of upstream and downstream diversification within the construction industry has proven to be inadequate.

We are currently exploring diversifications into other industries which would result in a more sustainable entity.

Two possible areas that would be viable are Renewable Energy and Healthcare. These industries are relatively recession proof and would provide resilience to the Group during economic downturns.

Building materials and property development would be in a better position to take advantage of periods of growth.

3. Environmental Sustainability

Cognizant that it exists not only to generate profits for its shareholders, Ipmuda has a responsibility to do its part to ensure environmental sustainability. Our product sourcing department puts potential suppliers and products through its pre-qualifications standards to ensure that we are sourcing environmentally friendly products and sources.

Ipmuda has been a supporter of modern materials and constructions systems such as Industrialised Building Systems ("IBS") and lightweight blocks which reduces loading hence saving foundation costs as well as reducing transport costs, materials wastage and also keeps the site and its surrounding tidy. Such blocks and systems are well finished hence an added advantage of having less work done on site.

Ipmuda has sourced stand-alone solar powered lighting solutions which are ideal for rural or remote areas, saving the need for extensive cabling.

We already have in our range, water saving faucets, efficient roofing systems, heat rejection glazing, passive shading, smart home automation and rainwater harvesting systems.

We are supportive of developing customers and possibly future partners in the renewable energy industry.

Believing that we will not destroy what we love, our staff social club, Kelab Sukan & Rekreasi Ipmuda Bersatu KL, affectionately known as Ipmuda United Club ("IUC") has organised numerous walking trips to forest reserves and recreational parks to promote the understanding of preserving the environment and that we are borrowing this from our future generations and that it is our responsibility to preserve it.

4. Social Sustainability

We believe that Ipmuda does not exist in isolation and is part of a wider public and has responsibilities towards social sustainability. Hence we proactively seek to contribute to various stake holder communities that are relevant to us.

Before seeking out external causes, we had a look closer to home.

Our employees are significant assets and we are aware of the contribution a happy and secure staff will bring to the Company. Hence, we endevour to protect their livelihood and to provide them with a sense of team and family.

Over the MCO, whilst the construction industry was brought to standstill, we had our staff work from home, sourcing new lines of products, following up with collections, keeping in touch with each other, bankers, suppliers, customers and with other business partners.

We strived to ensure that the MCO did not affect our staff's salaries. In return, we had a committed and dedicated team willing to go the extra mile and help the Company through these trying times.

Our Chief Executive Officer ("CEO"), En Jeefri Yusup has met each and every one of the staff through a series of luncheons. The IUC assisted to arrange these small group luncheons over a period of 2 months.

The IUC has in the past organised events such as visits to the National Blood Centre which includes our staff donating blood. The IUC has recently carried out an in-house donation in campaign to raise funds to buy face masks and hand sanitisers for the Pertubuhan Rahoma Darul Fakir Malaysia Orphanage.

Our Group Corporate Communications ("CorpCom") and Human Resource ("HR") departments did an excellent job of keeping staff informed of both internal and external happenings. We had our regular newsletters and updates on the MCO from CorpCom as well as various updates on the Standard Operational Procedures ("SOP") from HR. From time to time, we have had requests for donations and/or assistance put through our communication channels for which Staff voluntarily made personal contributions. Although staff were all working from home but these communique from both CorpCom and HR were comforting reminders that we were working as a team for Ipmuda, albeit remotely. The management wishes to thank both these departments for the effort taken to ensure that no staff felt isolated over the MCO.

We are corporate member of the Building Materials Distributors Association of Malaysia ("BMDAM") and Master Builders Association of Malaysia ("MBAM"). Our representatives in these associations are actively involved in activities that improve and benefit the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Ipmuda Berhad has for many years been a trading Company firmly focused in its intermediary role of supplying building materials to the construction industry. Unchanging in its operations for over 4 decades, the Group embarked on its Transformation Programme in 2018. It was timely as post-GE14 brought with it moderation in construction industry activities as key projects were renegotiated.

Just as the economy was recovering, Coronavirus 2019 ("COVID-19") hit China causing lockdowns at its factories and ports. One may be familiar with the phrase "When America Sneezes, the World Catches a Cold" however, this is equally true where a glitch at the "The World's Factory" affects supply chains globally!

We had a change of Government in February 2020, followed less than a month later by the Movement Control Order ("MCO") that was imposed to stem the spread of COVID-19. The MCO had practically brought the construction industry to a complete halt. The following Conditional MCO ("CMCO") brought with it comprehensive but necessary Standard Operational Procedures ("SOP") prescribed by the Construction Industry Development Board ("CIDB"). The SOP, together with restricted supply of imported finishing materials and components were not conducive to a speedy recovery of construction activities.

Per Bank Negara Malaysia's 2nd Quarter 2020 Report, the construction industry declined by 44.5% in the 2nd quarter of 2020 (1Q 2020: -7.9%).

COVID-19 did however highlight the need for diversification, not only up or downstream as originally planned but into strategic but unrelated industries.

On the 18 June 2020, we had changes in the Board with En Beroz Nikmal bin Mirdin and En Jeefri bin Muhamad Yusup taking over the positions of Executive Chairman and Chief Executive Officer respectively. They replaced four of the existing Directors. Subsequently they were joined by Mr Baevinraj Thiagarajah and Dato' Amiruddin bin Abdul Satar, both taking on independent non-executive roles. A brief look at their profiles reveals background and expertise in both Renewable Energy and Medical industries.

Management wasted no time in putting the Company in order. Work on further delayering, restructuring and identification of non-viable divisions was started immediately. These were immediately necessary to ensure the short to medium term sustainability of the Company. We will delve into this at the end of the Management Discussion and Analysis.

1. Overview of Group Business and Operations

The existing trading business was adversely affected by unforeseen events as discussed above. The table below maps the performance of the Company against the planned acceleration & growth phases of Ipmuda.

	FYE 30 June 2020				
	Quarter Ended 30 Sept 2019	Quarter Ended 31 Dec 2019	Quarter Ended 31 Mar 2020	Quarter Ended 30 June 2020	Year Ended 30 June 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,978	32,396	19,102	4,961	81,437
Loss before tax	(8,870)	(13,012)	(7,154)	(9,539)	(38,575)

Calender Period	2H2019		1H2020	
Planned Phase	ACCELERATION		GROWTH	
Real GDP (Construction)	-1.5%	1.0%	-7.9%	-44.5%

(Real GDP per Bank Negara Malaysia)

Revenue in the financial year began to improve in the quarter ended 31 December 2019, only to be hampered by the COVID-19 pandemic.

1. Overview of Group Business and Operations (cont'd)

Staff continued to work from home, relying on video conferencing, remote access, mobile app, messaging apps and cloud sharing of documents.

Steps taken at both the quarter ended 31 March 2020 and quarter ended 30 June 2020 to mitigate the slowdown in building materials sales:

(i) Pivot to source and supply medical and healthcare products such as personal protective equipment ("PPE") and sanitising services. These are supplied to both existing and new customers
(ii) Setting up of an online store and relying on digital marketing platforms to reach customers
(iii) Sales & Collection teams focused on collection of receivables
(iv) Continued follow up with customers with online marketing presentations
(v) Development of video presentations tools and updated product catalogues

Due mainly to COVID-19, we were unable to achieve our growth initiatives. We have taken immediate steps to mitigate further decline and will put in place fresh strategies to future proof Ipmuda Berhad.

We would like to highlight that the Transformation in 2018 brought with it, improvement in our operations and systems. Our sales teams now rely on a mobile app for enquiries and putting orders through. Apart from processes being streamlined and automated, the mobile app reduced reliance on manpower and lessens errors. The full potential of the app became apparent during the MCO period.

2. Commentary on Performance

RM'000	Audited 2020	Audited 2019	18 mths Audited 2018	Annualised 2018	Audited 2016	Audited 2015	Audited 2014
Revenue	**81,437**	113,138	492,329	328,220	470,962	556,693	635,532
Cost of Sales	**(75,945)**	(108,527)	(453,971)	(302,647)	(428,156)	(509,030)	(578,203)
Gross Profit	**5,492**	4,611	38,358	25,573	42,806	47,663	57,329
Other Income	**2,813**	19,851	11,060	7,373	5,668	13,263	9,989
Administrative Expenses	**(24,432)**	(26,471)	(34,430)	(22,953)	(29,021)	(27,062)	(27,712)
Selling and Marketing Expenses	**(8,035)**	(9,092)	(19,774)	(13,183)	(16,215)	(15,299)	(15,361)
Other Operating Expenses	**(12,141)**	(23,667)	(32,368)	(21,579)	(4,604)	(10,041)	(3,207)
Finance Income	**1,346**	3,161	4,299	2,866	5,563	3,640	4,851
Finance Costs	**(3,618)**	(3,973)	(7,627)	(5,085)	(5,395)	(5,858)	(5,670)
(Loss)/Profit before Taxation	**(38,575)**	(35,580)	(40,482)	(26,988)	(1,198)	6,306	20,219
Gross Profit Margin, %	**6.74%**	4.08%	7.79%	7.79%	9.09%	8.56%	9.02%
Net loss on impairment of financial assets	**9,631**	**14,487**	29,605	–	2,513	948	(62)

2. Commentary on Performance (cont'd)

(i) Revenue

In spite of the weak market, we managed to successfully supply to projects in the first 2 quarters of the financial year ended 30 June 2020. This is mainly due to our strategic move to target affordable homes projects by pre-packaging competitively priced materials suitable for the said market.

The fall in revenue in the second half of the year is mainly attributable to the COVID-19 pandemic and the necessary MCO. With overheads such as salaries running, we are grateful for the assistance from our bankers who have assisted us with moratoriums as well as the restructuring and rescheduling ("R&R") of facilities. We take this opportunity to thank all our bankers once again for their support and confidence in us.

We would like to add that the lacklustre revenue was exacerbated by the Group relying almost purely on the trading of building material. Many other similar players have already diversified upstream and downstream to have their own manufactured products specified and also supplied to their own projects and developments. However, being vertically diversified is still not ideal as already highlighted in our Business Continuity discussions.

(ii) Gross Profit

As in previous years, the Gross Profit figure reported includes impairment of aged and slow moving stocks. The actual gross profit margin is approximately 7.2% for the year, down from 8.6% in the previous year. This was mainly due to the competitive landscape and the weak construction industry. We have had to include some lower margin products in our "Solutions Supply" to customers.

(iii) Other Income

Other income has reduced because the bulk of the other income last year came from the disposal gain of non-core assets. Albeit there were some disposals of these properties in 2020, they were not as sizable.

(iv) Administrative Expenses

Administrative expenses reduced following the fall in sales. However, the reduction is not proportional due to increase in legal expenses in regards to the aggressive collection effort and also professional fees incurred in the planning of various developments that has been put on hold.

(v) Selling and Marketing Expenses

Again, the lower selling and marketing expenses is disproportionate to the reduction in sales. This is mainly due to the generally fixed nature of sales and distribution salaries that make up a sizeable portion of the expense.

(vi) Other Operating Expenses

Other operating expense include impairment of RM9.6 million on trade and other receivables.

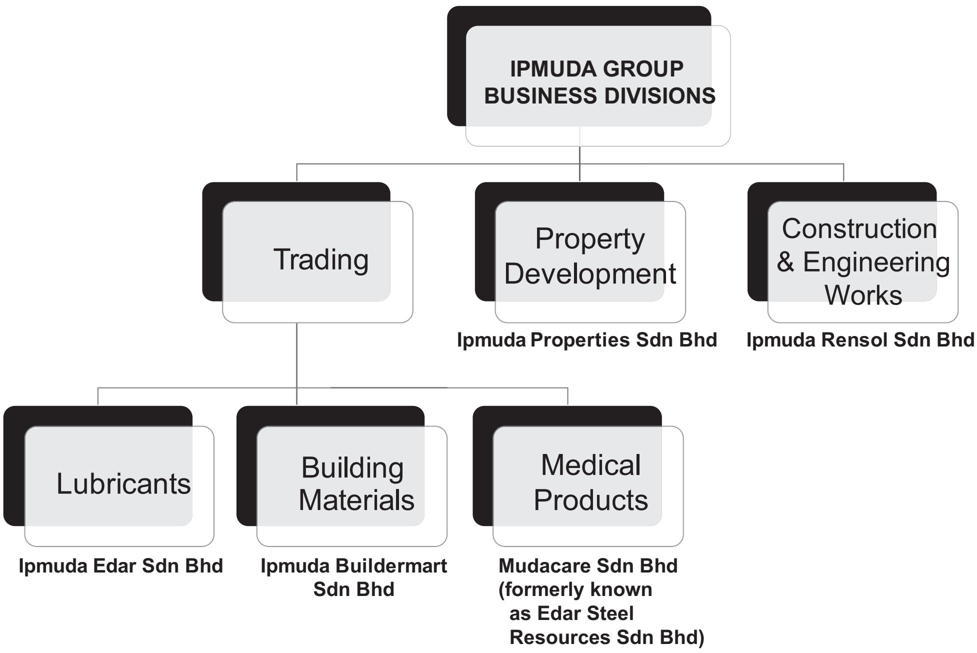
3. Moving Forwards

With hindsight, the original approach of identifying and diversifying upstream and downstream to enjoy further margins did not mitigate downside risks such as COVID-19. The management will be looking into this in its future quest for diversification.

As a start, on 4 September 2020, the contract secured by Ipmuda's construction & engineering division for the setting up of a solar photovoltaic ("PV") power facility is evident of our move to service customers outside the usual housing, commercial, industrial and infrastructure construction.

(i) Organisational Structure

With immediate effect, we have put on hold, divisions that were non-viable in the short to medium term. We have shutdown both our Oil & Gas divisions as well as our International Business division since July 2020. The following is an updated structure that we are working towards.



3. Moving Forwards (cont'd)

(ii) The following is the existing organisation structure

IPMUDA BERHAD

Trading & Services	Investment Holding
• Ipmuda Buildermart Sdn Bhd • Ipmuda Edar Sdn Bhd • Ipmuda Borneo Sdn Bhd • Ipmuda Utara Sdn Bhd • Ipmuda Selatan Sdn Bhd • Ipmuda Timuran Sdn Bhd • Jentayu (MM2H) Sdn Bhd (fka: Ipmuda Mulu Sdn Bhd) • Ipmuda Tiles & Sanitarywares Sdn Bhd • Ipmuda Architectural Products Sdn Bhd • Mudacare Sdn Bhd (fka: Edar Steel Resources Sdn Bhd)	• Roset - BLG Sdn Bhd • Better Living Grand Sdn Bhd • Armor Master Sdn Bhd • Glorious Future Sdn Bhd • Toriki Metal Engineering Sdn Bhd • Eager Vest Sdn Bhd • Victory Rally Sdn Bhd • Modular Equity Sdn Bhd

Development	Contracting & Engineering Works	Warehousing	Home Improvement
• Ipmuda Properties Sdn Bhd	• Ipmuda Rensol Sdn Bhd	• Homemart Distribution Centre Sdn Bhd	• Roset Interiors Sdn Bhd

(iii) Delayering of Organisation & Multitasking

We have had to make a painful decision to begin our second stage of delayering. This moved much of the planning and strategic management decisions up to the level of the Chief Executive Officer and Executive Chairman. The flattening of the organisation structure will only reap savings in the final months of 2020 (2nd quarter of financial year ended 30 June 2020). In the meantime, some existing staff were assigned multiple roles to help reduce costs further.

We will report on the effectiveness of this exercise in due course.

We have over the past 2 years, closed several of our regional offices. This was possible due to our mobile app. We are continually evaluating the need for physical regional offices. We have just moved our Klang Valley sales support team from our Jalan Penchala office in Petaling Jaya to our Kuala Lumpur headquarters. Apart from the cost savings, the support team will be able to work closely with the product development and purchasing teams.

(iv) Monetising Non-core Assets

We will be looking to further monetise and dispose our non-core assets to reduce our borrowings. This year saw us complete the disposal of 5 properties amounting to almost RM1.1M. (Previous year disposal of over RM20M)

(v) Property Development

We were originally optimistic about our Kristal 2 condominium development in Kota Kinabalu, Sabah. We had over a year of planning, obtaining approvals from the various authorities, setting up a showroom which was ready for a soft launch in November 2020 and working with banks for the financing. We are taking a prudent approach by delaying the launch in light of the current market sentiment and economic uncertainty.

3. Moving Forwards (cont'd)

(vi) Trading of Building Materials

We will continue with our "Solutions" Strategies where we provide a complete supply of finishing materials to the customer. Akin to an in-house sourcing department, the team will endevour to reduce the cost for the customer through consolidated purchasing, bulk orders and value engineering.

(vii) Medical Products and Sanitising Services

This is a new area of growth for the Company, formed out of necessity during the MCO period, Mudacare Sdn Bhd continues to supply existing and new customers with medical protection products as well as sanitising services. Currently we have exclusive rights to a range of novel air sanitising filter as well as UV hand rail sanitisers. We have also obtained exclusive project supply rights to a Nano Titanium Dioxide ("TiO2") based sanitisation treatment service.

(viii) Industrialised Building Systems ("IBS")

We have exclusive project rights to the Ipmuda IBS system. This block-based construction method reduces site construction time, weight as well as provide exemplary fit and finish to ensure minimal site work to completion.

(ix) Branding

We will continue to build our own brands to create product differentiation. This allows us better margin through the specification market. Brands that we are currently building up are Ortolani (faucets, bathroom accessories and sanitarywares) and Concorde (architectural ironmongeries and locksets).

(x) Eco-Friendly, Energy Saving and Smart Products

We already have wide range of eco-friendly, energy saving and smart products. We will be continually sourcing for a wider range of exclusive products to ensure that our customers will get the best solutions for their projects.

As already addressed in the Business Continuity section, although we had previously intended to diversify upstream and downstream, the lessons learnt from COVID-19 has provided the necessary wisdom and urgency for Ipmuda to explore diversification away from the construction industry.

We trust that the Board will steer the Company back to profitability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of Ipmuda Berhad (the Company) fully support the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 (MCCG 2017), launched on 26 April 2017, which the Company will endeavour to adopt in making good corporate governance an integral part of its business dealings and culture.

This Corporate Governance Overview Statement (CG Statement) provides a summary of the corporate governance practices of the Company during the financial year ended 30 June 2020 (FYE 2020) up till the date of the CG Statement with reference to the three (3) key Principles of good corporate practices as set out in the MCCG 2017 as follows:-

a) Principle A: Board Leadership and Effectiveness;
b) Principle B: Effective Audit And Risk Management; and
c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and it is to be read together with the Company's Corporate Governance Report (CG Report) for FYE 2020 which is available on Bursa Securities website at www.bursamalaysia.com and also the Company's website at www.ipmuda.com.my. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG 2017 during the period under review.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board's Roles and Responsibilities

The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board fully understands their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation in order to safeguard shareholders' value.

In discharging its fiduciary duties and leadership functions, it is imperative for the Board to govern and set the strategic direction of the Company while exercising oversight on management. To ensure the effective discharge of its function and duties in the best interest of the Company, the key responsibilities of the Board include the following specific areas:

i. Reviewing and adopting the overall strategic plans and programmes in line with the Group's core values, vision and mission;
ii. Overseeing and evaluating the conduct of business of the Company and Group whether the business is being properly managed and sustained;
iii. Identifying principal business risks faced by the Company and Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks under the guidance of the Risk Management Committee;
iv. Reviewing the adequacy and the integrity of the management information and internal control systems of the Company and Group including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
v. Ensuring that all candidates appointed to senior management positions are sufficient caliber, including having in place a process to provide for the orderly succession of senior personnel and members of the Board upon the recommendation of the nomination and remuneration committee;
vi. Ensure that the shareholders' interests are met;
vii. Ensure that the Group has the appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility; and
viii. Promote better investor relations and shareholders' communications.

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

I. Board Responsibilities (cont'd)

1. Board's Roles and Responsibilities (cont'd)

Board Charter and Code of Conduct and Ethics for Directors

As part of the governance process, the Board has formalised and adopted a Board Charter which sets out a list of specific functions that are reserved for the Board. The Board Charter is the primary document that elaborates on the fiduciary and leadership functions of the Directors. The Board Charter addresses the following matters:

i. Board Membership, which includes composition, appointments and re-election and independence of Directors;
ii. Role of the Board, which includes duties and responsibilities and matters reserved for the Board;
iii. Role of Chairman, Managing Director/Chief Executive Officer;
iv. Board Committees and Board Meetings;
v. Financial Reporting;
vi. Directors' Remuneration;
vii. Directors' Training and Continuing Education;
viii. Company Secretary;
ix. Investor Relations and Shareholders' Communication;
x. Access to Information and Independent Advice; and
xi. Directors' Code of Conduct and Ethics.

The formal schedule of matters reserved for the Board is set out in Section 3.2(b) of the Board Charter whilst the Code of Conduct and Ethics for Directors (the Code) which is incorporated in the Board Charter formalises the standard of ethical values and behaviour that is expected of its Directors at all times. The Code is set out in Section 7 of the Board Charter.

The current Board Charter is available for reference at the Company's website at www.ipmuda.com.my. The Board Charter is reviewed from time to time to ensure its relevance and compliance.

The Board's oversight on management is by delegating day-to-day management of the Group to the CEO. This delegation structure is further cascaded by the CEO to the Senior Management Team. The CEO together with Senior Management Team remain accountable to the Board for the authority being delegated to the Senior Management Team by the CEO. However, the schedule of matters reserved for the Board's decision includes key strategic, financial, operational, compliance and governance issues as well as acquisition/disposal of assets, subject to regulatory requirements.

The various powers delegated to the Senior Management Team is based on the Company's Discretionary Authority Limit (now known as Limits of Authority), which is also subject to periodic review based on changes in organisation structure and business requirements for efficient decision making.

In addition, the Board also and expects Senior Management to:-

i. review the Group's strategies and their implementation in all key areas of the Group's activities;
ii. carry out a comprehensive budgeting process and monitor the Group's financial performance against the budget; and
iii. identify opportunities and risks affecting the Group's business and find ways of dealing with them.

The CEO together with the Senior Management Team meets as and when necessary to review and monitor the performances of the Group's operating divisions, review shared initiatives and update the operational policies which is more efficient and practical. The Board also keeps itself abreast of the operational progress and/or issues and the mitigation plans by the reporting of the CEO at the quarterly Board meetings or at such earlier time as may be required from time to time.

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

I. Board Responsibilities (cont'd)

1. Board's Roles and Responsibilities (cont'd)

Board Charter and Code of Conduct and Ethics for Directors (cont'd)

The presence of the current Independent Non-Executive Directors (INEDs) namely Mr Teh Foo Hock, Mr Baevinaj Thiagarajah and Dato' Amiruddin bin Abdul Satar are not involved in the day-to-day management of the Group but contribute their particular skills, expertise and experiences in assisting the development of business strategies of the Group and to make insightful contribution to the Board's deliberations to ensure that the interest of all shareholders and general public are given due consideration in the decisionmaking process. They also assist and ensure the Board adopts a good corporate governance practice within the Group.

- As at the date of the CG Statement, the current Board members are as follows:

  i. Encik Beroz Nikmal bin Mirdin – Executive Chairman
  (Appointed on 18 June 2020)
  ii. Encik Jeefri bin Muhamad Yusup – Chief Executive Officer (CEO)
  (Appointed on 18 June 2020)
  iii. Mr Teh Foo Hock – Independent Non-Executive Director)
  (Appointed on 17 October 2019)
  iv. Mr Baevinraj Thiagarajah
  (Appointed on 09 July 2020)
  v. Dato' Amiruddin bin Abdul Satar
  (Appointed on 19 August 2020)

- The previous Board members during the FYE 2020 are indicated below:

  i. Tan Sri Abu Sahid bin Mohamed – Executive Chairman
  (Retired on 18 June 2020)
  ii. Dato' Sim Choo Thiam – Managing Director
  (Resigned on 18 June 2020)
  iii. Dato' Maarof bin H.A. Rahman – Senior Independent Non-Executive Director
  (Resigned on 18 June 2020)
  iv. Datuk David Rashid bin Ghazalli – Independent Non-Executive Director
  (Resigned on 18 June 2020)
  v. Puan Nazariah binti Ibrahim – Independent Non-Executive Director
  (Resigned on 26 December 2019)
  vi. Dato' Ahmad Bakri bin Shabdin – Independent Non-Executive Director
  (Retired on 01 December 2019)

2. Separation of the Position of Chairman and the CEO

The roles of the Executive Chairman and CEO of the Company are separate with clear division of responsibilities between them to ensure balance of power and authority:

i. The Executive Chairman helms by providing leadership and guidance to the Board in meeting corporate goals and manages the processes in ensuring the Board discharges of its duties. He encourages a healthy debate on issues raised at Board Meetings, and gives opportunity to Directors who wish to speak on motions, either for or against them. He also ensures a smooth, open and constructive dialogue between the Board and the Company's shareholders.

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

I. Board Responsibilities (Cont'd)

2. Separation of the Position of Chairman and the CEO (cont'd)

ii. The CEO has the overall responsibility for the day-to-day management of the Group's business and operations and implementation of the Board's policies and decisions. He is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group. By virtue of his position as a Board member, he also acts as the intermediary between the Board and Management.

Details of the roles and responsibilities of the Executive Chairman and the CEO are spelt out in the Board Charter.

3. Company Secretary

The Company Secretary is qualified to hold the position under Section 235(2)(a) of the Companies Act 2016 and is a member of the Malaysian Institute of Chartered Secretaries and Administrators. The Directors have unlimited direct access to the advice and services of the Company Secretary as well as access to all information within the Company and Group whether as a full board or in their individual capacity.

The roles and responsibilities of the Company Secretary amongst others are as follows:

i. attend and ensure that all meetings are properly convened and ensure that the deliberations at the meetings which include pertinent issues, substance of inquiries and responses, suggestions and proposals are duly captured, recorded and minuted and the resolutions passed are recorded properly and accurately and kept in the statutory books at the registered office of the Company. Matters that required the necessary actions are communicated to the relevant Management personnel. Also responsible for:

- facilitating Director's induction and assisting in Directors' training and development;
- monitoring corporate governance developments and advising the Board on all corporate governance obligations and development in best practices;
- managing processes for shareholders' meeting; and
- communicating with shareholders as appropriate;

ii. update and advise the Board on Board procedures and ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation;

iii. ensure proper upkeep of statutory registers and records of the Company and Group;

iv. provides support to the Chairman to ensure the effective functioning of the Board and assist the him in preparation of conduct of meetings;

v. act as secretary for all Board committee meetings;

vi. advise and remind the Board and senior management on compliance of statutory and regulatory requirements; and

vii. update and brief the Board on changes and/or new statutory and regulatory requirements.

In order to discharge the Company Secretary's role effectively, the Company Secretary has been continuously attending the necessary training programmes and conferences so as to keep herself abreast with the latest developments in corporate governance realm and changes in regulatory requirements that are relevant to her profession and enabling her to provide the necessary advisory role to the Board.

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

I. Board Responsibilities (cont'd)

4. Board Meeting and Meeting Materials

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters that require the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

In the intervals between Board meetings, any matters requiring urgent Board decisions or approvals will be sought via circular resolutions of the Directors and these are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board Meetings, the Directors will be provided with the relevant agenda and Board papers with a minimum of one week notice to the Board to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others, the minutes of preceding meetings of the Board, summary of dealings in shares by the directors or affected persons, if any and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals. As for Committee Meetings, the Board committee members will be provided with the relevant agenda and Committee meeting papers as per the terms of reference of the respective Board Committees.

Further, there is a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. The Board will ensure that the strategic plans of the Company and the Group supports long term value creation, including strategies on economic, environmental and social of considerations underpinning sustainability as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and any new major ventures.

The Chairman of the Board Committees is responsible for informing the Board at the Board Meetings of any salient matters noted by the Committees and which may require the Board's direction.

As the Group's quarterly results is one of the regular scheduled matters which are tabled to the Board for approval at the quarterly Board meetings, the notices on the closed periods for dealings in the securities of the Company are circulated to all Directors and principal officer who are deemed to be privy to any sensitive information and knowledge in advance of whenever the closed period is applicable based on the targeted date of announcement of the quarterly results of the Group.

5. Access to information and advice

The Directors have unrestricted access to the advice and services of the Company Secretary and Senior Management staff in the Group to assist them in carrying out their duties. The Directors, whether as a full Board or in their individual capacity, may seek independent professional advice at the Company's expense on specific issues and gain access to relevant information whenever required to enable the Directors to discharge their duties more effectively.

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

I. Board Responsibilities (cont'd)

6. Board Committees

The Board is assisted by its Committees, which have been established under defined Terms of Reference, in accordance with the Main Market Listing Requirements and best practices prescribed by the MCCG 2017 to assist the Board in discharging its responsibilities. The Committees are as follows:

i. Audit Committee;
ii. Nomination Committee;
iii. Remuneration Committee; and
iv. Risk Management Committee.

The Nomination Committee and Remuneration Committee had 01 September 2020 been combined into on Committee known as the "Nomination and Remuneration Committee".

The Board Committees examine specific issues and the Chairman of the respective Board Committees report to the Board on proceedings and outcome of the Board Committee meetings, together with their recommendations, while the ultimate responsibility for decision making lies with the Board.

7. Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company and to use their best endeavours to attend meetings.

The Board meets every quarter, with the meeting scheduled well in advance before the commencement of the calendar year to facilitate the Directors in managing their meeting plans. Additional meetings, including special meetings are convened whenever necessary.

Directors	No. of meetings held during appointment	No. of meetings attended
Mr Teh Foo Hock *(Appointed on 17 October 2019)*	3	3
Encik Beroz Nikmal bin Mirdin *(Appointed on 18 June 2020)*	Not Applicable	Not Applicable
Encik Jeefri bin Muhamad Yusup *(Appointed on 18 June 2020)*	Not Applicable	Not Applicable
Mr Baevinraj Thiagarah *(Appointed on 09 July 2020)*	Not Applicable	Not Applicable
Dato' Amiruddin bin Abdul Satar *(Appointed on 19 August 2020)*	Not Applicable	Not Applicable
Tan Sri Abu Sahid bin Mohamed *(Retired on 18 June 2020)*	6	5
Dato' Sim Choo Thiam *(Resigned on 18 June 2020)*	6	6
Dato' Maarof bin H.A. Rahman *(Resigned on 18 June 2020)*	6	6
Datuk David Rashid bin Ghazalli *(Resigned on 18 June 2020)*	6	6
Puan Nazariah binti Ibrahim *(Resigned on 26 December 2019)*	4	4
Dato' Ahmad Bakri bin Shabdin *(Retired on 01 December 2019)*	4	4

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

I. Board Responsibilities (cont'd)

7. Time Commitment (cont'd)

All the Directors holding office as indicated above save for the newly appointed Directors have complied with the minimum attendance at Board meetings as stipulated by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The new additional Directors namely Encik Beroz Nikmal bin Mirdin and Encik Jeefri bin Muhamad Yusup were appointed only 13 days towards the close of the FYE 2020. In this respect, they did not attend any Board Meetings during the FYE 2020.

The other two (2) new additional Directors namely Mr Baevinraj Thiagarajah and Dato' Amiruddin bin Abdul Satar were appointed after the close of the FYE 2020 and hence the attendance at Board Meetings do not apply to them.

The dates of Board and board committee meetings as well as annual general meeting (AGM) are scheduled before the beginning of each year. To assist Directors in planning their attendance, the Company Secretary consults every Director before fixing the dates of these meetings. The Board meets at least four times a year. Ad hoc meetings are also convened to deliberate on urgent substantive matters.

8. Time commitment of accepting new directorships

Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board's performance of its duties and to give sufficient time and attention to the affairs of the Group. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment. The aforesaid is set out in the approved Board Charter.

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Director was absent for more than 50% of the total Board Meetings held during the FYE 2020, complying with Para 15.05 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad save for the newly appointed additional Directors mentioned above.

None of the Directors mentioned above hold more than five (5) directorships in public listed companies in Bursa Malaysia Securities Berhad.

9. Sustainability of Business

The Board recognises the importance of business sustainability and is committed to deliver long term sustainable values to the stakeholders of the Group. The Group's workplace, marketplace, community, environment, social, cultural and governance aspects of business operations are an integral part of the Company's social obligation in conducting its business.

The Sustainability Statement is set out in pages 15 to 18 of the Annual Report.

10. Code of Conduct

In addition to the Directors' Code of Conduct, the Group has also in place a Code of Conduct and Ethics covering the general employment terms and conditions, compensation and benefits, proprietary information, conflict of interest, indulging in private businesses and sexual harassment to ensure all employees maintain and uphold a high standard of ethical and professional conduct in the course of performance of their duties and responsibilities. This Code is embedded in the Company's Human Resources Handbook.

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

I. Board Responsibilities (cont'd)

11. Whistleblowing

The Board acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Board has thus established a Whistleblowing Policy with the aim to provide an avenue to employees or external parties to report any improper conduct, unethical, fraudulent and malpractices by employees, management or Directors regardless of their position so that damage controls and remedial actions can be taken properly. The Whistleblowing Policy is available in the Company's website at www.ipmuda.com.my.

12. Anti-Bribery and Anti-Corruption Policy (ABAC Policy)

Following the amendments to Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 and Paragraph 15.29 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that took effect from 1 June 2020, the Board has established its ABAC Policy that contains policies and guidelines relating to standards and ethics that all employees are expected to adhere to in the course of their work and to the public at large, as part of the Group's commitment in combating bribery and corruption. The ABAC Policy which has been uploaded in the Company's website at www.ipmuda.com.my.

II. Board Composition

1. Board Composition and Balance

The Board currently has five (5) members, comprising one (1) Executive Chairman, one (1) Chief Executive Officer with three (3) of the Directors being Independent Non-Executive Directors. The composition of the Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires a minimum of two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent directors and the MCCG 2017 where the Board has the majority presence of independent directors.

Together, the Board has a good mix of business, accounting, corporate finance, technical expertise and experience to lead and control the Group. A brief profile of each Director is presented on pages 9 to 11 of the Annual Report.

Subsequent to the FYE 2020 (as disclosed above), two (2) new Independent Non-Executive Directors were appointed. Independent Directors make up more than one-third of the Board membership.

The presence of a majority of Independent Non-Executive Directors will serve to bring objective, unbiased and independent views, advice and judgment to the decision making of the Board and provide the necessary checks and balances to ensure that the interests of all shareholders and the general public are given due consideration in the decision-making process.

The composition and size of the Board are reviewed from time to time to ensure appropriateness. The Nomination Committee examines the size and composition of the Board with a view of determining the impact of the number upon effectiveness and makes recommendations to the Board on what it considers an appropriate size and composition for the Board.

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

II. Board Composition (cont'd)

2. Board Diversity

The Board is supportive of gender diversity on the Board and in senior management team.

Whilst acknowledging the recommendation of the MCCG 2017 on gender diversity, the Board is of the collective opinion that there is no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Nomination Committee and the Board will consider gender diversity as part of its future selection process and will look into increasing female board representation going forward.

The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and Board Committees. The Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capabilities.

3. Nomination Committee (NC)

The NC during the FYE 2020 and as at the date of the CG Statement comprises all Independent Non-Executive Directors. The current and previous members of the NC are mentioned below. The NC and Remuneration Committee were combined into one committee known as the "Nomination and Remuneration Committee" with effect from 01 September 2020.

i. Mr Teh Foo Hock – Member, Independent Non-Executive Director
(Appointed on 26 December 2019)
ii. Mr Baevinraj Thiagarajah – Member, Independent Non-Executive Director
(Appointed on 10 August 2020)
iii. Dato' Amiruddin bin Abdul Satar – Member, Independent Non-Executive Director
(Appointed member on 19 August 2020, Re-designated to Chairman on 01 September 2020)
iv. Dato' Maarof bin H.A. Rahman - Chairman, Senior Independent Non-Executive Director
(Resigned on 18 June 2020)
v. Datuk David Rashid bin Ghazalli – Member, Independent Non-Executive Director
(Appointed on 01 December 2019, Resigned on 18 June 2020)
vi. Puan Nazariah binti Ibrahim – Member, Independent Non-Executive Director
(Resigned on 26 December 2019)
vii. Dato' Ahmad Bakri bin Shabdin - Member, Independent Non-Executive Director
(Retired on 01 December 2019)

The NC met twice during the financial year.

The NC is responsible for amongst others the following:

i. recommend candidates for appointments to our Board. The final decision for any appointment remains the responsibility of the Board after considering the Committee's recommendations.

ii. conduct annual review of the structure, size and composition of the Board (including skills, knowledge, experience and gender diversity) and the overall effectiveness of the Board on an on-going basis and those Directors who are due for re-election/re-appointment at the Company's Annual General Meeting.

iii. review and assess the independence of the Independent Directors annually, term of office and to submit their relevant recommendation to the Board for the ultimate decision and endorsement.

Among the criteria considered for independency includes ability to exercise independent comments, judgement, and contribution constructively at all times for an effective Board.

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

II. Board Composition (cont'd)

4. Appointment to the Board and Re-election of Directors

The Board delegates to the NC the responsibility of recommending the appointment of any new Director.

The process for the appointment of a new director is summarised in the sequence as follows:-

i. The candidate is identified upon the recommendation by the existing Directors, Senior Management staff, shareholders and/or other consultants;
ii. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, expertise and experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
iii. Recommendation to be made by Nomination Committee to the Board, if the proposed candidate is found to be suitable. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
iv. Final decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

The Company's Constitution stipulates that newly appointed Directors shall hold office until the next Annual General Meeting and shall then be eligible for re-election by shareholders and that at least one third or the number nearest to one third of the Directors are required to retire by rotation at every Annual General Meeting and be subject to re-election by shareholders.

At the Company's forthcoming 45th Annual General Meeting, the Directors of the Company who will be retiring by rotation pursuant to Article 138 of the Company's Constitution are Encik Beroz Nikmal bin Mirdin, Encik Jeefri bin Muhamad Yusup, Mr Baevinraj Thiagarajah and Dato' Amiruddin bin Abdul Satar. All of them have offered themselves for re-election.

5. Annual Assessment

The Nomination Committee reviews annually, the effectiveness of the Board and all the Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered.

The NC did not assess the performances of the new Board members as their tenure as Directors were less than 12 months as indicated by the appointment dates indicated above. The NC will review and assess the mix of skills, expertise and composition, size and experience of the Board, the performance and contribution of each individual Director, the performance of the Audit Committee and its members and the overall effectiveness of the Board and the Board Committees in the next financial year.

The NC and the Remuneration Committee was combined into one committee on 01 September 2020 known as the "Nomination and Remuneration Committee".

6. Tenure of Independent Directors

Practice 4.2 of the MCCG 2017 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Nonetheless, Practice 4.2 also states that the Board should justify and seek annual shareholders' approval if the Board intends to retain an independent director beyond nine years. If the Board continues to retain the independent director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process.

As at the date of the CG Statement, there are no Independent Directors serving more than nine (9) years in the Board as the new Independent Directors were appointed on the following dates:

i. Mr Teh Foo Hock – Appointed on 17 October 2019
ii. Mr Baevinraj Thiagarajah – Appointed on 09 July 2020
iii. Dato' Amiruddin bin Abdul Satar - Appointed on 19 August 2020

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

II. Board Composition (cont'd)

7. Directors' Training

All Directors (including the newly appointed Directors) had attended the Mandatory Accreditation Programme (MAP) as required by Bursa Malaysia Securities Berhad. The Nomination Committee will also assess the training needs of the Directors from time to time to ensure the Directors are equipped with relevant knowledge and skills to discharge their duties more effectively.

During the FYE 2020, all the Directors save for the four (4) newly appointed Directors mentioned below have attended training programmes conducted in-house as mentioned below. They will continue to attend further training programmes from time to time to keep abreast with the relevant changes and development in laws and regulations as well as business development. The Board is updated by the Company Secretary on latest update/amendments to the Main Market Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

Director	Title
Mr Teh Foo Hock *(Appointed on 17 October 2019)*	• The Board of Directors of 21st Century: When Disruption meets Tradition • Cyber Security in the Boardroom • Managing Volatility via Self Insurance • Say on Pay – What do Boards need to know? • Bursa Advocacy on Diversity • Directors' dialogue with Jonathan Labrey on Integrated Reporting • Evaluating Effectiveness of Internal Audit Function • Future of Audit • Section 17A, MACC ACT 2009 & Adequate Procedures
Encik Beroz Nikmal bin Mirdin *(Appointed on 18 June 2020)*	Not applicable
Encik Jeefri bin Muhamad Yusup *(Appointed on 18 June 2020)*	Not applicable
Mr Baevinraj Thiagarajah *(Appointed on 09 July 2020)*	Not applicable
Dato' Amiruddin bin Abdul Satar *(Appointed on 19 August 2020)*	Not applicable
Tan Sri Abu Sahid bin Mohamed *(Retired on 18 June 2020)*	• Section 17A, MACC ACT 2009 & Adequate Procedures
Dato' Maarof bin H.A. Rahman *(Resigned on 18 June 2020)*	• Section 17A, MACC ACT 2009 & Adequate Procedures
Dato' Sim Choo Thiam *(Resigned on 18 June 2020)*	• Section 17A, MACC ACT 2009 & Adequate Procedures
Datuk David Rashid bin Ghazalli *(Resigned on 18 June 2020)*	• Section 17A, MACC ACT 2009 & Adequate Procedures
Puan Nazariah binti Ibrahim *(Resigned on 26 December 2019)*	Not applicable
Dato' Ahmad Bakri bin Shabdin *(Retired on 01 December 2019)*	Not applicable

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

III. Remuneration

1. Remuneration Committee (RC)

The RC during the FYE 2020 and as at the date of the CG Statement comprises all Independent Non-Executive Directors. The current and previous members of the RC are mentioned below. The RC and NC were combined into one committee known as the "Nomination and Remuneration Committee" with effect from 01 September 2020.

i. Dato' Amiruddin bin Abdul Satar – Chairman (Independent Non-Executive Director)
(Appointed member on 19 August 2020, Redesignated to Chairman on 01 September 2020)
ii. Mr Baevinraj Thiagarajah – Member (Independent Non-Executive Director)
(Appointed on 10 August 2020)
iii. Mr Teh Foo Hock – Member (Independent Non-Executive Director)
(Appointed Chairman on 01 December 2019, Redesignated from Chairman to Member on 01 September 2020)
iv. Datuk David Rashid bin Ghazalli – Member (Independent Non-Executive Director)
(Appointed on 26 December 2019, Resigned on 18 June 2020)
v. Dato' Maarof bin H.A. Rahman - Member, Senior Independent Non-Executive Director
(Resigned on 18 June 2020)
vi. Puan Nazariah binti Ibrahim – Member, Independent Non-Executive Director
(Resigned on 26 December 2019)
vii. Dato' Ahmad Bakri bin Shabdin – Chairman, Independent Non-Executive Director
(Retired on 01 December 2019)

The RC is responsible for making recommendations on the remuneration of Executive Directors and Senior Management. The remuneration package will generally be structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully. The determination of remuneration packages of Non-Executive Directors is the responsibility of the Board as a whole. The remuneration package for the Non-Executive Directors will depend on their contribution to the Group in terms of their knowledge and experience. The Board recommends the Directors' fees payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the Annual General Meeting.

The RC met once during the FYE 2020.

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

III. Remuneration (cont'd)

1. Remuneration Committee (RC) (cont'd)

The details on the Directors remuneration paid or payable made available from the Company and its subsidiary companies for the FYE 2020 were as follows:

a) Details of the Directors' remuneration paid or payable for the FYE 2020 are as follows:-

Name of Director	Directors' Fees RM	Salaries and Other Emoluments RM	Defined contribution plan RM	Benefits in-kind RM	Total RM
Executive Directors					
Tan Sri Abu Sahid bin Mohamed *(Executive Chairman)* *(Retired on 18 June 2020)*	–	960,593	172,800	–	1,133,393
Dato' Sim Choo Thiam *(Managing Director)* *(Resigned on 18 June 2020)*	–	960,923	115,200	–	1,076,123
Encik Beroz Nikmal bin Mirdin *(Executive Chairman)* *(Appointed on 18 June 2020)*	–	34,744	4,160	–	38,904
Encik Jeefri bin Muhamad Yusup *(Chief Executive Officer)* *(Appointed on 18 June 2020)*	–	21,744	2,600	–	24,344

Name of Director	Directors' Fees RM	Meeting Allowances RM	Total RM
Non-Executive Directors			
Mr Teh Foo Hock *(Independent Non-Executive Director)* *(Appointed on 17 October 2019)*	18,670	10,000	28,670
Dato' Maarof bin H.A. Rahman *(Senior Independent Non-Executive Director)* *(Resigned on 18 June 2020)*	25,450	21,000	46,450
Datuk David Rashid bin Ghazalli *(Independent Non-Executive Director)* *(Resigned on 18 June 2020)*	25,450	15,000	40,450
Puan Nazariah binti Ibrahim *(Independent Non-Executive Director)* *(Resigned on 26 December 2019)*	12,780	11,000	23,780
Dato' Ahmad Bakri bin Shabdin *(Independent Non-Executive Director)* *(Retired on 01 December 2019)*	13,750	14,000	27,750

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

III. Remuneration (cont'd)

1. Remuneration Committee ("RC") (cont'd)

b) Remuneration of Senior Management for FYE 2020

The MCCG has recommended that the Company should disclose on a named basis, the detailed remuneration of the top five (5) Key Senior Management.

For the FYE 2020, the aggregate total remuneration paid to the top five (5) Key Senior Management personnel, who are not Directors of the Company, which comprises the Chief Operating Officer – Operations & Sales, Chief Operating Officer – Banking & Finance, Chief Financial Officer (CFO), Chief Corporate Officer (CCO) and Chief Transformation Officer (CTO) are as follows:

	Salaries and Other Emoluments RM	Defined Contribution Plan RM	Benefits in-kind RM	Total RM
Senior Management	1,735,094	207,900	–	1,942,994

The Board has considered and is of the opinion that the disclosure on the remuneration of the five (5) Key Senior Management is not on a named basis as it is imperative for the Company to maintain employees' remuneration private and confidential to avoid unhealthy comparison which might lead to discontentment among employees and an unharmonious working environment.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee (AC)

The AC (guided by its Terms of Reference [TOR]) assists the Board to review the adequacy and integrity of the Group's financial administration and reporting and internal control.

The AC during the FYE 2020 and as at the date of this CG Statement comprises all Independent Non-Executive Directors which are as follows:-

i. Mr Teh Foo Hock (Chairman – Independent Non-Executive Director)
(Appointed member on 17 October 2019, Redesignated as Chairman on 01 December 2019)
ii. Mr Baevinraj Thiagarajah (Member – Independent Non-Executive Director)
(Appointed on 10 August 2020)
iii. Dato' Amiruddin bin Abdul Satar (Member – Independent Non-Executive Director)
(Appointed on 19 August 2020)
iv. Datuk David Rashid bin Ghazallli (Member – Independent Non-Executive Director)
(Appointed on 26 December 2019, Resigned on 18 June 2020)
v. Dato' Maarof bin H.A. Rahman (Member – Senior Independent Non-Executive Director)
(Resigned on 18 June 2020)
vi. Puan Nazariah binti Ibrahim – (Member – Non-Independent Non-Executive Director)
(Resigned on 26 December 2019)
vii. Dato' Ahmad Bakri bin Shabdin (Chairman – Independent Non-Executive Director)
(Retired on 01 December 2019)

The Chairman of AC is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the AC are set out in its TOR approved by the Board and is available on the Company's website at www.ipmuda.com.my.

All the members of the AC (previous and present) possess a mix of skills, knowledge and experience and financial literacy to enable them to discharge their duties and responsibilities pursuant to the TOR of the AC.

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

I. Audit Committee (AC) (cont'd)

Relationship with External Auditors

The Company maintains an appropriate and transparent relationship with the External Auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

During the year under review, the AC met with Grant Thornton Malaysia PLT (GTM) (who is in the second year as External Auditors since their appointment on 14 June 2019). The AC and GTM discussed on the Audit Planning Memorandum (APM) wherein GTM in their APM had stated that they have complied with the relevant ethical requirements regarding independence throughout the audit of Ipmuda Berhad in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice). The AC and GTM also exchanged independent views on matters that require the Audit Committee's consideration.

GTM is not aware of any matter that impairs their professional independence in relation to their engagement with the Ipmuda Group.

The criteria for the External Auditors Assessment include quality of services, sufficiency of resources, communication and interaction, independence, objectivity and professional skepticism pursuant to the Company's External Auditors Policy (EAP). The EAP has outlined the guidelines and procedures for the assessment. The details of the EAP are available for reference at the Company's website at www.ipmuda.com.my.

As the AC comprises of newly appointed AC members and since GTM is only in their second year as External Auditors and based on their audit independence and technical competency, the AC recommends to the Board GTM's re-appointment as Auditors of the Company and seek shareholders' approval at the forthcoming 45th Annual General Meeting.

The amount of audit fees and non-audit fees paid or payable to the External Auditors for the FYE 2020 were as follows:-

Fee incurred	Audit Fee RM	Non-Audit Fee RM	Total RM
The Company	50,000	2,500	52,500
The Group	221,000	2,500	223,500

The non-audit services rendered include and review of the statement on risk management and internal control.

The report of the AC for the FYE 2020 is set out on pages 43 to 45.

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

II. Risk Management and Internal Control Framework

The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. Accordingly, the Directors are required to ensure that an effective system of internal control, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines are in place within the Group.

While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding the Company's assets and the shareholders' investments, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the AC provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place risk management process to help the Board in identifying, evaluating and managing risks. The implementation and maintenance of the risk management process is carried out by the Risk Management Committee of the Group.

The Risk Management Committee during the FYE 2020 and as at the date of the CG Statement comprises all Independent Non-Executive Directors which are as follows:-

i. Mr Baevinraj Thiagarajah – Chairman (Independent Non-Executive Director)
(Appointed member on 09 July 2020, Redesignated as Chairman on 10 August 2020)
ii. Dato' Amiruddin bin Abdul Satar - Member (Independent Non-Executive Director)
(Appointed on 19 August 2020)
iii. Mr Teh Foo Hock – Member (Independent Non-Executive Director)
(Appointed on 01 December 2019)
iv. Datuk David Rashid bin Ghazalli – Chairman (Independent Non-Executive Director)
(Resigned on 18 June 2020)
v. Dato' Maarof bin H.A.Rahman – Member (Senior Independent Non-Executive Director)
(Resigned on 18 June 2020)
vi. Dato' Ahmad Bakri bin Shabdin – Member (Independent Non-Executive Director)
(Retired on 01 December 2019)

The details of the risk management and system of internal control of the Group are set out in the Statement on Risk Management and Internal Control in this Annual Report.

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

1. Communication with stakeholders

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges the need for shareholders to be informed of all material business matters affecting the Group. As such, the Board provides clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including the quarterly and annual financial results which provide investors with up-to-date financial information of the Group. All the announcements and other information about the Company are available on the Company's website which shareholders, investors and the public may access via www.ipmuda.com.my. In addition, the Directors also facilitate engagement with shareholders through designated question and answer sessions during the Company's Annual General Meetings. The key matters discussed at the Annual General Meeting are accessible for reference at the Company's website at www.ipmuda.com.my.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is also wary of the legal and regulatory framework governing the release of material and price-sensitive information.

Further enquiries may be directed to the following person on all investor related matters:

Mr Timothy Lim Kuan Wee
Tel No: 03-2719 2828 (Ext 2950)
Email: timothylim@ipmuda.com.my

2. Conduct of General Meetings

The Company's AGM remains the principal forum for dialogue shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from them.

The Annual Report of the Company are distributed to all shareholders together with the notice of Annual General Meeting, which notice is also advertised in the press, released to Bursa Malaysia Securities Berhad via Bursa Link and posted on the website of the Company at www.ipmuda.com.my. Each item of the special business included in the Notice of AGM is accompanied by an explanatory statement on the proposed resolution to facilitate a better understanding and evaluation of issues involved.

At each AGM, shareholders are encouraged to ask questions both about the resolutions being proposed and the Group's operations in general and thereafter to vote on all resolutions.

The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders in connection with the Audited Financial Statements. The Chairman, and/or the CEO and CFO will respond to shareholders' questions at the AGM. The other Directors will also respond when required.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is also wary of the legal and regulatory framework governing the release of material and price-sensitive information.

Pursuant to the MCCG 2017, the Notice and agenda of AGM together with Form of Proxy will be distributed to shareholders at least twenty-eight (28) days before the AGM, which gives sufficient time to prepare themselves to attend the AGM personally or to appoint a proxy to attend and vote on their behalf.

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

3. Poll Voting

All the resolutions passed by the shareholders at the previous AGM held on 05 December 2019 were voted by way of a poll in accordance with the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The shareholders were briefed by the Chairman on the voting procedures prepared by the Share Registrar, Messrs Boardroom Share Registrars Sdn Bhd, while the results of the poll were verified by the independent scrutineer, Messrs Boardroom Corporate Services Sdn Bhd.

The Chairman will announce the poll results of the AGM with details on the number of votes cast for and against for each resolution and the respective percentage and on the same day the poll results of the AGM will be announced to Bursa Malaysia Securities Berhad via Bursa Link.

The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future to facilitate a more efficient voting process and to ensure that the voting results are transparent and accurate.

The Corporate Governance Overview Statement was approved by the Board of Directors on 23 October 2020.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 30 June 2020.

1. COMPOSITION

The present Audit Committee comprises of three (3) members all of whom are Independent Non-Executive Directors.

2. MEMBERSHIP AND MEETINGS

The members of the Audit Committee during the financial year and up to the date of this Audit Committee report are indicated below.

A total of five (5) meetings were held during the financial year ended 30 June 2020. Details of attendance of each Audit Committee member is as follows:

	Number of meetings held during appointment	Number of meetings attended
Mr. Teh Foo Hock *(Chairman – Independent Non-Executive Director)* *(Appointed on 17 October 2019, re-designated as Chairman on 1 December 2019)*	4	4
Dato' Maarof bin H.A. Rahman *(Member – Senior Independent Non-Executive Director)* *(Resigned on 18 June 2020)*	5	5
Datuk David Rashid bin Ghazalli *(Appointed on 26 December 2019, resigned on 18 June 2020)*	2	2
Puan Nazariah binti Ibrahim *(Member – Independent Non-Executive Director)* *(Resigned on 26 December 2019)*	3	3
Dato' Ahmad Bakri bin Shabdin *(Chairman – Independent Non-Executive Director)* *(Retired on 1 December 2019)*	3	3
Mr. Baevinraj Thiagarajah *(Member – Independent Non-Executive Director)* *(Appointed on 10 August 2020)*	Not applicable	Not applicable
Dato' Amiruddin bin Addul Satar *(Member – Independent Non-Executive Director)* *(Appointed on 19 August 2020)*	Not applicable	Not applicable

3. TERMS OF REFERENCE

The terms of reference of the Audit Committee is available for reference at the Company's website at http://ipmuda.com.my.

4. SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year ended 30 June 2020, the Audit Committee carried out its duties as set out in its Terms of Reference and the activities of the Audit Committee included the following:

(i) Reviewed the Audit Completion Memorandum ("ACM") for the financial year ended 30 June 2019 prepared by the external auditors, Messrs Grant Thornton Malaysia PLT ("GTM"), which amongst others highlighted the following areas:

(a) Audit status and significant changes to audit plan

GTM had substantially completed the audit of Ipmuda Berhad and its subsidiaries and there were no changes to the scope or audit approach as compared to GTM's audit plans.

(b) Compliance with laws and regulations, fraud related matters and review of material litigations and claims

Based on GTM's audit work performed, they were not aware of any non-compliance of laws and regulations. GTM had held discussions with those charged with governance to enquire whether there were any significant fraud related matters that have come to their attention and none was reported to GTM's attention.

(c) Statement on Risk Management and Internal Control

GTM would perform review upon the Statement on Risk Management and Internal Control report was ready for their review and before inclusion in the Annual Report 2019.

(d) Audit independence

The Malaysian Institute of Accountants ("MIA") By-Laws (on Professional Conduct and Ethics) require auditors to be professionally independent. GTM were not aware of any matter that impaired their independence in relation to their engagement.

(e) Expected opinions

GTM expected to issue an unqualified audit opinion on Ipmuda Berhad's audited consolidated financial statements. However, the contents of the ACM did not represent their conclusive findings and opinions, which would only be contained in their final written reports.

(ii) Reviewed the unaudited quarterly report for the twelve (12) months period ended 30 June 2019, 1st, 2nd and 3rd quarterly results for the financial year ended 30 June 2020 and reported to the Board the Audit Committee's review of the said results and hence recommended the same to the Board for their approval prior to release to Bursa Malaysia Securities Berhad. The Audit Committee concluded that the said results complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Financial Reporting Standards as confirmed by the Chief Financial Officer of the Company.

(iii) Reviewed the recurrent related party transactions and also the Circular to Shareholders in connection with the recurrent related party transactions entered into by the Company and the Group. The Audit Committee was of the view that the procedures on the recurrent related party transactions as set out in Section 2.5 of the Circular were sufficient to ensure that the transactions would be made in accordance with the Company's prudent business practices and policies and on terms which were not more favourable to the related party(ies) than those generally available to the public and would not be to the detriment of the minority shareholders, and hence, would not be prejudicial to the shareholders or disadvantageous to the Company and the Group.

(iv) Reviewed the Audit Planning Memorandum ("APM") of the Company and the Group for the financial year ended 30 June 2020 prepared by GTM, which amongst others highlighted their audit team, audit timeline, recent development of the Group, key areas of audit focus, fraud risk, client independence, updates on accounting standards relevant to the Group and their proposed audit fees.

4. SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

During the financial year ended 30 June 2020, the Audit Committee carried out its duties as set out in its Terms of Reference and the activities of the Audit Committee included the following: (Cont'd)

(v) Reported to the Board on significant audit issues and concerns discussed during the Audit Committee meetings which have significant impact on the Group from time to time, for consideration and deliberation by the Board.

(vi) Reviewed internal audit reports presented by the Internal Audit Department ("IAD") incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls of various operating units.

(vii) Reviewed and endorsed the Internal Audit Plan for Financial Year 2019-20 including the revision and status updates of the Plan.

(viii) Approved the IAD Budget for Financial Year 2019-20.

(ix) Reviewed this Audit Committee Report prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.

5. INTERNAL AUDIT FUNCTION

The IAD was established since the 1980's. The main role of the IAD is to provide the Audit Committee with independent and objective reports on the effectiveness of the system of internal control and the extent of compliance with established policies and procedures as well as the relevant statutory requirements within the Group.

The IAD adopts a risk-based approach and carried out audits on the head office and subsidiaries based on approved Internal Audit Plan or on ad hoc basis. The audits covered a comprehensive scope in the areas of operations, finance/accounts and investigation.

The activities undertaken by the IAD during the financial year ended 30 June 2020 included the following:

(i) Reviewed the existing systems, controls and governance processes of various operating units within the Group.

(ii) Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal control on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.

(iii) Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the Audit Committee and the management of the respective operating units.

(iv) Attended Audit Committee meetings to present the internal audit reports to the Audit Committee for deliberation and review.

(v) Tabled Internal Audit Plan for Financial Year 2019-20 for Audit Committee's review and endorsement including the revision and status updates of the Plan.

(vi) Tabled IAD Budget for Financial Year 2019-20 for Audit Committee's approval.

The IAD's resources and manpower requirements are reviewed from time to time to ensure that it can carry out its duties effectively.

The total cost incurred for the Group's internal audit function during the financial year ended 30 June 2020 was RM272,966.

This Audit Committee Report was approved by the Board of Directors on 23 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") of Ipmuda Berhad ("the Company") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2020 ("Statement"). This Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements.

The Statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities. The Statement outlines the nature and scope of risk management and internal control within the Company during the financial year under review.

1. COMPOSITION AND MEETINGS

The present Risk Management Committee ("RMC") comprises of three (3) Independent Non-Executive Directors.

A total of six (6) meetings were held during the financial year ended 30 June 2020. Details of attendance of each RMC member is as follows:

Risk Management Committee	No of meetings held during appointment	Number of meetings attended
Mr Baevinraj Thiagarajah *(Chairman–Independent Non-Executive Director appointed as member since 9 July 2020 then re-designated on 10 August 2020)*	Not applicable	Not applicable
Mr Teh Foo Hock *(Member – Independent Non-Executive Director appointed on 1 December 2019)*	2	2
Dato' Amiruddin bin Abdul Satar *(Member – Independent Non-Executive Director appointed on 19 August 2020)*	Not applicable	Not applicable
Datuk David Rashid bin Ghazalli *(Chairman-Independent Non-Executive Director resigned on 18 June 2020)*	6	6
Dato' Maarof bin H.A. Rahman *(Senior Independent Non-Executive Director-Member resigned on 18 June 2020)*	6	6
Dato' Ahmad Bakri bin Shabdin *(Independent Non-Executive Director-Member retired on 1 December 2019)*	4	4

Following the retirement of the ex-member of RMC Dato' Ahmad Bakri bin Shabdin, Mr Teh Foo Hock has been appointed as a member of RMC on 1 December 2019.

Mr Baevinraj Thiagarajah and Dato' Amiruddin bin Abdul Satar has been appointed respectively as chairman and member of the RMC to fill up the vacancy left by the resignation of the ex-chairman Datuk David Rashid bin Ghazalli and another ex-member of RMC Dato' Maarof bin H.A. Rahman.

The Company has complied with the composition of the RMC of at least three (3) members.

2. TERMS OF REFERENCE

The terms of reference of the RMC is available for reference at the Company's website at http://ipmuda.com.my.

3. BOARD'S RESPONSIBILITY

The Board recognises the importance of sound risk management and system of internal control of safeguarding the Company's assets, enhance the shareholders' investments and to be in-compliance with laws and regulations. The Board provides direction and has an overall responsibility for risk oversight and risk management within Ipmuda Group of Companies ("the Group").

The Group's risk management and system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives; and can only provide reasonable but not absolute assurance against material misstatement or loss.

4. KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The Management, through RMC is entrusted with the task to assist the Board in establishing, implementing and strengthening the risk management function across the Group.

(i) Risk Management Function

The Risk Management & Compliance Department ("RMCD") was established since 2018 and reports functionally to RMC.

The matters arising being reviewed by RMC, proposed for recommendations to the Board for approval as at 30 June 2020 are summarised as below:

(a) Reviewed proposed business plan for the current businesses, trading, construction and property developments together with potential new businesses, such as sand mining, roof truss business, oil and gas;

(b) Reviewed the cost effectiveness of having a Corporate Communication Department as it can be outsourced;

(c) Reviewed proposed change with regards to the Discretionary Authority Limits V 3.0 for higher credit account approval limits given to the Head of Sales and Officers to smoothen the Group's core business operations;

(d) The Oil & Gas sector was launched to diversify the Group's revenue into an upstream segment. Reviewed the risk assessment report (identified potential risks) on the initial transactions for the supply of Barite Ore;

(e) Indemnity from trade suppliers. Consider steps taken to protect the Group from losses arising from any unintentional or negligent failure to meet professional obligation to customers or third parties (including fiduciary/suitability requirement), nature or design of a product;

(f) Reviewed a Whistleblowing Report on allegation of mismanagement and abuse of authority. After considering various inputs (through interviews) RMC could not see any evidence to justify the allegation and had closed the Whistleblowing Report;

4. KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

(i) Risk Management Function (cont'd)

(g) RMCD had drafted the Standard Operating Procedures for Administration Department which was put into practice with the conclusion that not much risk has been identified;

(h) RMCD had drafted the Risk Register with reference to the Group's Business and Support Departments. The Enterprise Risk Management Framework ("Framework") which was approved by the Board on 30 June 2019 where the Control Advocates is set out in page 13 para 2.3.1.5 Framework, shall be represented by the Heads of Departments, key functional staff or someone to be appointed within the departments/units. Control Advocate(s) role and responsibilities in risk management include acting as custodian of the functional units' Risk Register; and

(i) Reviewed and endorsed the RMCD scheduled activity for the year.

(ii) Risk Management Process

The risk management process in which each key risk areas are identified, assessed, monitored, reviewed and managed is outlined as follows:

(a) **Identification of key risk areas and the assessment** as to their impact and likelihood of occurrence are carried out through brainstorming and discussion across various functional divisions, business and support units. In the risk identification of both the existing and emerging risks, the internal and external environments in which the Group operates will be scanned and analysed. In assessing risk, both qualitative and semi-quantitative methods will be used;

(b) **Key risk areas are prioritised** through risk-mapping of identified risks basing on the information gathered according to the severity of impact and occurrences in relation to the achievement of the business objectives;

(c) **Risks are managed** through formulation of risks strategies. Key risk areas are reviewed for formulation of risk response strategies/actions to mitigate the impact of the risk events. Risks would either be reduced (through risk control processes), transferred (insurance coverage), retained (within risk appetite for exploitation) or avoided (divestment); and

(d) **Risk monitoring** would be done by using performance measures, both financial and non-financial indicators. Financial indicators can be gathered from the management accounts of the Group while non-financial indicators could be gathered from the upward reporting process from the various functional divisions, business and support units.

(iii) Principal Risks

The principal risks faced by the Group together with the risk management processes are summarised as follows:

(a) **Credit risk** is the potential loss arising from counter parties unable to settle their outstanding debt obligations. The counter parties include trade debtors, investors, property (other asset) buyers, guarantors, etc. A centralised credit control division is set up to ensure credit policies have prudent and comprehensive elements and guidelines on credit verification and assessment of customers are adhered to. Collaterals are obtained on some circumstances from certain customers to further mitigate credit risks. Clearly defined levels of authority are in place to ensure the role of approving authorities commensurate with the level of decision making. Periodic reviews and validation of the credit worthiness of customers are also ongoing to maintain strict control over the Group's credit exposure. Reporting procedures and close monitoring are also in place to identify potential distress customers for prompt action;

4. KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

(iii) Principal Risks (cont'd)

The principal risks faced by the Group together with the risk management processes are summarised as follows: (cont'd)

(b) **Operational risk** arises from inadequate or ineffective failed internal processes, people mistakes or misconduct, systems or from external events. The day-to-day operational risks are managed through system of risk management and internal controls process to ensure compliance with policies, standard operating procedures and the relevant laws and regulations. Guidelines for information technologies related practices include disaster recovery plans, backup policies, data security and security access are also in place to ensure data integrity and business continuity. Further, any proposal or introduction of new products, agency lines, business activities or development plans are subject to vigorous and strict evaluation to assess the potential risks in relation to the Group's risk appetite and strategies; and

(c) **Liquidity risk** arising mainly from general funding and business activities, is the risk that the Group may not be able to maintain enough liquid assets to meet it's financial commitments and obligations when they mature or fall due. The Group strives to maintain enough level of cash and available banking facilities at a reasonable level to it's overall debt position to meet it's working capital requirements.

(iv) Policies and Procedures

Policies and operating procedures are in place to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures provide guidance and direction for proper management and governance of operations and business activities. Regular reviews will be performed to ensure that documentation remain current and relevant.

The implementation of the Whistleblowing Policy to provide a reporting channel for legitimate concern raised by employees or other stakeholders to RMC. The Policy serves as a tool to prevent misconduct and protect the rights of informants. The Policy covers processes to investigate, reporting, detailing the Group's obligations and confidentiality.

The Anti-Bribery & Anti-Corruption policy sets forth the Group's principles, governance framework and procedures collectively known as the "Integrity System" is established to eliminate bribery and corruption in all its forms.

The documents are available for all employees at the Company's website at http://ipmuda.com.my.

(v) Internal Audit

The Internal Audit function adopts a risk-based approach and reports directly to the Audit Committee with independent and objective reports on the state of internal controls and the extent of compliance with the established policies and procedures as well as relevant statutory requirements.

Internal Audit performs its audit based on the audit plan approved by the Audit Committee at the beginning of the year. The Audit Committee reviews the report from Internal Audit, before reporting to the Board on the findings at least once every quarter or as appropriate. The Board remains committed in ensuring a sound system of risk management and internal control.

4. KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

(vi) Internal Control System

The Group's internal control system encompasses the policies, processes, task, behaviour and other aspects of business activities that facilitate the following:

(a) an effective and efficient operation enabling it to respond appropriately to significant business, opera ional, financial, compliance and other risk to achieve the Group's objective;

(b) ensure the quality of internal and external reportings by way of the maintenance of proper records and processes that is generate timely, relevant and reliable information from within and outside the Group;

(c) ensure compliance with applicable laws and regulations and with internal policies with respect to the conduct of the Group's business activities; and

(d) reflect the Group's control environment which incorporates the Group's organisational structure, governance activities, human resource policies and practices and it's code of conduct. The system will also include control activities, information and communications processes and the continuing monitoring of the effectiveness of the system of internal control.

(vii) Key Internal Control Processes

The key elements of the Group's system of internal control, policies and procedures that are in place are as follows:

(a) There is in place an organisation structure, which defines lines of responsibility, delegation of authorities and appropriate segregation of duties;

(b) Clearly defined approving authority of directors, officers, managers and executives to facilitate decision making at appropriate levels within the Group;

(c) Established strategic planning and budgeting process, where all operating units to prepare annual operating budget including capital and manpower budgets which are reviewed and approved by the Board;

(d) Effective reporting systems that ensure complete and accurate financial information for review of monthly performance and variances by management;

(e) Monitoring of actual results against budget and previous year's performance (quarterly) with detailed explanations on material variances and their corrective measures undertaken;

(f) Policies and procedures of operating units and functional divisions are established, documented and updated regularly to ensure compliance with internal controls and relevant laws and regulations, as well as meeting the changing business environment;

(g) Develop the Enterprise Risk Management Framework that addressed the key elements of risk management which allow for management of risks within the Group's defined risks and guided risk tolerance level; and

(h) There are proper guidelines for hiring, termination and promotion, training programmes, performance appraisals and other relevant procedures in place to ensure staff members are competent and adequately trained in discharging their roles and responsibilities.

4. KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

(viii) Review on Adequacy and Effectiveness of the Risk Management and Internal Control System

The processes in which the Group adopted to monitor and review the adequacy and integrity of the system of internal controls include the following ongoing assessments:

(a) periodic assessments of the business risks that may impact or likely to impact the Group and the reporting by various functional divisions, business and support units on the effectiveness of the system of controls is in place, highlighting any weakness, improvement and changes in the risk profile; and

(b) periodic review of the state of internal control across various functional divisions, business and support units by the Internal Audit function which reports the review conducted on a quarterly basis to the Audit Committee.

The Board has reviewed the effectiveness, adequacy and integrity of the system of risk management and internal controls in operation during the financial year through the monitoring process as set out above. There were no material losses incurred during the current financial year arising from the weaknesses in internal control. Management continues to take measures to strengthen the control environment.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all significant material aspects.

(ix) Review of the Statement by External Auditors

As required by paragraph 15.23 of the Listing Requirements, the external Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants and has reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and effectiveness of the risk management and internal controls within the Group.

The Statement on Risk Management and Internal Control was approved by the Board on 23 October 2020.

ADDITIONAL COMPLIANCE

1. Utilisation of Proceeds raised from Corporate Proposals

   There were no corporate proposals involving fund raising carried out during the financial year under review.

2. Material Contracts/ Material Contracts Involving Directors and Major Shareholders

   There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest either subsisting at the end of the financial year ended 30 June 2020 or entered into since the end of the previous financial year.

3. Related Party Transactions

   Significant related party transactions of the Group for the financial year ended 30 June 2020 are disclosed in Note 34 - Related Party Disclosures to Financial Statements. This also sets out the recurrent related party transactions conducted during the financial year in accordance with the general mandate obtained from the shareholders.

DIRECTORS' RESPONSIBILITY STATEMENT

(pursuant to Section 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors are required by the Companies Act 2016 (the "Act"), to ensure that financial statements of the Company and of the Group for each financial year are drawn up in accordance with the applicable approved accounting standards of Malaysia and the requirement of the Act so as to give a true and fair view of the Company and of the Group's affairs, results and cash flows position for the financial year.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2020 the Ipmuda Group had used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors are also responsible for ensuring that the Ipmuda Group keeps adequate accounting records, which disclose with reasonable accuracy the financial position of the Ipmuda Group at any point of time.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and trading and distribution of building materials and other products. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	37,956	26,452
Attributable to:-		
Owners of the Company	38,063	26,452
Non-controlling interests	(107)	–
	37,956	26,452

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Company:-
Beroz Nikmal bin Mirdin (Appointed on 18 June 2020)
Jeefri bin Muhamad Yusup* (Appointed on 18 June 2020)
Dato' Amiruddin bin Abdul Satar (Appointed on 19 August 2020)
Teh Foo Hock (Appointed on 17 October 2019)
Baevinraj Thiagarajah (Appointed on 9 July 2020)
Tan Sri Abu Sahid bin Mohamed (Retired on 18 June 2020)
Dato' Sim Choo Thiam (Resigned on 18 June 2020)
Dato' Maarof bin H.A. Rahman (Resigned on 18 June 2020)
Datuk David Rashid bin Ghazalli (Resigned on 18 June 2020)
Dato' Ahmad Bakri bin Shabdin (Retired on 1 December 2019)
Puan Nazariah binti Ibrahim (Resigned on 26 December 2019)

* Directors of the Company and its subsidiaries

The name of the Directors of the Company's subsidiaries in the office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Subsidiaries:-

Fong Tat Ung
John Chua Seng Chai
Lim Hooi Chuan
Lit Kin Cheong
Wong Chong Teck
Wong Chong Yee
Poon Kean Hin
(Resigned on 6 October 2020)

Rahaidah binti Abdul Wahab (Appointed on 5 October 2020)
Adrian Lau Chee Hiong (Appointed on 13 July 2020)
Sarah Binti Azman (Appointed on 13 July 2020)
Vincent Lee Hock Guan (Appointed on 6 January 2020 and resigned on 14 July 2020)
Leong Wai Meng (Resigned on 15 July 2020)
Nor Shahmir bin Nor Shahid (Resigned on 15 July 2020)
Lim Swee Khim (Resigned on 7 January 2020)

DIRECTORS' INTERESTS

According to the Registers of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Number of ordinary shares			
	At 1.7.2019	**Bought**	**Sold**	**At 30.6.2020**
Interest in the Company				
<u>Direct interests</u>				
- Beroz Nikmal bin Mirdin	–	18,000	–	18,000

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' EMOLUMENTS AND BENEFITS

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

	Incurred by the subsidiary RM'000	Incurred by the Company RM'000	Total RM'000
Directors' fees	–	106	106
Directors' salaries and other emoluments	21	1,861	1,882
Defined contribution plan	–	295	295
	21	2,262	2,283

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company and no issuance of debentures during the financial year.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

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

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered by the Directors' and Officers' Liability Insurance for any liability incurred in discharged of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM25,000.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

The significant events during the financial year and subsequent to the reporting period are disclosed in Note 40 to the financial statements.

AUDITORS

The Auditors' remuneration of the Group and of the Company is disclosed in Note 29 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act 2016.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

....)
JEEFRI BIN MUHAMAD YUSUP)
)
) DIRECTORS
)
....)
BEROZ NIKMAL BIN MIRDIN)

Kuala Lumpur
23 October 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 64 to 155 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

....	....
JEEFRI BIN MUHAMAD YUSUP	**BEROZ NIKMAL BIN MIRDIN**

Kuala Lumpur
23 October 2020

STATUTORY DECLARATION

I, Poon Kean Hin, being the Officer primarily responsible for the financial management of Ipmuda Berhad do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 64 to 155 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
23 October 2020)

....
POON KEAN HIN
(MIA NO: 32902)

Before me:

Commissioner for Oaths
SAMIRTHA APOSTLER PPN
(No. W805)

23 October 2020

INDEPENDENT AUDITORS' REPORT

to the members of Ipmuda Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ipmuda Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 155.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue Recognition

The risk

Revenue recognition is one of the key areas of audit focus, particularly in respect of the risk of management override and the risk of cut-off of revenue for sales of goods with the need of control over the goods have to be passed before revenue is recognised.

We assessed that this risk was focused on the occurrence and valuation of the two most significant revenue streams (sale of goods and contract revenue). We identified this as an area of focus due to high volume low value nature of transactions for sales of goods and significant management judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage-of-completion method for construction revenue. In our view, revenue recognition is significant to our audit as the Group and the Company might inappropriately account for sales of goods and contract revenue.

Key Audit Matters (cont'd)

Revenue Recognition (cont'd)

Our response

We carried out wide range of testing including contract revenue recognition, the timing of contract revenue recognition, as well as substantive testing, analytical procedures and assessing whether the revenue recognition policies adopted complied with Malaysian Financial Reporting Standards.

For sale of goods, we reviewed the delivery terms to ensure that the control over the goods had been passed before revenue is recognised. We carried out cut off test at the financial year end date and reviewed of returns and credit notes issued subsequent to the year end.

For contract revenue, we performed substantive audit procedures which included reviewed sample of contracts, evaluate customers' acceptance of workdone, assessed the reasonableness of the management estimates of cost to complete the contract, tested the calculation of stage of completion, agreed that the revenue recognised was consistent with the calculated stage of completion. Tested the work allocated to contracts had been carried out in the period in which the revenue had been recognised and enquired with the key personnel regarding necessary adjustments for contract costing and potential contract losses.

Impairment losses on receivables

The risk

The impairment of trade and other receivables is estimated by the management through the application of judgement and use of subjective assumptions. Due to the significance of trade receivables and the related estimation uncertainty, this is considered as key audit risk. Management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade and other receivables.

Our response

We have reviewed the ageing of trade receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of impairment losses and bad debts written off in the current year against the prior years. We also assessed the reasonableness of assumptions and judgements made by the management regarding the expected credit losses and recoverability of outstanding receivables through examination of subsequent cash receipts.

Fair value of investment properties

The risk

The Group and the Company have investment properties that are stated at fair values based on valuation reports prepared by an independent professional valuer. These valuations rely on the accuracy of assumptions, estimates and financial information provided to the valuer.

Consequently, the determination of the fair values of investment properties involve significant management judgement and estimates by the Directors. As such, we have identified this area as a significant risk requiring special audit consideration.

Key Audit Matters (cont'd)

Fair value of investment properties (cont'd)

Our response

Our audit procedures included evaluating the competency, capabilities and objectivity of the independent valuer for all the investment properties, checking the accuracy and relevance of input data used in the valuations, evaluating the valuation amounts by comparing against equivalent property sales and market data, evaluating and obtaining an understanding of the key input data and key assumptions used by the independent valuer.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining other information expected to be included in the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the remaining other information expected to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LUI LEE PING
(NO: 03334/11/2021 (J))
CHARTERED ACCOUNTANT

Kuala Lumpur
23 October 2020

STATEMENTS OF FINANCIAL POSITION

For the Financial Year Ended 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	8,469	16,348	4,233	4,415
Right-of-use assets	5	7,483	–	1,422	–
Investment properties	6	51,740	53,000	30,740	31,720
Inventories	7	9,174	7,427	–	–
Investment in subsidiaries	8	–	–	63,127	69,942
Investment in an associate	9	7	7	11	11
Other investments	10	561	601	448	458
Goodwill on consolidation	11	–	–	–	–
Deferred tax assets	12	–	8	–	–
Total non-current assets		77,434	77,391	99,981	106,546
Current assets					
Inventories	7	4,115	5,035	158	181
Trade receivables	13	30,758	56,123	15,356	18,995
Other receivables	14	3,753	6,474	1,788	3,950
Contract assets	15	354	–	–	–
Amount due from subsidiaries	16	–	–	13,047	19,153
Amount due from an associate	9	6	4	6	4
Tax recoverable		433	1,906	64	64
Fixed deposits with a licensed bank	17	–	5,558	–	3,508
Cash and bank balances	18	3,629	5,699	2,118	2,166
Total current assets		43,048	80,799	32,537	48,021
Assets classified as held for sale	19	1,912	48,542	546	7,741
Total current assets and assets classified as held for sales		44,960	129,341	33,083	55,762
TOTAL ASSETS		122,394	206,732	133,064	162,308
EQUITY AND LIABILITIES					
Equity					
Share capital	20	75,926	75,926	75,926	75,926
Other reserves	21	13	38	–	(5)
Distribution from subsidiaries	16	–	–	6,209	6,209
Accumulated losses		(40,235)	(2,172)	(65,648)	(39,196)
Equity attributable to owners of the Company		35,704	73,792	16,487	42,934
Non-controlling interests		(265)	8,196	–	–
Total equity		35,439	81,988	16,487	42,934

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current liabilities					
Borrowings	22	5,797	9,143	5,797	9,143
Deferred tax liabilities	12	2,468	2,608	1,052	1,095
Total non-current liabilities		8,265	11,751	6,849	10,238
Current liabilities					
Trade payables	23	18,462	16,937	10,669	8,119
Other payables	24	7,156	4,461	4,954	1,641
Contract liabilities	15	599	566	–	–
Amount due to subsidiaries	16	–	–	47,957	44,033
Finance lease liabilities	25	–	18	–	–
Borrowings	22	52,447	61,530	46,148	55,343
Tax payable		26	347	–	–
Total current liabilities		78,690	83,859	109,728	109,136
Liabilities classified as held for sale	19	–	29,134	–	–
		78,690	112,993	109,728	109,136
Total liabilities and liabilities classified as held for sales		86,955	124,744	116,577	119,374
TOTAL EQUITY AND LIABILITIES		122,394	206,732	133,064	162,308

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	26	81,437	113,138	50,268	48,282
Cost of sales		(75,945)	(108,527)	(49,602)	(46,104)
Gross profit		5,492	4,611	666	2,178
Other income		2,813	19,851	6,076	9,186
Administration expenses		(24,432)	(26,471)	(23,346)	(17,645)
Selling and marketing expenses		(8,035)	(9,092)	(3,102)	(3,950)
Net loss on impairment of financial assets		(9,631)	(14,487)	(2,676)	(17,650)
Other expenses		(2,510)	(9,180)	(1,454)	(360)
Finance income	27	1,346	3,161	481	650
Finance costs	28	(3,618)	(3,973)	(3,140)	(2,682)
Loss before tax	29	(38,575)	(35,580)	(26,495)	(30,273)
Tax income/(expense)	30	215	(1,981)	43	(123)
Loss from continuing operations		(38,360)	(37,561)	(26,452)	(30,396)
Discontinued operations					
Profit from discontinued operations, net of tax	31	404	665	–	–
Loss for the financial year		(37,956)	(36,896)	(26,452)	(30,396)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Other comprehensive (expenses)/ income					
Items that may be reclassified subsequently to profit or loss					
Fair value changes of other investments		(25)	(16)	5	(1)
Foreign currency translation differences		–	(599)	–	–
Total comprehensive loss for the financial year		(37,981)	(37,511)	(26,447)	(30,397)
(Loss)/Profit after tax attributable to:-					
Owners of the Company		(38,063)	(37,065)	(26,452)	(30,396)
Non-controlling interests		107	169	–	–
		(37,956)	(36,896)	(26,452)	(30,396)
Total comprehensive (loss)/ income attributable to:-					
Owners of the Company		(38,088)	(37,680)	(26,447)	(30,397)
Non-controlling interests		107	169	–	–
		(37,981)	(37,511)	(26,447)	(30,397)
(Loss)/Earnings per share attributable to owners of the Company	32				
Basic:					
- continuing operations		(52.90)	(51.77)		
- discontinued operations		0.38	0.63		
Diluted:					
- continuing operations		(52.90)	(51.77)		
- discontinued operations		0.38	0.63		

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020

GROUP	Share capital RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company						
		Non-distributable		Distributable			
Balance at 1 July 2018	75,926	599	54	34,893	111,472	8,027	119,499
(Loss)/Profit for the financial year	–	–	–	(37,065)	(37,065)	169	(36,896)
Other comprehensive loss for the financial year	–	(599)	(16)	–	(615)	–	(615)
Total comprehensive (loss)/ income for the financial year	–	(599)	(16)	(37,065)	(37,680)	169	(37,511)
Balance at 30 June 2019	75,926	–	38	(2,172)	73,792	8,196	81,988
(Loss)/Profit for the financial year	–	–	–	(38,063)	(38,063)	107	(37,956)
Other comprehensive loss for the financial year	–	–	(25)	–	(25)	–	(25)
Total comprehensive (loss)/ income for the financial year	–	–	(25)	(38,063)	(38,088)	107	(37,981)
Transactions with owners:							
Disposal of a subsidiary	–	–	–	–	–	(7,668)	(7,668)
Winding up of a subsidiary	–	–	–	–	–	(900)	(900)
Total transactions with owners	–	–	–	–	–	(8,568)	(8,568)
Balance at 30 June 2020	75,926	–	13	(40,235)	35,704	(265)	35,439

COMPANY	Share capital RM'000	Fair value reserve RM'000	Distribution from subsidiaries RM'000	Accumulated losses RM'000	Total equity RM'000
	← Attributable to owners of the Company			→	
		← Non-distributable	→	Distributable	
Balance at 1 July 2018	75,926	(4)	6,209	(8,800)	73,331
Loss for the financial year	–	–	–	(30,396)	(30,396)
Other comprehensive loss for the financial year	–	(1)	–	–	(1)
Total comprehensive loss for the financial year	–	(1)	–	(30,396)	(30,397)
Balance at 30 June 2019	75,926	(5)	6,209	(39,196)	42,934
Loss for the financial year	–	–	–	(26,452)	(26,452)
Other comprehensive income for the financial year	–	5	–	–	5
Total comprehensive income/(loss) for the financial year	–	5	–	(26,452)	(26,447)
Balance at 30 June 2020	75,926	–	6,209	(65,648)	16,487

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
OPERATING ACTIVITIES					
(Loss)/Profit before tax					
- continuing operations		(38,575)	(35,580)	(26,495)	(30,273)
- discontinued operations		532	895	–	–
Adjustments for:-					
Bad debts written off		250	–	250	–
Changes in fair value of investment properties		260	(1,180)	260	(1,352)
Depreciation of property, plant and equipment		1,320	1,004	980	360
Depreciation of right-of-use assets		196	–	40	–
Dividend income		(6)	(5)	(5)	(4)
(Gain)/Loss on disposal of property, plant and equipment		(59)	(146)	–	17
Loss on disposal of investment properties		–	30	–	30
Loss/(Gain) on disposal of assets held for sale		9	(15,588)	(1,889)	(3,007)
Loss/(Gain) on disposal of a subsidiary		307	(273)	–	–
Loss on divestment in a subsidiary		–	35	–	–
Gain on winding up of a subsidiary		(284)	–	(700)	–
Gain on disposal of investment in quoted shares		(62)	–	(62)	–
Impairment loss of disposal group classified as held for sale		–	6,698	–	–
Inventories written down		837	3,782	285	142
Reversal of inventories written down		(437)	–	–	–
Inventories written off		–	70	–	–
Interest expense		3,742	4,453	3,140	2,682
Interest income		(1,346)	(3,162)	(481)	(650)
Net loss on impairment of financial assets		9,631	14,513	2,676	17,650
Impairment loss of investment in subsidiaries		–	–	6,115	30
Other investment written off		–	20	–	–
Property, plant and equipment written off		94	270	–	70
Remeasurement loss of assets classified as held for sale		224	233	174	30
Unrealised foreign exchange gain		(6)	(27)	–	–
Waiver of debt received from a subsidiary		–	–	–	(1,058)
Operating loss before working capital changes		(23,373)	(23,958)	(15,712)	(15,333)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Changes in working capital:-					
Land and property development		(1,747)	(177)	–	–
Inventories		539	5,889	(262)	235
Contract assets		6,248	1,852	–	–
Receivables		8,849	35,142	3,588	11,344
Subsidiaries		–	–	(32,380)	(19,443)
Payables		7,418	(27,512)	5,863	(12,273)
Bill payables		(5,677)	4,515	(6,668)	16,472
Cash used in operations		(7,743)	(4,249)	(45,571)	(18,998)
Interest received		1,165	3,023	347	593
Interest paid		(2,914)	(2,946)	(2,358)	(1,534)
Tax refunded, net of tax paid		1,417	570	–	151
Net cash used in operating activities		(8,075)	(3,602)	(47,582)	(19,788)
INVESTING ACTIVITIES					
Capital repayment from a subsidiary		–	–	1,400	–
Proceeds from disposal of:					
- property, plant and equipment		101	268	–	4
- investment properties		–	130	–	130
- assets held for sale		1,074	24,606	9,630	17,115
- investment in quoted shares		77	–	77	–
Net cash inflows/(outflows) from disposal of subsidiaries	8	8,911	(26)	–	–
Net cash outflows from winding up of a subsidiary	8	(668)	–	–	–
Purchase of property, plant and equipment	A	(4,394)	(1,922)	(2,260)	(1,795)
Interest income received		181	139	134	57
Dividend received from quoted shares in Malaysia		6	5	5	4
Net cash from investing activities		5,288	23,200	8,986	15,515
FINANCING ACTIVITIES					
Interest paid		(828)	(1,507)	(782)	(1,148)
Advance from subsidiaries		–	–	41,697	17,379
Advance to an associate		(2)	(2)	(2)	(2)
Finance service revenue account		(41)	(14)	(41)	(14)
Repayment of finance lease liabilities		(30)	(141)	–	–
Repayment of term financing/loan		(4,877)	(6,496)	(4,740)	(5,972)
Net cash (used in)/from financing activities		(5,778)	(8,160)	36,132	10,243

Statements of Cash Flows
[cont'd]

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH AND CASH EQUIVALENTS					
Net changes		(8,565)	11,438	(2,464)	5,970
Brought forward		(1,414)	(12,852)	(7,237)	(13,207)
Carried forward	**B**	(9,979)	(1,414)	(9,701)	(7,237)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Total purchase of property, plant and equipment				
- continued operations	2,391	1,813	2,260	1,795
- discontinued operations	2,003	109	–	–
Total cash paid	4,394	1,922	2,260	1,795

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Fixed deposits with a licensed bank	–	5,558	–	3,508
Cash and bank balances	3,629	5,699	2,118	2,166
Bank overdrafts	(3,877)	(6,136)	(2,088)	(3,122)
Business cash financing	(7,886)	(7,985)	(7,886)	(7,985)
	(8,134)	(2,864)	(7,856)	(5,433)
Less: Finance service revenue/ revenue account	(1,845)	(1,804)	(1,845)	(1,804)
Cash and cash equivalents from continuing operations	(9,979)	(4,668)	(9,701)	(7,237)
Less: Cash and cash equivalents from discontinued operations	–	3,254	–	–
Total cash and cash equivalents	(9,979)	(1,414)	(9,701)	(7,237)

NOTES TO THE FINANCIAL STATEMENTS
– 30 June 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 9th Floor, Maju Tower, No. 1001, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The Company is principally engaged in investment holding and trading and distribution of building materials and other products. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 October 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, except for investment properties that are measured at fair value as indicated in the summary of significant accounting policies.

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

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

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest RM'000 except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

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

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of new standards/amendments/improvements to MFRSs (cont'd)

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact to the financial statements, except for (cont'd):-

MFRS 16 Leases (cont'd)

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group and the Company are the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings and other component of equity. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

Before the adoption of MFRS 16, the Group and the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 3.10 to the financial statements for the accounting policy prior to 1 July 2019.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3.10 to the financial statements for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

- <u>Leases previously classified as finance leases</u>

  The Group and the Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 January 2019.

- <u>Leases previously accounted for as operating leases</u>

  The Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of new standards/amendments/improvements to MFRSs (cont'd)

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact to the financial statements, except for (cont'd):-

MFRS 16 Leases (cont'd)

The Group and the Company also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Applied the low value exemptions to the underlying assets with approximately RM21,000 (equivalent to USD5,000) or less; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 July 2019, the Group and the Company reclassified RM7,679,000 and RM1,462,000 respectively from property, plant and equipment to right-of-use assets in which the leased assets were acquired under long-term lease arrangement.

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to MFRSs and IC Interpretations effective 1 January 2020:-

Amendments to MFRS 3	Business combinations: Definition of a business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Financial instruments: Interest rate benchmark reform
Amendments to MFRS 101	Presentation of financial statements: Definition of material
Amendments to MFRS 108	Accounting policies, changes in accounting estimates and errors: Definition of material
Conceptual framework	Amendments to references to the conceptual framework in MFRS standards

Amendment to MFRS effective 1 June 2020:-

Amendments to MFRS 16	Leases: COVID-19 related rent concessions

Amendments to MFRSs effective 1 June 2021:-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, MFRS 16	Interest rate benchmark reform - Phase 2

MFRSs, Amendments to MFRSs effective 1 January 2022:-

Amendments to MFRS 3	Business combinations: Reference to the conceptual framework
Amendments to MFRS 116	Property, plant and equipment: Proceeds before intended use
Amendments to MFRS 137	Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

Annual improvements to MFRS Standards 2018-2020 (MFRS 1, 9 and 141*)

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective (cont'd)

<u>*MFRSs, Amendments to MFRSs effective 1 January 2023:-*</u>

MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts
Amendments to MFRS 4*	Insurance contracts: Extension of the temporary exemption from applying MFRS 9
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current

<u>*Amendments to MFRSs – effective date deferred indefinitely:-*</u>

Amendments to MFRS 10 and 128	Consolidated financial statements and investments in associates and joint venture: Sale or Contribution of assets between an investor and its associate or joint venture

* Not applicable to the Group's and the Company's operation

The initial application of the above standards, amendments and interpretations are not expected to have material financial impact to the financial statements of the Group and of the Company upon its first adoption.

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made.

Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

2.6.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that has significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

<u>Useful lives of depreciable assets</u>

The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The management estimates the useful lives of the property, plant and equipment to be within 3 to 65 years and reviews the useful lives of depreciable assets at each reporting date.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's and the Company's assets.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Property development activities and construction contracts

As revenue from ongoing property development activities are recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that property development costs/construction costs incurred for work performed to date bear to the estimated total property development costs/construction costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs/construction costs incurred, the estimated total property development revenue and construction revenue, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and, if necessary, the work of specialists.

Valuation of investment properties

The investment properties are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining the value of the properties by comparing and adopting as a yardstick, recent sales evidences involving other similar properties in the vicinity. Also, adjustment has been applied to the differences in locations, size and shapes, accessibility, infrastructure available and improvements made on the properties. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Deferred tax assets

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Income taxes/Deferred tax liabilities

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's and the Company's core business is subject to economical and social preference which may cause selling prices to change rapidly and the Group's and the Company's profit to change.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and financial liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting year.

Provision for expected credit losses of receivables and contract assets

The Group and the Company use a provision matrix to calculate expected credit losses ("ECLs") for receivables and contract assets. The provision rates are based on the repayment pattern of the customers, customer's type and coverage by letters of credit.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group and the Company determine whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group and the Company consider whether a property generates cash flows largely independently of the other assets held by the Group and the Company.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group and the Company account for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's and the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group reviews the investment properties and concluded that the Group's and the Company's investment properties are held under a business model whose objective is to recover the carrying amount of the investment properties through sale.

Accordingly, the Group and the Company recognise deferred tax in respect of the changes in fair value of investment properties based on Real Property Gain Tax. The final tax outcome could be different from the deferred tax liabilities recognised in the financial statements should the economic benefits embodied in the investment properties be subsequently substantially consumed over time rather than through sale.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

3.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in the profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.15 of the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

3.1.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combination and goodwill (cont'd)

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRSs.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee.

3.1.5 Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interests even if that results in a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.6 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in the profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognise the amount in the share of profit of an equity-accounted associate in the profit or loss.

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

Investment in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

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

Depreciation is provided on the straight-line method in order to write off the cost of each asset over its estimated useful lives. Freehold land with an infinite life is not depreciated.

The principal annual depreciation rates used are as follows:-

Buildings	2%
Leasehold land	Over the remaining lease period
Plant, machinery and tools	10 - 20%
Motor vehicles	14 - 20%
Office renovation, furniture and fittings	10 - 25%
Office equipment and computers	10 - 33%

The residual values, useful life and depreciation method are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

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

3.3 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the profit or loss in the year in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and are supported by market evidence.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties (cont'd)

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group and the Company account for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

3.4 Non-current assets held for sale and discontinued operations

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale (or disposal group), the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities are classified as held for sale and presented as such in the statements of financial position if they are directly associated with a disposal group.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excel of any cumulative impairment loss.

In the statements of profit or loss and other comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after tax, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after tax) is reported separately in the statements of profit or loss and other comprehensive income.

Goodwill, right-of-use assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted associates ceases once classified as held for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

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

(a) Financial assets at amortised cost (debt instruments);
(b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
(d) Financial assets at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost includes trade and most of the other receivables, amount due from subsidiaries, amount due from an associate, fixed deposits with a licensed bank, cash and bank balances.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its equity investments under this category. The Group's and the Company's equity instruments at fair value through OCI includes other investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:-

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

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Impairment

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

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

Impairment for trade receivables and contract assets

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

To measure ECLs, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company consider the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Impairment for financial assets other than trade receivables and contract assets

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

Credit impaired

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Impairment (cont'd)

Credit impaired (cont'd)

However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

3.5.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

(a) Financial liabilities at fair value through profit or loss; or
(b) Financial liabilities at amortised cost.

The Group's and the Company's financial liabilities include borrowings, finance lease liabilities, trade and most of the other payables and amount due to subsidiaries.

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings.

Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.3 Offsetting of financial instruments

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

3.6 Inventories

Inventories comprise land held for property development, completed properties held for sale, and trading goods. Inventories are stated at the lower of cost and net realisable value.

Costs of trading goods are determined using weighted average method. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

The cost of completed properties held for sale comprises cost associated within the acquisition of land, direct costs and appropriate of common development costs.

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

3.6.1 Land held for property development

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development are classified as non-current assets on the statements of financial position and are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

3.6.2 Property development costs

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with a licensed bank, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly trade companies or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3.9 Equity, reserves and distribution to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve. Gains or losses on financial asset measured at fair value through other comprehensive income are included in the fair value reserve.

Accumulated losses include all current year's losses and prior years' accumulated losses.

Interim dividends are simultaneously proposed and declared, because the Articles of Association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as liabilities when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Equity, reserves and distribution to owners (cont'd)

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as liabilities.

All transactions with the owners of the Company are recorded separately within equity.

3.10 Leases

As described in Note 2.4.1 to the financial statements, the Group and the Company applied MFRS 16 using the modified retrospective approach and therefore, the comparative information has not been restated and still reported under MFRS 117 and IC Interpretation 4.

Accounting policies applied from 1 July 2019

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	Over the remaining lease period
Building	2%

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.8 to the financial statements.

Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases of staff quarters, premises, machineries and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Leases (cont'd)

Accounting policy applied for 30 June 2019 and 2020

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting policy applied until 30 June 2019

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

As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

<u>Finance leases</u>

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

<u>Operating leases</u>

All other leases are treated as operating leases. Where the Group and the Company are lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.12 Employee benefits

3.12.1 Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. The foreign subsidiary also make contributions to their country's statutory pension schemes.

3.13 Revenue

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue (cont'd)

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:-

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

3.13.1 Sales of goods

Revenue from sale of goods represents the distribution of building materials is recognised at a point in time when control of the asset is transferred to the customers, generally on delivery of the goods, at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods.

3.13.2 Property development and sales of completed properties

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total development costs of the contract, i.e. the stage of completion).

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the year in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue (cont'd)

3.13.2 Property development and sales of completed properties (cont'd)

The excess of revenue recognised in the profit or loss over the billings to purchasers of properties is recognised as contract asset.

The excess of billings to purchasers of properties over revenue recognised in the profit or loss is recognised as contract liability.

Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has passed to the buyers.

3.13.3 Construction contracts

The Group recognises revenue from supply and installation of kitchen cabinets, wardrobes, electrical appliances, sinks and tap fittings, contractors to the construction industry, trading in construction materials and assembling industrial control instruments and engineering equipment production line over time as it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract costs incurred to date as a percentage of the estimated total contract costs of the contract, i.e. the stage of completion).

Where the outcome of a construction cannot be reasonably estimated, revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether construction work has commenced or not. The excess of revenue recognised in the profit or loss over the billings to customers is recognised as contract asset. The excess of billings to customers over revenue recognised in the profit or loss is recognised as contract liabilities.

3.13.4 Contract costs

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). These costs are recognised in contract assets if the Group expects to recover those costs.

3.13.5 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue (cont'd)

3.13.6 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.13.7 Other revenue recognition

Dividend income

Dividend income and other income from investments are recognised in the profit or loss when the right to receive such payment is established.

Rental income

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

Interest income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Management fee income

Management fees are recognised when services are rendered.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax expense

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

3.15.1 Current tax

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

Current tax for current and prior periods is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.15.2 Deferred tax

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

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

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

3.16 Indirect tax

3.16.1 Goods and services tax ("GST")

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

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

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST inclusive.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Indirect tax (cont'd)

3.16.1 Goods and services tax ("GST") (cont'd)

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

The Malaysian Government has zero rated the GST effective from 1 June 2018. This mean the GST rate on the supplier of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with Sales and services tax effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%.

3.16.2 Sales and services tax

Expenses and assets are recognised net of the amount of sales and services tax, except:-

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

The amount of sales and services tax payable to the taxation authority is included as part of payables in the statements of financial position.

3.17 Contingencies

3.17.1 Contingent liabilities

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

3.17.2 Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3.18 Operating segments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Related parties

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

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

   (i) Has control or joint control over the Group and the Company;
   (ii) Has significant influence over the Group and the Company; or
   (iii) Is a member of the key management personnel of the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

   (i) The entity and the Group or the Company are members of the same group;
   (ii) The entity is an associate or joint venture of the Group or the Company;
   (iii) Both the Group or the Company and the entity are joint ventures of the same third party;
   (iv) The Group or the Company is a joint venture of a third entity and the other entity is an associate of the same third entity;
   (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company or an entity related to the Company;
   (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
   (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group or the entity;
   (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

3.20 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings* RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery and tools RM'000	Motor vehicles RM'000	Office renovation, furniture and fittings RM'000	Office equipment and computers RM'000	Total RM'000
Cost								
At 1 July 2018	1,962	12,591	11,840	7,263	3,255	9,514	5,079	51,504
Additions	–	–	–	2	–	1,596	215	1,813
Disposals	–	–	–	(274)	(758)	(449)	(511)	(1,992)
Written off	–	–	–	(36)	(82)	(3,813)	(991)	(4,922)
Transfer to asset classified as held for sale	(250)	–	–	–	–	–	–	(250)
Disposal of subsidiaries	–	–	–	(6,884)	(879)	(334)	(219)	(8,316)
Exchange differences	–	–	–	117	15	6	4	142
At 30 June 2019	1,712	12,591	11,840	188	1,551	6,520	3,577	37,979
Adjustment on initial application of MFRS 16	–	(12,591)	(154)	–	–	–	–	(12,745)
At 1 July 2019, restated	1,712	–	11,686	188	1,551	6,520	3,577	25,234
Additions	–	–	–	–	40	297	2,054	2,391
Disposals	–	–	–	–	(380)	–	–	(380)
Written off	–	–	(270)	–	–	(870)	(125)	(1,265)
Transfer to assets classified as held for sale	–	–	(2,265)	–	–	–	–	(2,265)
At 30 June 2020	1,712	–	9,151	188	1,211	5,947	5,506	23,715

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

Group (cont'd)	Freehold land and buildings* RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery and tools RM'000	Motor vehicles RM'000	Office renovation, furniture and fittings RM'000	Office equipment and computers RM'000	Total RM'000
Accumulated depreciation								
At 1 July 2018	654	4,828	6,091	7,210	2,710	8,806	4,839	35,138
Charge for the financial year	18	186	232	25	76	322	145	1,004
Disposals	–	–	–	(256)	(688)	(425)	(501)	(1,870)
Written off	–	–	–	(32)	(82)	(3,599)	(939)	(4,652)
Transfer to asset classified as held for sale	(107)	–	–	–	–	–	–	(107)
Disposal of subsidiaries	–	–	–	(6,966)	(593)	(329)	(217)	(8,105)
Exchange differences	–	–	–	198	10	7	8	223
At 30 June 2019	565	5,014	6,323	179	1,433	4,782	3,335	21,631
Adjustment on initial application of MFRS 16	–	(5,014)	(52)	–	–	–	–	(5,066)
At 1 July 2019, restated	565	–	6,271	179	1,433	4,782	3,335	16,565
Charge for the financial year	13	–	210	2	74	246	775	1,320
Disposals	–	–	–	–	(338)	–	-	(338)
Written off	–	–	(270)	–	–	(785)	(116)	(1,171)
Transfer to assets classified as held for sale	–	–	(1,130)	–	–	–	–	(1,130)
At 30 June 2020	578	–	5,081	181	1,169	4,243	3,994	15,246
Net carrying amount								
At 30 June 2020	1,134	–	4,070	7	42	1,704	1,512	8,469
At 30 June 2019	1,147	7,577	5,517	9	118	1,738	242	16,348

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

Company	Freehold land and buildings* RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery and tools RM'000	Motor vehicles RM'000	Office renovation, furniture and fittings RM'000	Office equipment and computers RM'000	Total RM'000
Cost								
At 1 July 2018	1,000	2,533	612	13	236	3,266	3,005	10,665
Additions	–	–	–	–	–	1,596	199	1,795
Disposals	–	–	–	–	–	(183)	(279)	(462)
Written off	–	–	–	–	–	(1,221)	(505)	(1,726)
At 30 June 2019	1,000	2,533	612	13	236	3,458	2,420	10,272
Adjustment on initial application of MFRS 16	–	(2,533)	–	–	–	–	–	(2,533)
At 1 July 2019, restated	1,000	-	612	13	236	3,458	2,420	7,739
Additions	-	-	-	-	-	205	2,055	2,260
At 30 June 2020	1,000	-	612	13	236	3,663	4,475	9,999

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

Company (cont'd)	Freehold land and buildings* RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery and tools RM'000	Motor vehicles RM'000	Office renovation, furniture and fittings RM'000	Office equipment and computers RM'000	Total RM'000
Accumulated depreciation								
At 1 July 2018	–	1,033	349	11	230	3,092	2,879	7,594
Charge for the financial year	8	38	13	–	2	195	104	360
Disposals	–	–	–	–	–	(169)	(272)	(441)
Written off	–	–	–	–	–	(1,188)	(468)	(1,656)
At 30 June 2019	8	1,071	362	11	232	1,930	2,243	5,857
Adjustment on initial application of MFRS 16	–	(1,071)	–	–	–	–	–	(1,071)
At 1 July 2019, restated	8	–	362	11	232	1,930	2,243	4,786
Charge for the financial year	7	–	12	–	2	204	755	980
At 30 June 2020	15	–	374	11	234	2,134	2,998	5,766
Net carrying amount								
At 30 June 2020	985	–	238	2	2	1,529	1,477	4,233
At 30 June 2019	992	1,462	250	2	4	1,528	177	4,415

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

Assets held under finance leases

The net carrying amounts of assets held under finance lease arrangements are as follow:-

	Group	
	2020 RM'000	2019 RM'000
Motor vehicles	–	54

Leased assets were pledged as securities for the related finance lease liabilities are disclosed in Note 25 to the financial statements.

Assets pledged as securities to financial institutions

The net carrying amounts of assets pledged as securities for bank borrowings are:-

	Group	
	2020 RM'000	2019 RM'000
Building	3,709	3,875
Leasehold land	–	5,871
	3,709	9,746

The details of assets pledged as securities for bank borrowings are disclosed in Note 22 to the financial statements.

* The cost and carrying amounts of the freehold land are not segregated from the buildings as required details are not available and unreasonable expenses would be incurred.

5. RIGHT-OF-USE ASSETS

As a lessee

The Group and the Company have a number of long term and short term of leasehold land and building which are having leasehold period between 40 to 65 years.

Other leases related to premises, machineries and equipment are having the lease terms of 12 months or less. Therefore, the Group and the Company apply the 'short-term lease' recognition exemptions for these leases.

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

As a lessee (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:-

	Group			Company
	Leasehold land RM'000	Building RM'000	Total RM'000	Leasehold land RM'000
Adjustment on initial application of MFRS 16/At 1 July 2019, restated	7,577	102	7,679	1,462
Charge for the financial year	(192)	(4)	(196)	(40)
At 30 June 2020	7,385	98	7,483	1,422

The net carrying amount of leasehold land of the subsidiary has been pledged as securities for bank borrowings granted to the Company is as follow.

	Group	
	2020 RM'000	2019 RM'000
Leasehold land	5,726	–

The details of assets pledged as securities for bank borrowings are disclosed in Note 22 to the financial statements.

6. INVESTMENT PROPERTIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value:-				
Brought forward	53,000	53,055	31,720	30,688
Disposals	–	(160)	–	(160)
Transfer to assets classified as held for sale	(1,000)	(1,075)	(720)	(160)
Fair value adjustments	(260)	1,180	(260)	1,352
Carried forward	51,740	53,000	30,740	31,720

6. INVESTMENT PROPERTIES (CONT'D)

The investment properties comprises the following:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Freehold land and buildings	46,880	47,800	26,320	27,240
Leasehold land and buildings	4,860	5,200	4,420	4,480
	51,740	53,000	30,740	31,720

The strata title of the Group's and the Company's buildings with the net carrying amount of RM25,000 (2019: RM55,000) is yet to issue by the relevant authorities.

The Group's and the Company's leasehold land and buildings meet the definition of right-of-use assets but does not required to be reclassified to right-of-use assets.

Income and expenses recognised in the profit or loss

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Rental income	556	548	457	529
Direct operating expenses for investment properties:				
- income generating investment properties	220	288	38	78
- non-income generating investment properties	43	27	13	25

Investment properties pledged as securities to financial institutions

Net carrying amount of investment properties pledged as securities for bank borrowings is as follow:-

	Group	
	2020 RM'000	2019 RM'000
Freehold land	19,850	19,850

Investment properties are stated at fair value, which has been determined based on valuation performed by independent valuer with recent experience in the location and category of properties being valued at the end of the reporting year using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1, 2 and 3 during the financial year.

7. INVENTORIES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current:-					
Land held for property development	7.1	9,174	7,427	–	–
Current:-					
Trading goods		1,816	2,645	158	181
Completed properties	7.2	2,299	2,390	–	–
		4,115	5,035	158	181

7.1 Land held for property development

	Group 2020 RM'000	Group 2019 RM'000
Leasehold land at cost	6,825	6,825
Development at cost	602	425
At 1 July	7,427	7,250
Development cost incurred during the financial year	1,747	177
At 30 June	9,174	7,427

7.2 Completed properties

In previous financial year, RM3,862,000 was recognised as cost of sales for the sales of completed development properties.

7.3 Recognised in profit or loss

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Inventories recognised as cost of sales	75,213	102,190	49,317	45,962
Inventories written down	837	3,704	285	142
Reversal of inventories written down	(437)	–	–	–
Inventories written off	–	70	–	–

The reversal of inventories written down was made during the financial year when the related inventories were sold above their carrying amounts.

8. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	2019 RM'000
Unquoted shares, at cost		
- In Malaysia	25,825	26,525
Quasi loans	62,113	62,113
Less: Accumulated impairment losses	(24,811)	(18,696)
	63,127	69,942

The movement of accumulated impairment losses during the financial year is as follow:-

	Company 2020 RM'000	2019 RM'000
Brought forward	18,696	20,174
Recognised during the financial year	6,115	30
Written off due to strike off	–	(1,508)
Carried forward	24,811	18,696

The impairment losses was recognised to adjust the carrying amount of investment in subsidiaries due to net assets of subsidiaries is lower than the cost of investment.

Details of the subsidiaries are as follows:-

Name of companies	Principal place of business	Effective ownership interest and voting interest 2020 (%)	2019 (%)	Principal activities
Armor Master Sdn. Bhd.	Malaysia	100	100	Investment holding
Better Living Grand Sdn. Bhd.	Malaysia	100	100	Trading in home improvement materials
Control Instruments (M) Sdn. Bhd.**	Malaysia	–	68	Constructing and assembling industrial control instruments and engineering equipment
Eager Vest Sdn. Bhd.	Malaysia	100	100	Investment holding
Global Allied Sdn. Bhd.*	Malaysia	–	70	In members' voluntary winding up
Glorious Future Sdn. Bhd.	Malaysia	100	100	Investment holding

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):-

Name of companies	Principal place of business	Effective ownership interest and voting interest 2020 (%)	2019 (%)	Principal activities
Homemart Distribution Centre Sdn. Bhd.	Malaysia	100	100	Provision of warehousing services
Ipmuda Architectural Products Sdn. Bhd.	Malaysia	100	100	Trading in locksets and architectural hardware products
Ipmuda Borneo Sdn. Bhd.	Malaysia	100	100	Trading and distribution of building materials
Ipmuda Buildermart Sdn. Bhd.	Malaysia	100	100	Trading in building materials
Ipmuda Building Materials Sdn. Bhd. ^	Malaysia	–	100	Dissolved
Ipmuda Development Sdn. Bhd.	Malaysia	100	100	Trading in building materials
Ipmuda Edar Sdn. Bhd.	Malaysia	100	100	Trading and distribution of lubricants and fuel
Ipmuda Lanco Sdn. Bhd.	Malaysia	51	51	Wholesale and retail of building materials (ceased operations)
Jentayu Life Sdn. Bhd. (formerly known as Ipmuda Lifestyle Centre Sdn. Bhd.)	Malaysia	100	100	To carry on the business of heathcare related services
Ipmuda Oil & Gas Sdn. Bhd.	Malaysia	100	100	Dormant
Ipmuda Properties Sdn. Bhd.	Malaysia	100	100	Property development
Ipmuda Rensol Sdn. Bhd.	Malaysia	100	100	Contractors to the construction industry and trading in construction materials
Ipmuda Realty Sdn. Bhd.	Malaysia	100	100	Dormant
Ipmuda Selatan Sdn. Bhd.	Malaysia	100	100	Trading in building materials
Ipmuda Tiles & Sanitarywares Sdn. Bhd.	Malaysia	100	100	Trading and distribution of tiles, marble and sanitaryware products

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):-

Name of companies	Principal place of business	Effective ownership interest and voting interest 2020 (%)	2019 (%)	Principal activities
Ipmuda Timuran Sdn. Bhd.	Malaysia	100	100	Trading in building materials
Ipmuda Tradelinks Sdn. Bhd.	Malaysia	90	90	Dormant
Ipmuda Utara Sdn. Bhd.	Malaysia	100	100	Trading in building materials
Jentayu (MM2H) Sdn. Bhd. (formerly known as Ipmuda Mulu Sdn. Bhd.)	Malaysia	100	100	To carry on all businesses in relation to Malaysia My Second Home (MM2H) programme
Modular Equity Sdn. Bhd.	Malaysia	100	100	Investment holding
Mudacare Sdn. Bhd. (formerly known as Edar Steel Resources Sdn. Bhd.)	Malaysia	100	100	Trading in medical supplies
Perak Metal Industries Sdn. Bhd.	Malaysia	100	100	Dormant
Roset-BLG Sdn. Bhd.	Malaysia	100	100	Letting of properties
Roset Interiors Sdn. Bhd.	Malaysia	100	100	Engaged as distributor and retailer for the supply and installation of kitchen cabinets, wardrobes, electrical appliances, sinks and tap fittings
Roset Properties Sdn. Bhd.	Malaysia	100	100	Dormant
Sitolly Co. Sdn. Bhd.	Malaysia	80	80	Dormant
Toriki Metal Engineering Sdn. Bhd.	Malaysia	100	100	Property holding
Uniherbal Sdn. Bhd.	Malaysia	100	100	Trading and distribution of health care products
Victory Rally Sdn. Bhd.	Malaysia	100	100	Property holding

^ Dissolved during the financial year
* In process of members' voluntary winding up during the financial year
** Disposed during the financial year and classified as disposable group held for sale in previous financial year

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Quasi loans

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

Additional investment in a subsidiary

In previous financial year, the Company subscribed additional 4,500,000 ordinary shares in Ipmuda Buildermart Sdn. Bhd. ("IBM") for a total consideration of RM4,500,000 and paid by way of capitalisation of advances to IBM.

Incorporation of a subsidiary

In previous financial year, the Company had incorporated Jentayu Life Sdn. Bhd. (formely known as Ipmuda Lifestyle Centre Sdn. Bhd.), a wholly-owned subsidiary of the Company, with an issued and paid-up capital of RM100 comprising of 100 ordinary shares.

Strike off a subsidiary

In previous financial year, the Company strike off a wholly-owned subsidiary, namely Ipmuda Trading Pte. Ltd. with a loss on divestment of RM35,000 being recognised in profit or loss.

Non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests at the end of the financial year are as follows:-

Name of subsidiaries	Proportion of ownership interests held by non-controlling interests 2020 %	2019 %
Control Instruments (M) Sdn. Bhd.	–	32
Global Allied Sdn. Bhd.	–	30
Other individually immaterial subsidiaries	10 - 49	10 - 49

Name of subsidiaries	Profit/(Loss) allocated to non-controlling interests 2019 RM'000	Carrying amount of non-controlling interests 2019 RM'000
Control Instruments (M) Sdn. Bhd.	212	7,545
Global Allied Sdn. Bhd.	(40)	620
Other individually immaterial subsidiaries	(3)	31
	169	8,196

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

	Control Instruments (M) Sdn. Bhd. 2019 RM'000	Global Allied Sdn. Bhd. 2019 RM'000
Financial position as at reporting date		
Non-current assets	15,467	6
Current assets	38,590	2,118
Non-current liabilities	(2,514)	(12)
Current liabilities	(27,873)	(47)
Net assets	23,670	2,065
Summary of financial performance for the financial year		
Revenue	53,600	690
Profit/(Loss) for the financial year	665	(134)
Total comprehensive income/(loss)	665	(134)
Total comprehensive income/(loss) attributable to non-controlling interests	212	(40)
Summary of cash flows for the financial year		
Net cash from operating activities	4,245	1,698
Net cash (used in)/from investing activities	(108)	134
Net cash used in financing activities	(388)	(52)

As at the reporting date, the summarised financial information of the non-controlling interests have not been presented as the non-controlling interests are immaterial to the Group.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Winding up/Disposal of subsidiaries

On 24 January 2020, Global Allied Sdn. Bhd., a subsidiary of the Company was under members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. An amount of RM1,400,000 being recovered from the subsidiary and resulted in a gain of RM284,000 and RM700,000 recognised in the profit or loss of the Group and of the Company respectively.

On 18 October 2019, the Company disposed off its 68% equity interest in Control Instruments (M) Sdn. Bhd. for a cash consideration of RM9,500,000 which resulted in an impairment loss of RM6,698,000 recognised in the profit or loss in the previous financial year. A loss on disposal of RM307,000 has been recognised in profit or loss in current financial year.

The effect of the winding up/disposal of Global Allied Sdn. Bhd. and Control Instruments (M) Sdn. Bhd. on the financial position of the Group as at that date of winding up/disposal was as follows:-

	Global Allied Sdn. Bhd. RM'000	Control Instruments (M) Sdn. Bhd. RM'000
Property, plant and equipment	–	9,742
Right-of-use assets	–	7,615
Trade receivables	–	21,260
Other receivables	–	258
Contract assets	–	23,829
Inventories	–	1,220
Cash and bank balances	2,068	589
Lease liabilities	–	(150)
Trade payables	–	(18,337)
Other payables	(18)	(2,719)
Contract liabilities	–	(10,313)
Deferred tax liabilities	–	(44)
Tax payable	(34)	(271)
Borrowings	–	(7,338)
Amount due to holding company	–	(1,253)
Amount due to a related company	–	(14)
Net assets	2,016	24,074
Less: Non-controlling interests	(900)	(7,668)
	1,116	16,406
Gain/(Loss) on winding up/disposal of subsidiaries	284	(307)
Goodwill	–	99
Impairment loss	–	(6,698)
Proceeds from winding up/disposal	1,400	9,500
Less: Cash and cash equivalents	(2,068)	(589)
Net cash (outflows)/inflows from winding up/disposal	(668)	8,911

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Winding up/Disposal of subsidiaries (cont'd)

On 13 June 2019, the Company disposed off its 100% equity interest in Johnson Pacific Pte. Ltd. for a cash consideration of SGD1 (equivalent to RM3) which resulted in a gain of RM273,000 recognised in the profit or loss in the previous financial year.

The effect of the disposal of Johnson Pacific Pte. Ltd. on the financial position of the Group as at that date of disposal was as follows:-

	RM'000
Property, plant and equipment	211
Trade receivables	663
Other receivables	574
Cash and bank balances	26
Finance lease liabilities	(247)
Trade payables	(279)
Other payables	(727)
Net assets disposed	221
Gain on disposal of a subsidiary	273
Reclassification adjustment of foreign currency translation reserve	(494)
Proceeds from disposal	–
Less: Cash and cash equivalents disposed	(26)
Net cash outflows from disposal	(26)

9. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted ordinary shares, at cost	49	49	49	49
Share of post-acquisition losses	(42)	(42)	–	–
	7	7	49	49
Less: Accumulated impairment losses	–	–	(38)	(38)
	7	7	11	11

The movement of accumulated impairment losses during the financial year is as follow:-

	Company	
	2020 RM'000	2019 RM'000
Brought forward/Carried forward	38	38

9. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE (CONT'D)

The impairment losses was recognised to adjust the carrying amount of investment in an associate due to net assets of associate is lower than the cost of investment.

Details of the associate is as follows:

Name of company	Principal place of business	Effective ownership interest and voting interest 2020 (%)	2019 (%)	Principal activities
Budimex Sdn. Bhd.	Malaysia	49	49	Trading agency of building materials (ceased operations)

The summarised financial information for the associate has not been presented as the associate is immaterial to the Group.

The Group has not recognised any losses relating to this associate for the current and previous financial years as it was immaterial to the Group's results.

	Group and Company 2020 RM'000	2019 RM'000
Amount due from an associate		
Non-trade	6	4

The non-trade balance due from an associate is unsecured and bears no interest.

10. OTHER INVESTMENTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Fair value through OCI				
Non-current				
Quoted shares in Malaysia	113	153	–	10
Club membership	448	448	448	448
	561	601	448	458
Represented by:-				
At fair value	561	601	448	458
Market value:				
- Quoted shares	113	153	–	10
- Club membership	448	448	448	448

The Group and the Company designated the investment in equity securities and club membership as fair value through other comprehensive income because these investments represent the investments that the Group and the Company intend to hold for long-term strategic purpose.

10. OTHER INVESTMENTS (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value at 30 June				
Ajiya Berhad	77	96	–	–
Ajiya Berhad (warrants)	2	6	–	–
Eonmetall Group Berhad	3	4	–	–
Hume Industries Berhad	11	22	–	7
Hume Industries Berhad – loan rights	–	2	–	–
Oka Corporation Bhd	20	20	–	–
YKGI Holdings Berhad	–	3	–	3
	113	153	–	10

11. GOODWILL ON CONSOLIDATION

	Group	
	2020 RM'000	2019 RM'000
Brought forward	–	1,621
Transfer to disposable group classified as held for sale	–	(99)
Written off	–	(1,522)
	–	–
Less: Accumulated impairment losses		
Brought forward	–	(1,522)
Written off	–	1,522
Carried forward	–	–
Carried forward	–	–

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Brought forward	(2,600)	(1,079)	(1,095)	(972)
Recognised in profit and loss	132	(1,521)	43	(123)
Carried forward	(2,468)	(2,600)	(1,052)	(1,095)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Presented after appropriate offsetting as follows:-				
Deferred tax assets	–	8	–	–
Deferred tax liabilities	(2,468)	(2,608)	(1,052)	(1,095)
	(2,468)	(2,600)	(1,052)	(1,095)

The components of deferred tax assets and deferred tax liabilities of the Group and of the Company are as follows:-

Group	2020 RM'000	2019 RM'000
Deferred tax assets		
Unutilised tax losses and unabsorbed capital allowances	–	229
Others	–	9
Total before offsetting	–	238
Offsetting	–	(230)
	–	8
Deferred tax liabilities		
Property, plant and equipment	3	37
Fair value gain on investment properties	2,465	2,755
Others	–	46
Total before offsetting	2,468	2,838
Offsetting	–	(230)
	2,468	2,608
Company		
Deferred tax liability		
Fair value gain on investment properties	1,052	1,095

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the subsidiaries or the Company can utilise the benefits there from:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	113,073	101,919	67,608	52,103
Unabsorbed capital allowances	19,234	6,085	2,075	1,116
Property, plant and equipment	(811)	(834)	(741)	(643)
Impairment loss on financial assets	16,710	8,066	416	1,373
Inventories written down	7,090	6,358	565	307
Assets held for sale	(2,274)	–	–	–
Investment properties	–	(2,274)	–	–
	153,022	119,320	69,923	54,256

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits.

Under the Malaysia Finance Act 2018, the unutilised tax losses up to the year of assessment 2019 shall be deductible until year of assessment 2026 (within a period of seven (7) consecutive years of assessment). The unutilised tax losses for the year of assessment 2019 onwards will expire after seven (7) consecutive years of assessment. The unabsorbed capital allowances do not expire under current tax legislation.

13. TRADE RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables, secured	13,906	13,682	13,906	13,682
Trade receivables, unsecured	71,136	86,464	29,219	30,482
Retention sums, unsecured	183	714	–	–
	85,225	100,860	43,125	44,164
Less: Accumulated impairment losses	(54,467)	(44,737)	(27,769)	(25,169)
	30,758	56,123	15,356	18,995

13. TRADE RECEIVABLES (CONT'D)

The movement of accumulated impairment losses during the financial year is as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Brought forward	44,737	35,859	25,169	26,457
Addition during the financial year	19,039	18,055	5,184	3,846
Reversal of impairment losses	(8,783)	(8,195)	(2,584)	(5,122)
Written off	(526)	(976)	–	(12)
Exchange differences	–	(6)	–	–
Carried forward	54,467	44,737	27,769	25,169

Included in trade receivables are:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amounts due from companies in which certain Directors have substantial financial interests	–	4,365	–	4,333

The Group's and the Company's normal trade credit term granted to trade receivables range from cash term to 120 days (2019: 14 to 120 days). Other credit terms are assessed and approved by management on a case-by-case basis.

One of the major customers of the Company with outstanding amounts of RM7,108,000 (2019: RM6,666,000) had agreed to settle the outstanding amount via contra of properties which currently are under development. Accordingly, the customer had assigned, transferred and conveyed absolutely to the Company all its rights, title, interest, benefit, advantage, claim and demand to the said properties. These properties which has an aggregate purchase consideration of RM7,837,000 are expected to be completed in 2022. The balance of the amounts due have accordingly been impaired.

Included in the Company's trade receivables consists of the major customers (2019: amount due from companies in which certain Directors have substantial financial interest) with outstanding of RM4,620,000 (2019: RM4,333,000) and the customers (2019: related parties) had agreed to settle the amounts due via contra of properties. Subsequently, the Company entered into individual Sale and Purchase Agreements with the said customers' subsidiary (2019: related parties' subsidiary) for the acquisition of certain properties which are under development for an aggregate purchase consideration of RM6,652,000. Substantial part of the amounts due from the customers (2019: related parties) will be utilised to satisfy the purchase consideration of the properties which are expected to be completed in 2022. The balance of the amounts due have accordingly been impaired.

14. OTHER RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-trade receivables:				
- Third parties	18,830	18,702	14,230	13,625
- Related parties	–	1,827	–	1,837
Deposits	983	690	513	498
Prepayments	496	2,212	353	1,773
GST recoverable	209	433	140	302
Less: Accumulated impairment losses				
Brought forward	(17,390)	(12,763)	(14,085)	(9,661)
Addition	(180)	(4,627)	(168)	(4,424)
Reversal	805	–	805	–
Carried forward	(16,765)	(17,390)	(13,448)	(14,085)
	3,753	6,474	1,788	3,950

The component of accumulated impairment losses of other receivables is as follows:-

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Third parties	16,571	15,563	13,280	12,248
Related parties	–	1,827	–	1,837
Deposits	194	–	168	–
	16,765	17,390	13,448	14,085

15. CONTRACT ASSETS/(LIABILITIES)

	Group 2020 RM'000	Group 2019 RM'000
Contract assets	354	–
Contract liabilities	(599)	(566)
	(245)	(566)

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

Contract assets primarily relates to the right to consideration for work completed on design work but not yet billed as at the reporting date.

Contract liabilities primarily relates to the advance consideration received from a customer for construction contract, which revenue is recognised overtime during the construction of a building.

Contract revenue yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Group is RM599,000 (2019: RM566,000). The Group expects to recognise this revenue over the next 12 to 36 months (2019: 12 to 36 months).

	2020 RM'000	2019 RM'000
Contract liabilities at the beginning of financial year recognised as revenue	–	96
Increase in revenue recognised in the reporting year from performance obligations satisfied (or partially satisfied) in previous financial year	5	–

16. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Amount due from/(to) subsidiaries		
- Trade related	45,089	15,689
Less: Accumulated impairment losses		
Brought forward	(1,446)	(276)
Addition	–	(1,170)
Reversal	227	–
Carried forward	(1,219)	(1,446)
	43,870	14,243
- Non-trade related	(9,381)	26,060
Less: Accumulated impairment losses		
Brought forward	(21,150)	(7,956)
Addition	(1,351)	(13,194)
Reversal	274	–
Written off	785	–
Carried forward	(21,442)	(21,150)
	(30,823)	4,910
	13,047	19,153

16. AMOUNT DUE FROM/(TO) SUBSIDIARIES (CONT'D)

	Company 2020 RM'000	Company 2019 RM'000
Distribution from subsidiaries		
Equity	6,209	6,209
Amount due (to)/from subsidiaries		
- Trade related	4,171	1,191
Less: Accumulated impairment losses		
Brought forward	(138)	–
Addition	(232)	(138)
Reversal	369	–
Written off	1	–
Carried forward	–	(138)
	4,171	1,053
- Non-trade related	(52,128)	(45,086)
	(47,957)	(44,033)

The non-trade balances due from/(to) subsidiaries are unsecured and bear no interest.

The trade balances due from/(to) subsidiaries are subject to the normal trade credit terms ranging from 30 to 90 days (2019: 30 to 90 days).

The distribution from subsidiaries represents unsecured interest-free advances from subsidiaries of which the settlement neither planned nor likely to occur in the foreseeable future.

17. FIXED DEPOSITS WITH A LICENSED BANK

The effective interest rates of the fixed deposit of the Group range between 3.05% to 3.95% (2019: 1.70% to 3.30%) per annum. The effective interest rates of the Company's fixed deposit range between 3.05% to 3.95% (2019: 3.20% to 3.30%) per annum. In prior financial year, the fixed deposits of the Group and of the Company have maturity terms of less than one year.

18. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RM955,000 (2019: RM1,444,000) which is maintained in the designated Housing Development Account pursuant to the Housing Development (Control and Licensing) Act, 1966 and Housing Regulations, 1991.

The utilisation of these balances is restricted before completion of the housing development projects and fulfillment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

An amount of RM1,845,000 (2019: RM1,804,000) of the Group and of the Company is maintained in the designated finance service revenue account in relation to the term financing facilities granted to the Group and the Company as disclosed in Note 22 to the financial statements.

19. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Disposal group classified as held for sale	19.1	–	47,458	–	–
Assets classified as held for sale	19.2	1,912	1,084	546	7,741
		1,912	48,542	546	7,741
Liability					
Disposal group classified as held for sale	19.1	–	29,134	–	–

19.1 Disposal group classified as held for sale

At the end of the financial period ended 30 June 2018, the constructing and assembling industrial control instruments operation within the contracting segment is presented as a disposal group classified as held for sale following the Group's plan to divest its investment in this business operation to focus on its core business of trading in construction materials. The Company had on 23 August 2019 entered into a Share Sale Agreement with the buyer for the disposal of 695,408 ordinary shares for a cash consideration of RM9,500,000 which resulted in an impairment loss of RM6,698,000 is recognised in the profit or loss. The sale transaction has been completed on 18 October 2019.

The assets and liabilities of the disposal group in previous financial year are as follows:-

Statement of financial position	Group 2019 RM'000
Assets	
Property, plant and equipment	15,467
Inventories	1,239
Trade receivables	11,509
Other receivables	654
Contract assets	21,929
Tax recoverable	5
Cash and bank balances	3,254
Goodwill	99
Assets of disposal group classified as held for sale	54,156
Less: Impairment losses	(6,698)
	47,458

19. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE (CONT'D)

19.1 Disposal group classified as held for sale (cont'd)

The assets and liabilities of the disposal group in previous financial year are as follows (cont'd):-

Statement of financial position (cont'd)	**Group 2019 RM'000**
Liabilities	
Trade payables	18,628
Other payables	634
Contract liabilities	1,844
Finance lease liabilities	162
Borrowings	7,822
Deferred tax liabilities	44
Liabilities of disposal group classified as held for sale	29,134

19.2 Assets classified as held for sale

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Brought forward	1,084	9,117	7,741	14,108
Disposals	(1,083)	(9,018)	(7,741)	(14,108)
Transfer from property, plant and equipment	1,135	143	–	–
Transfer from investment properties	1,000	1,075	720	160
Transfer from investment in subsidiaries	–	–	–	7,611
Loss on remeasurement	(224)	(233)	(174)	(30)
Carried forward	1,912	1,084	546	7,741

2020

At the end of financial year, certain property, plant and equipment and investment properties that are reclassified to assets held for sale are as follows:-

(i) The Company entered into a Sale and Purchase Agreement on 5 February 2020 with a purchaser to dispose off an apartment for a total consideration of RM90,000 and resulting remeasurement loss of RM50,000 is recognised into profit or loss in current financial year. The transaction is yet to be completed as at signing date.

(ii) The Company entered into a Sale and Purchase Agreement on 4 March 2020 with a purchaser to dispose off an apartment for a total consideration of RM130,000 and resulting remeasurement loss of RM10,000 is recognised into profit or loss in current financial year. The transaction is yet to be completed as at signing date.

19. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE (CONT'D)

19.2 Assets classified as held for sale (cont'd)

2020 (cont'd)

(iii) On 13 May 2020, the management has approved to dispose an apartment unit in which the Company found purchaser. The Company only entered into the Sale and Purchase Agreement on 27 August 2020 with the purchaser for a total consideration of RM26,000 and resulting remeasurement loss of RM4,000 is recognised into profit or loss in current financial year. The transaction is yet to be completed as at signing date.

(iv) On 22 June 2020, the management has approved to dispose 3 units of apartment unit in which the Company found a purchaser. The Company only entered into the Sale and Purchase Agreement on 27 August 2020 with the purchaser for a total consideration of RM300,000 and resulting remeasurement loss of RM110,000 is recognised into profit or loss in current financial year. The transaction is yet to be completed as at signing date.

(v) A subsidiary entered into a Sale and Purchase Agreement on 24 December 2019 with a purchaser to dispose off a unit of shoplot for total consideration of RM230,000 and resulting remeasurement loss of RM50,000 is recognised into profit or loss in current financial year. The transaction is yet to be completed as at signing date.

(vi) On 29 June 2020, the management of a subsidiary has approved to dispose a leasehold land and building in which the subsidiary found a purchaser. The subsidiary only entered into a Sale and Purchase Agreement on 25 August 2020 for total consideration of RM5,500,000. The transaction is yet to be completed as at signing date.

2019

The Company had on 23 August 2019 entered into a Share Sale Agreement with a buyer to dispose of 695,408 ordinary shares of a subsidiary for a cash consideration of RM9,500,000. Therefore, the investment in the subsidiary is classified as asset held for sale during the financial year. The sale transaction is completed on 18 October 2019.

At the end of the reporting year, certain property, plant and equipment and investment properties that are reclassified to assets held for sale are as follows:-

(i) The Company entered into a Sale and Purchase Agreement on 19 February 2019 with a purchaser to dispose off an apartment on freehold land for total consideration of RM130,000 and resulting remeasurement loss of RM30,000 is recognised into profit or loss in current financial year. The transaction has been completed on 6 August 2019.

(ii) A subsidiary entered into a Sale and Purchase Agreement on 31 May 2019 with a purchaser to dispose off a unit of shop office on freehold land for total consideration of RM300,000. The transaction has been completed on 19 November 2019.

(iii) A subsidiary entered into a Sale and Purchase Agreement on 11 June 2019 with a purchaser to dispose off 3 units of shop offices on freehold land for total consideration of RM163,000 and resulting remeasurement loss of RM112,000 is recognised into profit or loss in current year. The transaction has been completed on 9 August 2019.

(iv) A subsidiary entered into a Sale and Purchase Agreement on 13 June 2019 with a purchaser to dispose a shop office on freehold land for total consideration of RM550,000 and resulting a remeasurement loss of RM91,000 is recognised into profit or loss in current financial year. The transaction has been completed on 30 August 2019.

20. SHARE CAPITAL

	Group and Company	
	2020 RM'000	2019 RM'000
Issued and fully paid with no par value:-		
72,469,000 units of ordinary shares	75,926	75,926

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

21. OTHER RESERVES

(a) Foreign exchange translation reserve

The foreign exchange arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

(b) Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of financial assets measured of fair value through other comprehensive income until they are disposed off.

22. BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Secured:-				
Term financing/loan	5,797	9,143	5,797	9,143
Current				
Secured:-				
Term financing/loan	4,969	6,363	4,969	6,363
Business cash financing	7,886	7,985	7,886	7,985
Bankers' acceptances	10,333	18,651	8,263	18,651
Unsecured:-				
Bank overdrafts	3,877	6,136	2,088	3,122
Bankers' acceptances	25,382	22,395	22,942	19,222
	52,447	61,530	46,148	55,343

22. BORROWINGS (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total borrowings				
Term financing/loan	10,766	15,506	10,766	15,506
Business cash financing	7,886	7,985	7,886	7,985
Bank overdrafts	3,877	6,136	2,088	3,122
Bankers' acceptances	35,715	41,046	31,205	37,873
	58,244	70,673	51,945	64,486
Maturity of borrowings:-				
Within 1 year	52,447	61,530	46,148	55,343
More than 1 year and less than 5 years	5,797	9,143	5,797	9,143
	58,244	70,673	51,945	64,486

<u>Term financing/loan</u>

Term financing/loan are secured by a subsidiary's leasehold land and building as disclosed in Notes 4 and 5 to the financial statements.

The Group and the Company set up a finance service revenue account for term financing wherein an equivalent of 3 monthly instalments shall be maintained at all times. As at the reporting date, the balance in this account amounted to RM1,845,000 (2019: RM1,804,000) as disclosed in Note 18 to the financial statements.

<u>Bankers' acceptance</u>

Bankers' acceptance are secured by negative pledge and a subsidiary's leasehold land and building as disclosed in Notes 4 and 5 to the financial statements.

<u>Business cash financing</u>

The business cash financing is secured against a subsidiary's properties with carrying amount of RM19,850,000 (2019: RM19,850,000) as disclosed in Note 6 to the financial statements.

The range of effective interest rate as at the end of the financial year are as follow:-

	Group		Company	
	2020 % p.a.	2019 % p.a.	2020 % p.a.	2019 % p.a.
Bankers' acceptances				
Secured	5.85 - 5.95	6.20	5.85 - 5.95	6.20
Unsecured	3.69 - 6.20	3.78-6.26	3.69 - 5.87	3.78 - 6.26
Bank overdrafts				
Unsecured	6.65 - 7.85	7.65-7.90	7.40 - 7.65	7.85
Term financing/loan				
Secured	6.08	6.24	6.08	6.24
Business cash financing				
Secured	7.47 - 7.72	7.85	7.47 - 7.72	7.85

23. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 14 to 120 days (2019: 14 to 120 days).

24. OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-trade payables				
- Third parties	4,830	2,668	3,059	879
- Related parties	–	77	–	77
Accruals	2,326	1,707	1,895	685
GST payable	–	9	–	–
	7,156	4,461	4,954	1,641

In previous financial year, the amount due to related parties represents expenses payable to a company in which certain Directors have substantial financial interests. The amount due was unsecured and bears no interest.

25. FINANCE LEASE LIABILITIES

Comparative information under MFRS 117

	Group 2019 RM'000
Minimum lease payments:	
- Not later than 1 year	21
Less: Future finance charges on finance lease	(3)
	18
Present value of finance lease liabilities:	
- Not later than 1 year	18

In previous financial year, the effective interest rate of the Group's finance lease liabilities was 6.27% per annum. The Group obtains the above facilities to finance the acquisition of certain motor vehicles.

26. REVENUE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue recognised at point in time:				
- Sales of goods	80,979	108,560	50,268	48,282
- Sales of completed properties	–	2,465	–	–
- Rental income from investment properties	99	240	–	–
	81,078	111,265	50,268	48,282
Revenue recognised over time:				
- Construction contracts revenue	359	1,873	–	–
	81,437	113,138	50,268	48,282

	Group 2020 RM'000	Group 2019 RM'000
Primary geographical markets:-		
Malaysia	81,437	111,265
Singapore	–	1,873
	81,437	113,138

27. FINANCE INCOME

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest on deposits	181	138	134	57
Interest on overdue trade receivables	1,165	3,023	347	593
	1,346	3,161	481	650

28. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest:				
- Bankers' acceptances	1,877	2,030	1,569	1,038
- Bank overdrafts	340	284	173	146
- Term financing/loan	782	1,294	782	1,148
- Business cash financing	616	349	616	350
- Finance lease liabilities	3	16	–	–
	3,618	3,973	3,140	2,682

29. LOSS BEFORE TAX

Loss before tax has been determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- statutory audit	221	296	50	50
- assurance and related services	3	3	3	3
- over provision in prior financial year	–	(1)	–	–
Directors' fees	106	158	106	158
Rental expense	–	1,046	–	323
Net foreign exchange (gain)/loss:				
- realised	–	17	–	–
- unrealised	(6)	(2)	–	–
Bad debts recovered	(28)	(93)	–	(93)
Bad debts written off	250	–	250	–
Dividend income:				
- other investments (quoted shares in Malaysia)	(6)	(5)	(5)	(4)
Lease/Rental income	(457)	(551)	(521)	(578)
Short-term leases	454	–	314	–

30. TAX (INCOME)/EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax				
- Current financial year	167	433	–	–
- (Over)/Under provision in prior financial year	(250)	27	–	–
	(83)	460	–	–
Deferred tax				
- Current financial year	(48)	1,493	(43)	123
- (Over)/Under recognised in prior financial year	(84)	28	–	–
	(132)	1,521	(43)	123
	(215)	1,981	(43)	123

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax	(38,575)	(35,580)	(26,495)	(30,273)
Tax at Malaysian statutory rate of 24%	(9,258)	(8,539)	(6,359)	(7,266)
Tax effects in respect of:-				
Non-taxable income	(336)	(152)	(1)	(1)
Expenses not deductible for tax purposes	1,564	4,655	2,496	4,312
Movement of deferred tax assets not recognised	8,088	4,993	3,760	3,267
Effect of Real Property Gains Tax	(43)	1,301	(43)	135
Changes in fair value of investment properties	104	(332)	104	(324)
(Over)/Under provision of tax expense in prior financial year	(250)	27	–	–
(Over)/Under recognised of deferred tax in prior financial year	(84)	28	–	–
	(215)	1,981	(43)	123

31. PROFIT FROM DISCONTINUED OPERATIONS, NET OF TAX

As disclosed in Note 19 to the financial statements, the Group had disposed off its operating segment for the construction and assembling industrial control instruments during the financial year and the completion date is 18 October 2019. 3 months results have been shared from the discontinued operations.

An analysis of the results of the discontinued operations is as follows:-

	Group	
	2020 RM'000	2019 RM'000
Revenue	15,190	53,600
Cost of sales	(13,895)	(49,486)
Gross profit	1,295	4,114
Finance income	–	1
Other income	20	32
	1,315	4,147
Administrative expenses	(609)	(2,549)
Other expenses	(50)	(197)
Net loss on impairment of financial assets	–	(26)
Finance costs	(124)	(480)
	(783)	(3,252)
Result from operating activities	532	895
Tax expense	(128)	(230)
Profit after tax from discontinued operations	404	665
Attributable to:		
Owners of the Company	275	453
Non-controlling interests	129	212
	404	665

(a) Included in profit before tax from the discontinued operations are as follows:-

	2020 RM'000	2019 RM'000
Staff costs (including Directors' emoluments)	950	3,853
Inventories written down	–	78
Unrealised foreign exchange gain	–	(25)

(b) The cash flows attributable to the discontinued operations are as follows:-

	2020 RM'000	2019 RM'000
Net cash (used in)/from operating activities	(494)	4,245
Net cash used in investing activities	(2,003)	(108)
Net cash used in financing activities	(168)	(388)
Net cash (used in)/from discontinued operations	(2,665)	3,749

32. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary shares

Basic (loss)/earnings per share are calculated by dividing (loss)/profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

(Loss)/Profit attributable to ordinary shares:-

	Group	
	2020	**2019**
Continuing operations		
Loss from continuing operations attributable to ordinary equity holders of the Company (RM'000)	(38,338)	(37,518)
Weighted average number of ordinary shares in issue ('000)	72,469	72,469
Basic loss per ordinary share (sen)	(52.90)	(51.77)
Discontinued operations		
Profit from discontinued operations attributable to ordinary equity holders of the Company (RM'000)	275	453
Weighted average number of ordinary shares in issue ('000)	72,469	72,469
Basic earnings per ordinary share (sen)	0.38	0.63

(b) Diluted earnings per ordinary shares

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(Excluding Directors)				
Salaries, wages and other emoluments	15,001	14,571	8,161	8,623
Defined contribution plan	1,568	1,686	790	601
	16,569	16,257	8,951	9,224

33. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Directors' remunerations

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive:				
- Salaries and other emoluments	1,790	2,082	1,790	2,082
- Defined contribution plan	295	319	295	319
	2,085	2,401	2,085	2,401
Non-Executive:				
- Allowances	71	49	71	49
Other Directors				
Executive:				
- Salaries and other emoluments	21	153	–	–
- Defined contribution plan	–	13	–	–
	21	166	–	–
Analysis excluding benefits-in-kind:-				
Total executive Directors' remuneration	2,106	2,567	2,085	2,401
Total non-executive Directors' remuneration	71	49	71	49
	2,177	2,616	2,156	2,450

34. RELATED PARTY DISCLOSURES

(a) The related party transactions of the Group and of the Company during the financial year were as follows:-

	Company	
	2020 RM'000	2019 RM'000
Sales to subsidiaries	31,995	24,307
Purchases from subsidiaries	1,211	2,604
Handling charge charged to subsidiaries	–	102
Handling charge charged by a subsidiary	2	39

34. RELATED PARTY DISCLOSURES (CONT'D)

(a) The related party transactions of the Group and of the Company during the financial year were as follows (cont'd):-

	Company	
	2020 RM'000	2019 RM'000
Management fees received from subsidiaries	2,866	2,974
Rental charged to subsidiaries	64	64
Selling and distribution charges charged by a subsidiary	2,690	2,156

<u>Companies in which certain Directors have substantial financial interest:-</u>

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sales to related parties	–	5	–	–
Rental and services charges paid to a related party	–	733	–	733
Consultation fee paid to an ex-Director of a subsidiary	–	438	–	438

(b) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 9, 13, 14, 16 and 24 to the financial statements.

(c) The key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

Key management includes all the Directors of the Company and certain members of senior management of the Group.

The emoluments of the Directors are disclosed in Notes 29 and 33 to the financial statements.

The emoluments of other key management personnel are as follow:-

	Group and Company	
	2020 RM'000	2019 RM'000
Short-term employee benefits	1,735	1,117
Defined contribution plan	208	133
	1,943	1,250

35. OPERATING SEGMENTS

For management purposes, the Group is organised into five business units based on their products and services, which comprises the following:-

Business segments	Business activities
Trading	Distributor and supplier of construction and finishing building materials, heavy steel products, architectural hardware, home improvement materials, cabinet systems, fuel and lubricants. This segment offers products and services for the construction, infrastructural and manufacturing sectors and end users.
Contracting	Specialist contractor engaged in fluid engineering systems and maintenance works, contracting and assembling of industrial control instruments and engineering equipment as well as civil engineering works and construction. This segment also engaged in roofing works which products include metal roofing, prefabricated roof trusses and ceiling works and provision of interior fit-out works and services.
Property development	The development of residential and commercial properties.
Property and investment holding	Properties are leased out for rental income or held for long-term capital appreciation. Investments in quoted and unquoted shares are held for dividend income and capital gains.
Others	Provision of warehousing services within the Group which do not constitute a separate reportable segment.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's five main business segments operate in two geographical areas:-

(i) Malaysia - the operations in this area are principally trading and distribution of building materials, property and investment holding, specialist contracting, manufacturing of kitchen cabinets and wardrobe systems and property development.

(ii) Singapore - the operations in this area are principally trading and distribution of building materials and specialist contractor in fluid engineering systems and maintenance works.

	Revenue		Non-current assets*	
	2020	2019	2020	2019
Group	RM'000	RM'000	RM'000	RM'000
Malaysia	81,437	111,265	76,873	76,782
Singapore	–	1,873	–	–
	81,437	113,138	76,873	76,782

* The non-current assets excluding financial instruments and deferred tax assets.

35. OPERATING SEGMENTS (CONT'D)

Major customers

There is no customer which accounted for revenue equal to or more than 10% of the Group's revenue.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on a mutual agreement basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Those transfers are eliminated on consolidation.

35. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:-

2020	Note	Trading RM'000	Contracting Continued RM'000	Contracting Discontinued RM'000	Property development RM'000	Property and investment holding RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Revenue									
Revenue from external customers		80,979	359	15,190	–	99	–	–	96,627
Inter-segment revenue	(a)	–	–	–	–	60	–	(60)	–
Total revenue		80,979	359	15,190	–	159	–	(60)	96,627
Results									
Finance income		1,328	–	–	18	–	–	–	1,346
Finance costs		(3,618)	–	(124)	–	–	–	–	(3,742)
Tax income/(expenses)		283	–	(128)	–	(48)	(20)	–	87
Depreciation of property, plant and equipment		(1,083)	–	–	(5)	(27)	–	(205)	(1,320)
Depreciation of right-of-use assets		(51)	–	–	–	–	–	(145)	(196)
Changes in fair value of investment properties		–	–	–	–	(260)	–	–	(260)
Remeasurement loss of assets held for sale		(224)	–	–	–	–	–	–	(224)
Dividend income		6	–	–	–	–	–	–	6
Other non-cash expenses	(b)	(10,359)	–	–	–	(12)	(4)	–	(10,375)
Segment (loss)/profit	(c)	(32,504)	(546)	528	(10)	(3,378)	350	–	(35,560)
Assets									
Segment assets	(d)	43,663	455	–	13,520	64,232	91	–	121,961
Included in segment assets are:									
Investment in associates		–	–	–	–	7	–	–	7
Additional to non-current assets other than deferred tax assets	(e)	2,259	–	–	–	132	–	–	2,391
Liabilities									
Segment liabilities	(f)	23,448	892	–	266	1,579	32	–	26,217

35. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:- (Cont'd)

2019	Note	Trading RM'000	Contracting Continued RM'000	Contracting Discontinued RM'000	Property development RM'000	Property and investment holding RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Revenue									
Revenue from external customers		108,560	1,873	53,600	2,465	240	–	–	166,738
Inter-segment revenue	(a)	–	–	–	–	764	–	(764)	–
Total revenue		108,560	1,873	53,600	2,465	1,004	–	(764)	166,738
Results									
Finance income		3,121	–	1	40	–	–	–	3,162
Finance costs		(3,828)	–	(480)	(145)	–	–	–	(4,453)
Tax income/(expense)		1,633	–	(230)	9	(3,623)	–	–	(2,211)
Depreciation of property, plant and equipment		(626)	–	–	(9)	(19)	–	(350)	(1,004)
Changes in fair value of investment properties		–	–	–	–	1,180	–	–	1,180
Remeasurement loss of assets held for sale		(233)	–	–	–	–	–	–	(233)
Dividend income		5	–	–	–	–	–	–	5
Other non-cash expenses	(b)	(18,531)	(6,698)	(104)	–	–	–	–	(25,333)
Segment (loss)/profit	(c)	(37,636)	(2,176)	1,144	(1,474)	4,470	66	–	(35,605)
Assets									
Segment assets	(d)	77,601	4	47,453	12,028	67,643	89	–	204,818
Included in segment assets are:									
Investment in associates		–	–	–	–	7	–	–	7
Additional to non-current assets other than deferred tax assets	(e)	1,797	–	109	15	1	–	–	1,922
Liabilities									
Segment liabilities	(f)	29,208	4	21,106	629	120	31	–	51,098

35. OPERATING SEGMENTS (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(a) Inter-segment revenues are eliminated on consolidation.

(b) Other major non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:-

	2020 RM'000	2019 RM'000
Bad debts writtln off	250	–
Inventories written down	837	3,782
Reversal of inventories written off	(437)	–
Inventories written off	–	70
Net impairment loss on financial assets	9,631	14,513
Impairment loss of disposal group classified as held for sales	–	6,698
Property, plant and equipment written off	94	270
	10,375	25,333

(c) The following items are (deducted from)/added to segment loss to arrive at "loss after tax" presented in the statements of profit or loss:-

	2020 RM'000	2019 RM'000
Segment loss	(35,560)	(35,605)
Finance income	1,346	3,162
Finance costs	(3,742)	(4,453)
	(37,956)	(36,896)

(d) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	2020 RM'000	2019 RM'000
Segment assets	121,961	204,818
Deferred tax assets	–	8
Tax recoverable	433	1,906
	122,394	206,732

(e) Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	2020 RM'000	2019 RM'000
Capital expenditure	2,391	1,922

35. OPERATING SEGMENTS (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:- (cont'd)

(f) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	2020 RM'000	2019 RM'000
Segment liabilities	26,217	51,098
Deferred tax liabilities	2,468	2,608
Finance lease liabilities	–	18
Borrowings	58,244	70,673
Tax payable	26	347
	86,955	124,744

36. CONTINGENT LIABILITIES

The Directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required.

	Company	
	2020 RM'000	2019 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries	2,440	1,898
Corporate guarantees and letter of undertaking given in favour of third parties for supplying goods to subsidiaries	1,282	1,896

37. CAPITAL COMMITMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure				
Authorised and contracted for:				
- Property, plant and equipment	–	2,076	–	1,205

38. CAPITAL MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total debt divided by total equity less goodwill. Total debt is including finance lease liabilities, bankers' acceptances, business cash financing, term financing/loan and bank overdrafts.

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

The debt-to-equity ratio of the Group and of the Company at the end of the reporting year was as follows:-

	Group		Company	
	2020	**2019**	**2020**	**2019**
Net debt (RM'000)	58,244	70,691	51,945	64,486
Total capital (RM'000)	35,704	73,792	16,487	42,934
Total debt against equity ratio	1.63	0.96	3.15	1.50

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

39. FINANCIAL INSTRUMENTS

39.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

(a) Fair value through other comprehensive income ("FVOCI") and;
(b) Amortised cost ("AC").

	2020		2019	
Group	**AC RM'000**	**FVOCI RM'000**	**AC RM'000**	**FVOCI RM'000**
Financial assets				
Other investments	–	561	–	601
Trade receivables	30,758	–	56,123	–
Other receivables	3,048	–	3,829	–
Amount due from an associate	6	–	4	–
Fixed deposits with a licensed bank	–	–	5,558	–
Cash and bank balances	3,629	–	5,699	–
	37,441	561	71,213	601

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

(a) Fair value through other comprehensive income ("FVOCI") and;
(b) Amortised cost ("AC").

	2020		2019	
Company	**AC RM'000**	**FVOCI RM'000**	**AC RM'000**	**FVOCI RM'000**
Financial assets				
Other investments	–	448	–	458
Trade receivables	15,356	–	18,995	–
Other receivables	1,295	–	1,875	–
Amount due from subsidiaries	13,047	–	19,153	–
Amount due from an associate	6	–	4	–
Fixed deposits with a licensed bank	–	–	3,508	–
Cash and bank balances	2,118	–	2,166	–
	31,822	448	45,701	458

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Amortised cost				
Financial liabilities				
Trade payables	18,462	16,937	10,669	8,119
Other payables	7,156	4,452	4,954	1,641
Finance lease liabilities	–	18	–	–
Borrowings	58,244	70,673	51,945	64,486
Amount due to subsidiaries	–	–	47,957	44,033
	83,862	92,080	115,525	118,279

39.2 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group and the Company established policies and procedures to ensure effective management of credit risk, interest rate risk, liquidity risk, foreign currency risk and equity price risk.

The following sections explain key risks faced by the Group and the Company and their management. Financial assets and financial liabilities of the Group and of the Company are summarised in Note 3.5 to financial statements.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Collateral are also obtained from some customers to further mitigate the credit risk exposure. In addition, receivables are monitored on an ongoing basis via management reporting procedures. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparty.

Following are the areas where the Group and the Company are exposed to credit risk:-

Trade receivables

Exposure to credit risk

At as the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company.

Credit risk concentration

The Group has major concentration of credit risk related to the amounts owing by two customers (2019: a customer) which constituted approximately 33% (2019: 16%) of total trade receivables.

The Company's major concentration of credit risk related to the amounts owing by three customers (2019: a customer and a related company in which Directors have interests) which constituted approximately 76% (2019: 63%) of total trade receivables.

Recognition and measurement of impairment loss

The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. The Group's and the Company's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Group and the Company and existence of previous financial difficulties.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

In respect of the development properties, most of the end-buyers obtain end-financing to fund their purchases of the Group's properties. In such cases, the Group mitigates any credit risk it may have by maintaining its name as the registered owner of the development until full settlement by the purchasers of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on invoice dates for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions.

The ageing analysis of trade receivables of the Group and of the Company are as follows:-

2020	Gross carrying amount RM'000	Expected credit loss RM'000	Net RM'000
Group			
Not past due	3,408	(32)	3,376
Past due 1 to 30 days	409	(15)	394
Past due 31 to 60 days	2,189	(775)	1,414
Past due 61 to 90 days	5,408	(1,129)	4,279
Past due more than 90 days	73,811	(52,516)	21,295
	85,225	(54,467)	30,758
Company			
Not past due	690	–	690
Past due 1 to 30 days	15	(14)	1
Past due 31 to 60 days	160	(1)	159
Past due 61 to 90 days	831	(203)	628
Past due more than 90 days	41,429	(27,551)	13,878
	43,125	(27,769)	15,356

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk:- (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The ageing analysis of trade receivables of the Group and of the Company are as follows:- (cont'd)

2019	**Gross carrying amount RM'000**	**Expected credit loss RM'000**	**Net RM'000**
Group			
Not past due	20,284	(2,059)	18,225
Past due 1 to 30 days	10,011	(1,366)	8,645
Past due 31 to 60 days	8,258	(1,172)	7,086
Past due 61 to 90 days	7,447	(474)	6,973
Past due more than 90 days	54,860	(39,666)	15,194
	100,860	(44,737)	56,123
Company			
Not past due	2,081	(172)	1,909
Past due 1 to 30 days	780	(68)	712
Past due 31 to 60 days	1,500	(102)	1,398
Past due 61 to 90 days	1,848	(159)	1,689
Past due more than 90 days	37,955	(24,668)	13,287
	44,164	(25,169)	18,995

Other receivables

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

As at the end of the reporting year, there was no indication that other receivables are not recoverable except for those disclosed in Note 14 to the financial statements.

Inter-company balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group and the Company provide unsecured advances to subsidiaries and an associate and monitors their results regularly.

As at the end of the reporting year, there was no indication that advances to subsidiaries and an associate are not recoverable except for those disclosed in Note 16 to the financial statements.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Financial institutions and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's and the Company's treasury department in accordance with the Group's and the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Financial guarantees

The maximum exposure to credit risk is amounted to RM3,722,000 (2019: RM3,794,000), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that any subsidiary would default on repayment.

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

39.2.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to the risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company target a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.2 Interest rate risk (cont'd)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Fixed deposits with a licensed bank	–	(5,558)	–	(3,508)
Finance lease liabilities	–	18	–	–
Bankers' acceptance	35,715	41,046	31,205	37,873
Business cash financing	7,886	7,985	7,886	7,985
	43,601	43,491	39,091	42,350
Floating rate instruments				
Term financing/loan	10,766	15,506	10,766	15,506
Bank overdrafts	3,877	6,136	2,088	3,122
	14,643	21,642	12,854	18,628

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

<u>Cash flows sensitivity analysis for floating rate instruments</u>

The following illustrates the sensitivity of loss to a reasonably possible change in interest rates of +/-50 (2019: +/-50) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease on loss during the financial year				
2020	(73)	73	(64)	64
2019	(108)	108	(93)	93

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.3 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due, due to shortage of funds.

In managing its exposures to liquidity risk that arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

<u>Analysis of financial liabilities by remaining contractual maturity period</u>

The summary of the maturity profile based on the contractual undiscounted repayment obligations are as follow:-

Group	Carrying amount RM'000	Contractual cash flow RM'000	Maturity: Within 1 year RM'000	Maturity: 2 to 5 years RM'000	Maturity: More than 5 years RM'000
2020					
Trade payables	18,462	18,462	18,462	–	–
Other payables	7,156	7,156	7,156	–	–
Term financing/loan	10,766	11,314	5,353	5,961	–
Bankers' acceptances	35,715	35,715	35,715	–	–
Bank overdrafts	3,877	3,877	3,877	–	–
Business cash financing	7,886	7,886	7,886	–	–
	83,862	84,410	78,449	5,961	–
2019					
Finance lease liabilities	18	21	21	–	–
Trade payables	16,937	16,937	16,937	–	–
Other payables	4,452	4,452	4,452	–	–
Term financing/loan	15,506	16,708	7,154	9,554	–
Bankers' acceptances	41,046	41,046	41,046	–	–
Bank overdrafts	6,136	6,136	6,136	–	–
Business cash financing	7,985	7,985	7,985	–	–
	92,080	93,285	83,731	9,554	–

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.3 Liquidity risk (cont'd)

Analysis of financial liabilities by remaining contractual maturity period (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations are as follow (cont'd):-

Company	Carrying amount RM'000	Contractual cash flow RM'000	Maturity Within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000
2020					
Trade payables	10,669	10,669	10,669	–	–
Other payables	4,954	4,954	4,954	–	–
Amount due to subsidiaries	47,957	47,957	47,957	–	–
Term financing/loan	10,766	11,314	5,353	5,961	–
Bankers' acceptances	31,205	31,205	31,205	–	–
Bank overdrafts	2,088	2,088	2,088	–	–
Business cash financing	7,886	7,886	7,886	–	–
	115,525	116,073	110,112	5,961	–
Financial guarantee*	3,722	3,722	3,722	–	–
2019					
Trade payables	8,119	8,119	8,119	–	–
Other payables	1,641	1,641	1,641	–	–
Amount due to subsidiaries	44,033	44,033	44,033	–	–
Term financing/loan	15,506	16,708	7,154	9,554	–
Bankers' acceptances	37,873	37,873	37,873	–	–
Bank overdrafts	3,122	3,122	3,122	–	–
Business cash financing	7,985	7,985	7,985	–	–
	118,279	119,481	109,927	9,554	–
Financial guarantee*	3,794	3,794	3,794	–	–

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting year.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Financial risk management (cont'd)

39.2.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group and the Company are exposed to foreign currency risk on income and expenses that are denominated in a currency other than the functional currency of the Group and of the Company. The currency giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group's and the Company's financial assets/(financial liabilities) exposure to USD and SGD are in relation to:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets				
Cash and bank balances				
- USD	118	5	114	5
- SGD	1	1	1	1
Other receivables				
- USD	1	–	–	–
	120	6	115	6
Financial liability				
Other payables				
- USD	(30)	–	–	–
Net exposure	90	6	115	6

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting date against the functional currency of the Group and of the Company do not have the material impact on the loss after tax of the Group and of the Company and hence, no sensitivity analysis is presented.

39.2.5 Equity price risk

The Group's and the Company's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group and the Company manage their exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting year does not have material impact on the loss after tax and other comprehensive expenses of the Group and of the Company and hence, no sensitivity analysis is presented.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term in nature or immaterial discounting impact.

39.4 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2020				
Financial asset				
Other investments:				
- quoted shares	113	–	–	113
- club membership	–	448	–	448
2019				
Financial asset				
Other investments:				
- quoted shares	153	–	–	153
- club membership	–	448	–	448
Company				
2020				
Financial asset				
Other investments:				
- club membership	–	448	–	448
2019				
Financial asset				
Other investments:				
- quoted shares	10	–	–	10
- club membersip	–	448	–	448

There was no transfer between Level 1, 2 and 3 in 2020 and 2019.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 Reconciliation of liabilities arising from financing activities

	1.7.2019 RM'000	Discontinued operations RM'000	Cash flows RM'000	30.6.2020 RM'000
Group				
Finance lease liabilities	18	12	(30)	–
Term financing/loan	15,506	137	(4,877)	10,766
	15,524	149	(4,907)	10,766

	1.7.2019 RM'000	Cash flows RM'000	30.6.2020 RM'000
Company			
Amount due to subsidiaries	45,086	7,042	52,128
Term financing/loan	15,506	(4,740)	10,766
	60,592	2,302	62,894

	1.7.2018 RM'000	Discontinued operations RM'000	Cash flows RM'000	Disposal of a subsidiary RM'000	30.6.2019 RM'000
Group					
Finance lease liabilities	359	47	(141)	(247)	18
Term financing/loan	21,478	524	(6,496)	–	15,506
	21,837	571	(6,637)	(247)	15,524

	1.7.2018 RM'000	Cash flows RM'000	Waiver of debts RM'000	30.6.2019 RM'000
Company				
Amount due to subsidiaries	29,624	16,520	(1,058)	45,086
Term financing/loan	21,478	(5,972)	–	15,506
	51,102	10,548	(1,058)	60,592

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

Coronavirus Disease 2019

The recent outbreak of Corona virus Disease 2019 ("COVID-19") since end of 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on II March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order from 10 June 2020 to 31 December 2020. Consequently, these restrictions are expected to have material adverse effects on Malaysia's economy for 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group in 2020.

As a result of the MCO, the construction industry, which is a non-essential activity, was prohibited to operate during the MCO period. Consequently, all trading of building materials was also ceased. Upon CMCO, despite the lockdown restriction being eased, all the foreign workers in construction industry were required to go through COVID-19 test screening to ensure safety, which took months to complete and continue to halt the trading of building materials. This has consequently caused the Group to suffer the lowest quarterly revenue in the last quarter of the financial year of RM4,961,000 and contributed loss after tax of RM9,539,000.

As the outbreak is expected to remain uncertain in the foreseeable future, the management of the Group and of the Company will continue to monitor the development of COVID-19 closely and is in the process of assessing the future financial impact of COVID-19 since ongoing development remain uncertain and cannot be reasonably predicted as at the date of approving this financial statements.

Borrowings Restructuring Plans - Post Moratorium of COVID-19 Pandemic

The Group and the Company have approached its bankers, Ambank (M) Berhad, Bank Kerjasama Rakyat Malaysia Berhad, Bank Islam Malaysia Berhad, Malayan Banking Berhad and Bank Mualamat Malaysia Berhad subsequent to the reporting period to restructure and reschedule ("R&R") their existing facilities with them.

The objective was to manage the current cash flows position. The general direction is to convert existing unsettled trade facilities and overdrafts into term loans. Existing term loans will be restructured with any interest accrued to be converted into fresh term loans.

In selected cases, the R&R will involve the pledging of Group owned properties as security. As at the date of approving this financial statements, certain financial institutions of the Group and of the Company have rollover and rescheduling of some trade facilities with total of RM23,750,000 and RM21,310,000 respectively whilst the remaining outstanding borrowings of the Group and of the Company amounting to RM34,494,000 and RM30,635,000 respectively are still in negotiation with the financial institutions with an anticipatory favourable outcome.

The R&R exercise, once implemented, will generally allow for interest repayment in the first 12 to 24 months with capital and interest payments to continue after the aforementioned period. The deferment of capital repayment will allow the Group and the Company to have a more manageable cash flows and be in a better position for their recovery phase which enable the Group and the Company to continue as a going concern.

Engineering. Procurement. Construction and Commissioning Contract

On 4 September 2020, Ipmuda Rensol Sdn. Bhd. ("Ipmuda Rensol"), a wholly-owned subsidiary of the Company, has executed an engineering, procurement, construction and commissioning contract with Coara Marang Sdn. Bhd. for Ipmuda Rensol to undertake the onshore contract on the design, procurement, erection, connection, commissioning and testing as well as the supply of equipment for the construction of a ground mounted photovoltaic solar generation facility with an installed capacity of 100 MWac Solar Park in Marang, Terengganu, Malaysia at the total contract price of RM78,003,866.

LIST OF PROPERTIES HELD

as at 30 June 2020

	Location	Building Age (approx.) (years)	Existing Use	Tenure (Expiry date of lease)	Land Area/ Built-up area (Sq metre)	Carrying value @ 30/6/2020 RM
1	Lot 1240, Lahat Lane 30200 Ipoh Perak Darul Ridzuan	–	Residential land (vacant)	Freehold	3,689	1,430,000
2	1, Jalan Hala Datoh 2 30000 Ipoh Perak Darul Ridzuan	31	Shophouse	Freehold	339	985,400
3	Lots CG9 & 10 Plaza Pekeliling 50400 Kuala Lumpur Wilayah Persekutuan	41	Office	Freehold	274	1,500,000
4	6, Jalan Penchala 46050 Petaling Jaya Selangor Darul Ehsan	29*	Office and warehouse	Leasehold 23.04.2066	8,094	1,660,861
5	Units 2-1-23,24,26,27,28 Harbour Trade Centre Gat Lebuh MacCallum 10300 Pulau Pinang	26	Office	Leasehold 11.08.2090	712	2,840,000
6	Units 2-7-16, 17,31 Harbour Trade Centre Gat Lebuh MacCallum 10300 Pulau Pinang	26	Office	Leasehold 11.08.2090	714	1,380,000
7	3, Jalan Sutra Jaya 2/1 Taman Sutra Jaya 08000 Sg Petani Kedah Darul Aman	23	Shophouse (vacant)	Leasehold 01.12.2092	149	200,000
8	B-G-2, 3 & B-1-2, 3 & B-2-1,2 & B-3-1, 2 Taman Pelangi Apartment Melaka	15	Apartment	Freehold	870	885,000
9	Lot 199 Seksyen 43 Jalan Mayang Kuala Lumpur Wilayah Persekutuan	–	Development land	Freehold	1,197	23,000,000
10	A3-3, A4-4 Apartment Seri Kembangan Jalan Bukit Beruntung 7 Seksyen BB7, Bukit Beruntung 1 48300 Rawang Selangor Darul Ehsan	9*	Apartment (vacant)	Freehold	123	51,000
11	21, Jalan Kuala Kangsar Tasek Industrial Estate 31400 Ipoh Perak Darul Ridzuan	28	Office and warehouse	Leasehold 30.09.2064	13,187	1,135,923

	Location	Building Age (approx.) (years)	Existing Use	Tenure (Expiry date of lease)	Land Area/ Built-up area (Sq metre)	Carrying value @ 30/6/2020 RM
12	No. 1105, Block A Pusat Dagang Setia Jaya 9 Jalan PJS 8/9 46150 Petaling Jaya Selangor Darul Ehsan	20	Office	Leasehold 17.07.2091	47	98,336
13	1, Jalan 13/1 46200 Petaling Jaya Selangor Darul Ehsan	27*	Showroom office and warehouse	Leasehold 06.01.2060	20,772	9,434,509
14	3645, Jalan Bagan Dalam 12100 Butterworth Pulau Pinang	–	Commercial land	Freehold	12,291	19,850,000
15	Lot 758 Jalan Ayer Merah Kulim Kedah Darul Aman	–	Rubber estate	Freehold	14,277	600,000
16	1 & 3, Jalan IMJ 3 Taman Industri Malim Jaya 75450 Melaka	21	Office and warehouse	Leasehold 18.11.2095	803	355,863
17	No. 44, Jalan TSJ 8/1B Taman Seremban Jaya 70450 Seremban Negeri Sembilan Darul Khusus	22	Office and warehouse	Freehold	164	149,538
18	PTD 129839 Mukim Plentong Johor Bahru Johor Darul Takzim	-	Bungalow lot (vacant)	Freehold	816	110,000
19	B4-22-31B, 22 Floor Tower 4 Villa D'Savoy Condo Park A Famosa Resort, Alor Gajah, Melaka	15	Condominium	Leasehold	101	140,000
20	Lot 125, A Famosa Golf Resort Jalan Kemus Simpang Empat 78000 Alor Gajah, Melaka	9	Double storey detached house	Leasehold 18.12.2094	711	300,000
21	8 Jalan Lingkaran 5 Taman Sri Tambak Kluang, Johor Darul Takzim	8*	Double storey terrace shop	Leasehold 5.7.2093	130	230,000

Note:-

* *The building age is from date of purchase as the actual age of the buildings cannot be ascertained.*

STATEMENT OF SHAREHOLDINGS

Total number of Issued Shares	:	72,469,500
Class of Shares	:	Ordinary Shares
Number of Shareholders	:	2,918 shareholders
Voting Rights	:	1 Vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 02 OCTOBER 2020

Range of Shareholdings	No. of Shareholders	Percentage of Shareholders (%)	No. of Issued Shares Held	Percentage of Issued Shares (%)
Less than 100	50	1.71	893	0.00
100 - 1,000	1,282	43.93	1,218,443	1.68
1,001 - 10,000	1,273	43.63	5,217,167	7.20
10,001 - 100,000	274	9.39	7,811,765	10.78
100,001 to less than 5% of issued shares	33	1.13	11,278,432	15.56
5% and above of issued shares	6	0.21	46,942,800	64.78
TOTAL	2,918	100.00	72,469,500	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 02 OCTOBER 2020

(as per Record of Depositors)

	Name of shareholders	No. of Issued Shares Held	Percentage of Issued Shares (%)
1.	Mentari Maksima Sdn Bhd	12,050,300	16.63
2.	Dutariang Sdn Bhd	10,064,300	13.89
3.	Maju Holdings Sdn Bhd	8,715,000	12.03
4.	Nurhaida binti Abu Sahid	6,000,000	8.28
5.	Everest Champion Sdn Bhd	5,822,600	8.03
6.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed (MG0172-003)	4,290,600	5.92
7.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed (MARGIN)	1,708,400	2.36
8.	KOP Mantap Berhad	1,097,000	1.51
9.	Koh Chai Seng	1,015,100	1.40
10.	Chin Khee Kong & Sons Sendirian Berhad	554,500	0.77
11.	Harmoni Sdn Bhd	552,800	0.76
12.	Noor Azrina binti Mohd Azmi	500,000	0.69
13.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kian Fong	436,600	0.60
14.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed	417,300	0.58
15.	Chin Kian Fong	414,000	0.57
16.	Lee Chee Khoon	310,000	0.43
17.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Surinder Singh A/L Wassan Singh	300,000	0.41
18.	Smooth Operation Sdn Bhd	288,000	0.40
19.	Lee Yoke Pui	282,000	0.39
20.	Tan Teck Peng	245,000	0.34

THIRTY LARGEST SHAREHOLDERS AS AT 02 OCTOBER 2020 (CONT'D)
(as per Record of Depositors)

	Name of shareholders	No. of Issued Shares Held	Percentage of Issued Shares (%)
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leslie Anne Scully (E-SS2)	235,200	0.32
22.	Au Yang Tuan Kah	226,000	0.31
23.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	220,700	0.30
24.	Chai Youn Nyok	215,100	0.30
25.	Low Hing Noi	210,000	0.29
26.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Ah Lek (M03)	207,500	0.29
27.	Ting Heng Peng	201,000	0.28
28.	Ruthlene binti Abu Sahid	200,000	0.28
29.	Teh Paik Chuan	185,000	0.26
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ker Chooi Ngoh (TTDI-CL)	170,100	0.23
	TOTAL	57,134,100	78.85

SUBSTANTIAL SHAREHOLDERS AS AT 02 OCTOBER 2020
(as per the Company's Register of Substantial Shareholders)

		No. of Issued Shares Held		
	Name of Substantial Shareholders	Direct Interest	Deemed Interest	Percentage of Issued Shares (%)
1.	Maju Holdings Sdn Bhd	8,715,000	–	12.03
2.	Tan Sri Abu Sahid bin Mohamed	6,461,300	8,715,000	20.94
3.	Dutariang Sdn Bhd	10,064,300	–	13.89
4.	Num A/L Din Niam	–	10,064,300	13.89
5.	Everest Champion Sdn Bhd	5,822,600	–	8.03
6.	Syahruban Binti Mohammad	–	5,822,600	8.03
7.	Nurhaida binti Abu Sahid	6,000,000	–	8.28
8.	Mentari Maksima Sdn Bhd	12,050,300	–	16.63
9.	Wong Kichin	10,000	12,050,300	16.64

DIRECTORS' SHAREHOLDINGS AS AT 02 OCTOBER 2020

(as per the Company's Register of Directors' Shareholdings)

Name of Director	No. of Issued Shares Held Direct Interest	Percentage of Issued Shares (%)	No. of Issued Shares Held Deemed Interest	Percentage of Issued Shares (%)
Beroz Nikmal Bin Mirdin	18,000	0.02	6,000,000*	8.28%

Other than as disclosed above, none of the other Directors have any interests in shares (direct or deemed interests) in the Company and its related corporations.

Note:

* Deemed interested by virtue of his spouse shareholding in Ipmuda Berhad ("the Company").

Form of Proxy

CDS Account No:				–				–									
No. of Shares Held:																	

I/We ____

of ____

being a member(s) of IPMUDA BERHAD hereby appoint ______________________________

of ____

____

or failing him/her ____

of ____

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Fifth (“45th”) Annual General Meeting of the Company to be held at Multaqam Hall, Level 10, Maju Tower, 1001 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, on Friday 18 December 2020 at 9.00 a.m. and at any adjournment thereof, in the manner indicated below:

	ORDINARY RESOLUTION		**FOR**	**AGAINST**
1	Approve payment of RM96,100.00 Directors’ Fees	Resolution 1		
2	Approve the payment of Directors’ benefits payable to the Non-Executive Directors up to an amount of RM110,000.00 from 19 December 2020 until the next Annual General Meeting of the Company in 2021.	Resolution 2		
3	Re-election of the following Directors retiring under Article 138 of the Company’s Constitution: (a) Encik Beroz Nikmal bin Mirdin	Resolution 3		
	(b) Encik Jeefri bin Muhamad Yusup	Resolution 4		
	(c) Mr Baevinraj Thiagarajah	Resolution 5		
	(d) Dato’ Amiruddin bin Abdul Satar	Resolution 6		
4	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors for the ensuing year and authorise Directors to fix their remuneration	Resolution 7		
5	Proposed amendments to Article 74 and Article 75 of the Company’s Constitution	Special Resolution		
6	Authority to the Directors to issue and allot shares pursuant to Section 75 and Section 76 of the Companies Act 2016	Resolution 8		

Please indicate with “X” how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he thinks fit.

Dated this ___________________ day of ___________________ 2020

Signature: ____

NOTES:

1) A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or not more than two (2) proxies, to attend and vote in his stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

2) Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

4) Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5) The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

6) The instrument appointing the proxy must be deposited at the Registered Office of the Company at 9th Floor, Maju Tower, 1001 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
IPMUDA BERHAD
9th Floor Maju Tower
1001 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

1st fold here

IPMUDA BERHAD (197501000834 (22146-T))

9th Floor, Maju Tower, No. 1001, Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia

Tel : +603 2719 2828 Fax : +603 2719 2818

www.ipmuda.com.my