



Annual Report 2020

**SETTING
THE PATH TO
SUCCEED**



FAJARBARU BUILDER GROUP BHD.

199301026907 (281645-U)

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FORM OF PROXY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Company will be held at Dewan Perdana, 1st Floor Sport Complex, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 3 December 2020 at 10.00 a.m.

AGENDA

- | | |
|---|--------------------------------|
| 1) To receive the Audited Financial Statements for the year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon. | (Refer to Explanatory Notes i) |
| 2) To re-elect Dato' Sri Kuan Khian Leng who retires in accordance with Clause 83 of the Company's Constitution. | Resolution 1 |
| 3) To re-elect Dato' Lim Siew Mei who retires in accordance with Clause 83 of the Company's Constitution. | Resolution 2 |
| 4) To approve the payment of Directors' fees and other benefits of RM240,000.00 for the period from Twenty-Sixth Annual General Meeting until the next annual general meeting of the Company. | Resolution 3 |
| 5) To re-appoint Messrs Crowe Malaysia PLT, the Auditors of the Company, to hold office for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 4 |

Special Business

To consider and, if thought fit, to pass the following resolutions:-

- | | |
|--|----------------------------------|
| 6) Ordinary Resolution 1 - Continuation in office as Independent Director | (Refer to Explanatory Notes ii) |
| "THAT approval be and is hereby given to Mr. Foong Kuan Ming, who has served as an Independent Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director." | Resolution 5 |
| 7) Ordinary Resolution 2 - Continuation in office as Independent Director | (Refer to Explanatory Notes ii) |
| "THAT approval be and is hereby given to Dato' Ismail Bin Haji Omar, who has served as an Independent Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director." | Resolution 6 |
| 8) Ordinary Resolution 3 - Authority to Issue Shares | (Refer to Explanatory Notes iii) |
| "THAT pursuant to Section 75 and Section 76 of the Companies Act, 2016, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed ten per centum of the total number of issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such issuance and allotment." | Resolution 7 |

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9) **Ordinary Resolution 4 - Proposed Renewal of Share Buy-back Authority**

(Refer to
Explanatory
Notes iv)

"THAT subject to the Companies Act, 2016, the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Company be and is hereby authorised to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares ("Proposed Share Buy-back") in the Company as may be determined by the Directors of the Company from time to time on the market of the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all or part the shares so purchased and/or to retain all or part the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Securities and/or to retain part thereof as treasury shares and cancel the remainder; AND THAT the Directors be and are hereby authorised and empowered to do all acts and things to give full effect to the Proposed Share Buy-back AND FURTHER THAT such authority shall commence immediately upon passing of this resolution until:

- i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoke or varied by ordinary resolution of the shareholders of the Company at a general meeting whichever is the earliest."

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

BY ORDER OF THE BOARD

TAN KOK AUN (SSM PC No. 201908003805) (MACS 01564)
NIP CHEE SIEN (SSM PC No. 202008003954) (MAICSA 7066996)
Company Secretaries

Kuala Lumpur,
30 October 2020

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes :

1. A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him/her at a general meeting who shall represent all the shares held by such member, and where a member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy to attend and vote instead of him/her at the same meeting. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. A proxy may but need not be a member of the Company.
4. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
5. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified true copy thereof shall be deposited at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the meeting.
6. Depositor whose name appears on the Record of Depositors as at 26 November 2020 shall be regarded as member of the Company and entitled to attend and vote at the meeting or to appoint proxy(ies) to attend and vote at meeting.

EXPLANATORY NOTES

- i. Agenda on Item 1 is meant for discussion only as the provision of Section 340 (1) (a) of the Companies Act, 2016 does not require a formal approval of the shareholders, and hence is not put forward for voting.
- ii. Continuation in office as Independent Non-Executive Director
The proposed Resolution 5 and 6 in Agenda on Item 6 and 7 is to seek shareholders' approval to retain Mr. Foong Kuan Ming and Dato' Ismail Bin Haji Omar as Independent Directors. Mr. Foong and Dato' Ismail have served in that capacity since November 1998 and August 2011 respectively.

The Board has assessed the independence of Mr. Foong Kuan Ming and Dato' Ismail Bin Haji Omar and recommended that they continue to act as Independent Directors of the Company based on the following justification:

- Mr. Foong and Dato' Ismail fulfilled the criteria under the definition of "Independent Director" as stated in the Listing Requirements.
- Mr. Foong and Dato' Ismail have over time, developed increased insight with the Group's business operations and therefore can contribute to the effectiveness of the Board as a whole.
- Mr. Foong and Dato' Ismail do not have any conflict of interest as throughout their tenure of office as an Independent Director of the Company, they have not entered into and are not expected to enter into any contracts which will give rise to any related party transactions with the Company and its subsidiaries.
- Mr. Foong and Dato' Ismail remain objective and independent in expressing their views and participated in active deliberations and decision making process of the Board and Board Committees in which they are a member. Their length of service on the Board and Board Committees do not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

iii. Authority to Directors to Issue Shares

The proposed Resolution 7 in Agenda on Item 8 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting. This is a renewal of a general mandate. In order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.

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

iv. Proposed Renewal of Share Buy-back Authority

The proposed Resolution 8 in Agenda on Item 9 is to empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. Please refer to the Share Buy-back Statement dated 30 October 2020, which is dispatched together with the Company's Annual Report 2020.

IMPORTANT NOTE :

As a precautionary measure against the spread of Coronavirus Disease 2019 ("COVID-19"), members are advised to observe the applicable directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council, and other relevant authorities to curb the spread of COVID-19 are abided by, ensure a physical distancing of at least one (1) metre between each meeting participant and wear face mask at all times.

The Company will closely monitor the COVID-19 pandemic situation and reserves the right to take further measures or short-notice arrangements as public health situation changes. Members can check further update on the Twenty-Sixth Annual General Meeting that will be announced by the Company on the Bursa Securities.

STATEMENT ACCOMPANYING

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

DETAILS OF MEETING

Twenty-Sixth Annual General Meeting of the Company will be held at Dewan Perdana, 1st Floor Sport Complex, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 3 December 2020 at 10.00 a.m.

RE-ELECTION OF DIRECTORS

Directors who are standing for re-election in accordance with Clause 83 of the Company's Constitution:

- i) Dato' Sri Kuan Khian Leng
- ii) Dato' Lim Siew Mei

Further details of the Directors standing for re-election are set out in the Directors' Profile appearing on page 24 to 25 of this Annual Report.

ATTENDANCE OF BOARD MEETING

Details of the attendance of directors at board meetings are stated on page 27 of this Annual Report.



Rica Residence

SENTUL KL

Rica Residence @ Sentul is a modern sanctuary where convenience and fulfilment, built to coexist harmoniously. Situated in the heart of the city, be greeted with picturesque and lusciously green spaces at various levels of the development.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Low Keng Kok	(Independent Non-Executive Chairman)
Dato' Sri Kuan Khian Leng	(Executive Director)
Dato' Ismail Bin Haji Omar	(Independent Non-Executive Director)
Dato' Lim Siew Mei	(Non-Independent Non-Executive Director)
Foong Kuan Ming	(Independent Non-Executive Director)
Ooi Leng Chooi	(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman - Foong Kuan Ming
Members - Dato' Ismail Bin Haji Omar
- Ooi Leng Chooi

NOMINATING COMMITTEE

Chairman - Foong Kuan Ming
Members - Dato' Ismail Bin Haji Omar
- Ooi Leng Chooi

REMUNERATION COMMITTEE

Chairman - Dato' Ir Low Keng Kok
Members - Dato' Sri Kuan Khian Leng
- Foong Kuan Ming

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd
Bangkok Bank Berhad
RHB Bank Berhad
CIMB Bank Berhad

SOLICITOR

Messrs. B B Teh.

COMPANY SECRETARIES

Tan Kok Aun (SSM PC No. 201908003805) (MACS 01564)
Nip Chee Sien (SSM PC No. 202008003954) (MAICSA 7066996)

REGISTERED OFFICE

No. 1 & 1A, 2nd Floor (Room 2),
Jalan Ipoh Kecil,
50350 Kuala Lumpur.
Tel : +603 - 4043 5750
Fax : +603 - 4043 5755

BUSINESS ADDRESS

No.61 & 63, Jalan SS6/12,
Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel : +603 - 7804 9698
Fax : +603 - 7804 3698 / 4849
Website : <http://www.fajarbaru.com.my>

AUDITORS

Crowe Malaysia PLT,
Chartered Accountants
Kuala Lumpur Office,
Level 16 Tower C, Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel : +603 - 2788 9999
Fax : +603 - 2166 1000

REGISTRAR

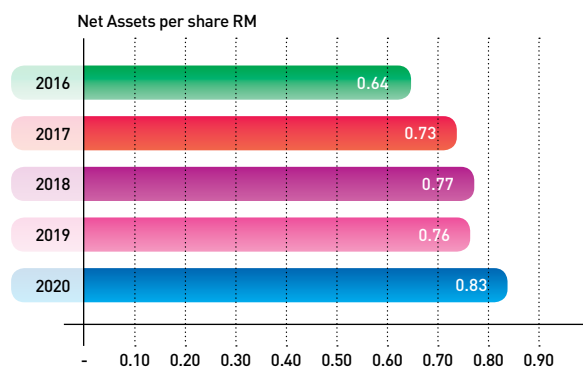
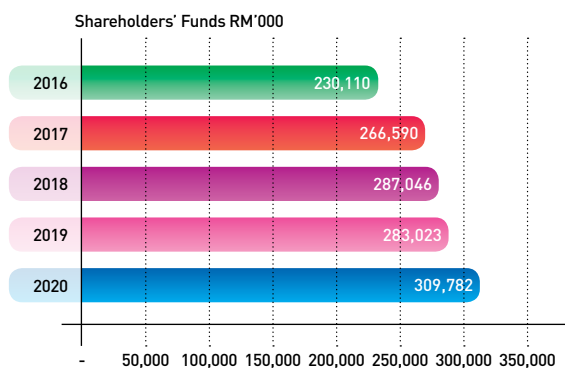
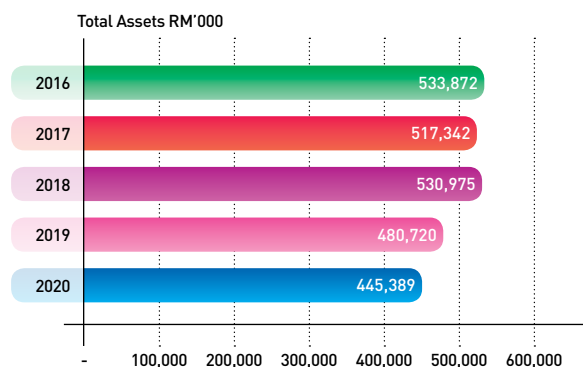
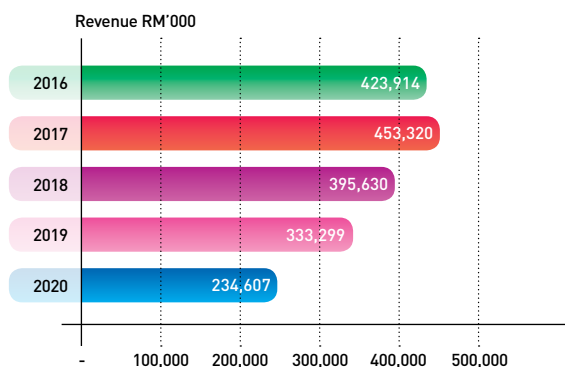
Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.
Tel : +603 - 2783 9299
Fax : +603 - 2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Bhd
Stock Name: FAJAR
Stock Code: 7047

PERFORMANCE ANALYSIS

		2016	2017	2018	Restated 2019	2020
Revenue	RM'000	423,914	453,320	395,630	333,299	234,607
Profit / (Loss) before tax	RM'000	49,010	107,234	58,636	41,686	38,257
Profit / (Loss) after tax	RM'000	31,561	79,640	40,953	26,510	36,161
Issued Share Capital	RM'000	181,367	189,677	194,275	194,275	194,303
Shareholders' Funds	RM'000	230,110	266,590	287,046	283,023	309,782
Total Assets	RM'000	533,872	517,342	530,975	480,720	445,389
Earnings per share	Sen	3.21	10.71	4.72	3.75	8.75
Net Assets per share	RM	0.64	0.73	0.77	0.76	0.83



VISION

To be the most valued construction and property company in the markets we serve.

MISSION

With stakeholder satisfaction as our core, we further focus on individual goals to achieve the bigger collective aspiration.



Shareholders

To create value for our shareholders by consistently improving our profitability and growth, and ultimately deliver superior returns on their investment.



Customers

To achieve highest level of customer satisfaction through reliable and timely delivery, innovative and cost-effective products and solutions, without compromising on quality and safety.



Technology

To constantly update ourselves with the latest technology and embrace it, while utilising relevant skills to improve our efficiency.



Associates

To be the preferred business partner, consultant and supplier; to have a relationship based on respect, professionalism and ethics.



Employees

To create value for our employees by providing better growth opportunities.



Communities

To create a sustainable future for our stakeholders and the society by preserving the environment, be responsible, and be active in the development of a better society and economy.





CORE VALUES

The Fajarbaru Group of Companies leads the way in business by observing the following set of values:



INTEGRITY

Placing utmost importance on corporate integrity and accepting full responsibility on actions taken within business endeavours.



QUALITY

Commitment to provide products and services of the highest quality in a timely manner to achieve consistent customer satisfaction.



SAFETY

Safety must be at the forefront of decision-making and never compromise the safety of employees, customers, business associates and community.



INNOVATION

Continuous improvement of services rendered with a dynamic approach to challenge existing practices without hesitation.



RESPECT

Function collectively as a team to achieve business objectives in an honest and respectful environment by accepting various differences and opinions as being equally valid.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders, on behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Fajarbaru Builder Group Bhd. (“Fajarbaru” or “Group”) for the financial year ended 30 June 2020.

**Dato’ Ir. Low Keng Kok
(Independent Non-Executive
Chairman)**

The Malaysian Economy and Industry Trends

The Malaysian economy expanded by 4.3% in 2019, supported by resilient private sector spending as reported by Bank Negara. During the earlier part of 2020, COVID-19 has spread all over the world and the Malaysian government has taken proactive measures to curb its spread locally by imposing the Movement Control Order (MCO) and later extended to CMCO (Conditional Movement Control Order) and RMC0 (Recovery Movement Control Order). The economy registered a contraction of 17.1% in the second quarter of 2020 due to sudden drop in production and consumption activities as compared to 0.7% in the first quarter of 2020.

Growth in the construction sector moderated at 0.1% in 2019 as compared to 4.2% in 2018, mainly due to the completion and near completion of large infrastructure and mixed development projects. There was a sharp decrease in activity of 44.5% for the second quarter as compared to a decrease of 7.9% in the first quarter 2020 as reported by Bank Negara, mainly due to nearly all activities coming to a standstill. Most construction sites faced challenges of restarting due to adjustments required to comply with the strict COVID-19 Standard Operating Procedures (SOPs).

The property market recorded a marginal improvement in 2019. A total of 328,647 transactions worth RM141.40 billion were recorded, showing an increase of 4.8% in volume as compared to 2018. Home ownership initiatives such as the Home Ownership Campaign and financing schemes for first-time home buyers provided some impetus to boost the property sector. The COVID-19 outbreak brought about uncertainties to the property market. The lockdown has contributed to slowdown in the number of transactions; 115,476 transactions worth RM46.94 billion in the first half 2020, a decrease of 27.9% in volume and 31.5% in value compared to first half of 2019.

In the timber industry, total export of timber in 2019 was RM22.5 million as compared to RM22.3 million in 2018, a slight increase of 0.9%. As a result of the pandemic, the export of timber from January to August 2020 declined to RM13.7 million which is 5.5% lower than the same period in 2019 as reported by the Malaysian Timber Industry Board (MTIB).

Outlook and Prospects

Bank Negara Malaysia in its latest report stated that the Malaysian economy is expected to pick up in second half of 2020. The improvement in growth in second half 2020



will also be supported by the recovery in global growth and continued policy support. The Malaysian economy is expected to register a positive recovery in 2021.

The construction segment remains Fajarbaru's core business. The construction industry is sensitive to the changes in government policies and its prospects are mainly dependent on the continuation of major infrastructure projects such as the East Coast Rail Link (ECRL), Mass Rapid Transit Line 3 (MRT 3), KL-Singapore High Speed Rail and Penang Transport Master Plan (PTMP). The Group is participating in ECRL tenders and are now awaiting results of the tenders. With the Group's good records in completion of various railway, hospital, road/bridge and airport projects, we believe we stand a good chance in securing future projects. The Group is also embarking on cost optimisation programs for its construction's organisation and operations.

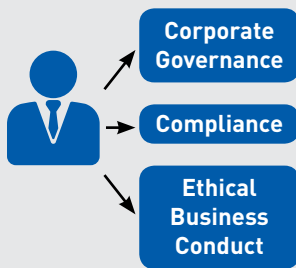
In the property development segment, the government has initiated the new short-term Economic Recovery Plan or PENJANA - Home Ownership Campaign (HOC), Real Property Gains Tax (RPGT) exemption and the relaxation of the current 70% financing margin limit for third housing loan. The Group is positive that the sales of the remaining units of Rica Residence @ Sentul will improve. Development for Rica Residence @ Kinrara is also being planned with launch dates to be announced in the near future.

In Australia, the COVID-19 outbreak has also severely hit the nation. The economy has undergone historic contractions

as a result of the pandemic and is currently in a gradual and uneven recovery. The reintroduction of further restrictions in Melbourne where our project the Paragon is located, will result in reduced activity in the housing market and overall conditions will remain weak in the next few months. However, the Group is optimistic with Paragon's take up rate of 92% and construction works are progressing well and ongoing efforts to sell the remaining units amidst the lockdown are in progress. Future developments of our Melbourne projects include Northcote, consisting of two-storey townhouses along Merri Creek.

The Government has set an annual growth target of 6.4 per cent or an estimated RM53 billion for timber and timber products exports by 2020. The timber industry is also one of the main contributors to the country's export revenue. Malaysian wood and wood products especially furniture has been exported to over 160 countries around the world. In this segment, the Group's contribution of revenue is projected to be lower due to lesser acreage of working blocks left to log. However, we have approximately 14,000 acres left of working block from our associate company yet to be logged and this will continue to contribute to the Group's earnings in the future.

Corporate Governance



The Board is committed and places great importance of practising high standards of corporate governance, compliance, ethical business conduct and values within the Group of which are vital to the Group's performance and sustainable value creation. The Board continuously updates the

Group's policies in line with regulatory requirements and industry best practices; and assumes responsibility towards shareholders and stakeholders in conducting business with integrity, and creating positive economic, environmental and social impacts. These responsibilities are practiced within the Group in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

In response to the enforcement of the corporate liability provision under the Malaysian Anti-Corruption Commission

("MACC") Act 2009 ("Section 17A") on 1 June 2020, the Group has established the Anti Bribery and Anti Corruption Policy, which sets out the principles and procedures to curb

The development of the Anti Bribery and Anti Corruption Policy was guided by, among others, the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the amended MACC Act 2009, as well as other international best practices.

bribery and corruption in the Group's business activities. In the spirit of accountability and transparency, the Group's Anti Bribery and Anti Corruption Policy as well as our other policies on corporate governance are available on our website at <http://www.fajarbaru.com.my/governance.html>.

Sustainability

As part of the Group's continuing commitment to the creation of sustainable long-term value for stakeholders, striving to maximise positive impact for all, including the environment, the Group aspires to pursue endeavours that positively impact the environment and communities around us. Hence, the Group is committed to adhering to the best sustainability practices as we strive to achieve our strategic goals with minimal environmental footprint.



Building a sustainable business is our foremost priority and this encompasses environmental, social, and

governance (ESG) concerns. Equally important is our excellent performance in health, safety and environmental standards.

Additionally, the Group has formalised its Group Sustainability Committee and Sustainability Working Group through a Terms of Reference, which sets out their roles and responsibilities in managing sustainability-related opportunities, risks and impacts.

Further details of our sustainability activities are set out in the Sustainability Statement on page 32 to page 60 of this Annual Report.

Corporate Developments

On 25 June 2020, the Group entered into separate Novation Agreements in respect of the Construction and Completion Balanced of Bridge Structure Works of Duke Phase 3 Project with Knusford Construction Sdn. Bhd. and DBM Engineering Sdn. Bhd. whereby DBM Engineering Sdn. Bhd. will assume the rights and obligations of the contract to carry out and complete the remaining works.



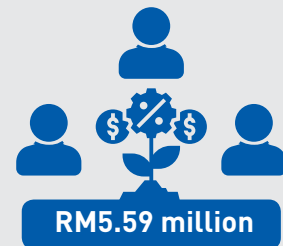
On 21 August 2020, the Group obtained a Moneylender License issued under the Moneylenders Act 1951 and the Moneylenders (Control and Licensing) Regulations 2003 by the Ministry of Housing and Local Government.

On 24 August 2020, the Group accepted a Letter of Award for Main Building Works (Phase 2) via Architect's Instruction from Malton Development Sdn. Bhd., in respect of the Duta Park Residences Project with a contract value stands at RM108.03 million.



Dividends

The Board of Directors has declared a single tier interim dividend of 1.5 cents per share for the financial year ended 30 June 2020 wherein RM5.59 million was paid to the shareholders on 30 December 2019.



Moving Forward

The Group will maintain to practice a prudent approach to manage its business operations and we will continue to deliver with the highest standards of excellence, transparency and integrity. The Board envisage the Group to achieve satisfactory results for the next financial year and will work towards the goal to enhance the performance and value of Fajarbaru.

Appreciation

On behalf of the Board of Directors, I would like to sincerely thank our stakeholders for your continued support and trust. With the challenging times ahead, we will work to emerge stronger from a post-pandemic world.

I would like to express gratitude to our Board of Directors for their unwavering support and contribution.

Given the highly challenging environment we are in, a proper thank you is also due to the Management team and Fajarbaru employees. Your contributions have been invaluable to the company.

Thank you.

Dato' Ir Low Keng Kok
Chairman





PARAGON

QUEEN STREET MELBOURNE

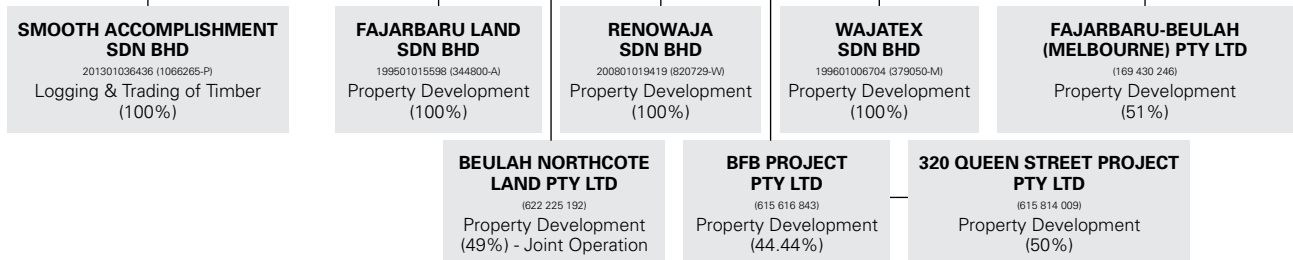
Built with only 227 homes spread across 48 levels, experience the beauty of serene living in this luxuriously designed boutique development by world-class architects, Fender Katsalidis.

The architecture is such that it ensures each floor is limited to between four to six residences, allowing maximised prized corner vistas for each home. Experience wholesome living with two floors dedicated to a myriad of resident amenities to rival the world's most exclusive luxury hotels.

The Paragon offers a wealth of botanical beauty featuring restful and regenerative places to unwind or entertain like-no-other, through its abundance of green spaces, and a three storey high urban forest conservatory-like feature, set within the building.



CORPORATE STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis provide shareholders an overview and better understanding of the Group's financial and operational performance for the financial year ended 30 June 2020. The information in this management discussion and analysis should be read in conjunction with the Group's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessarily continue in future.

INDUSTRY REVIEW AND OUTLOOK

The COVID-19 outbreak reduced global GDP by around 9% in the first half of 2020, at least three times the size of the 2007-2009 global financial crisis. Malaysia's economy is forecast to shrink by 6% this year due to the impact of the COVID-19 pandemic, but it will rebound 6.6% next year, according to the Global Economic Outlook report from Oxford Economics.



The strength of the rebound in economic activity over the coming quarters in South-East Asia remains uncertain, particularly in the fourth quarter of 2020, after the expected initial strong bounce in global trade and domestic activity post-lockdowns has faded.

Additionally, varying success rates in containing the COVID-19 outbreak, and differing lockdown exit strategies will widen the disparities in economic growth in the region. While the world grapples with COVID-19, market confidence in Malaysia remains strong. The ringgit had also emerged as one of the strongest currencies in Southeast Asia, driven by the government's ongoing initiatives in managing COVID-19. The implementation of the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and National Economic Recovery Plan (PENJANA) is a robust and strategic framework to the Malaysian economy.



Although the nationwide Movement Control Order ("MCO") in Malaysia deepened the economic damage in first half of 2020 and with the pandemic situation currently still affecting the country, the economy has shown some slight improvement. While economic activities are picking up again and growth is expected to eventually rebound to 6.6% in 2021, the pace of recovery over the second half of 2020 will vary across the region, depending on the easing of lockdown restrictions and improved export demand.

Investor confidence could also be seen through the recent launch of Bandar Malaysia that had the potential to have a multiplier effect on various sectors of the country's economy. In addition, initiatives by the Northern Corridor Implementation Authority (NCIA) are also targeting to increase the economy of the Northern Corridor Economic Region (NCER) by RM300 billion through the initiatives outlined in the newly launched NCER Strategic Development Plan (SDP) 2021-2025.

Owing to a halt in several mega construction projects, coupled with an increasing inventory of unsold housing stocks, the construction industry was almost stagnant prior to the COVID-19 crisis. Post resumption of economy activity, it is expected that work on the construction sites will be ramped up quickly in the coming months, recovering some of the lost output since mid-March 2020.

Infrastructure will be a key area of support when the immediate COVID-19 crisis dissipates. The country's biggest mega project – the RM44.0 billion East Coast Rail Link (ECRL) project resumed construction activities, following the government's approval to resume construction.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

In 2019/2020, the Group via its three core business segments, namely Construction, Property Development and Logging and Timber Trading had delivered satisfactory financial performance despite the challenging macro-economic conditions since the outbreak of COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The year 2020 has indeed been unprecedented, with the COVID-19 crisis putting the already soft global and domestic economies on a downward trajectory beyond expectations. The global economy has been confronted by significant challenges from the novel coronavirus COVID-19 pandemic following by the resulting lockdowns and restrictions that governments have implemented to control the spread of COVID-19. The COVID-19 crisis has forced upon us a new norm of living and working.

GROUP FINANCIAL REVIEW

Financial Performance

For the financial year ended 30 June 2020, the Group reported a lower consolidated revenue by 29.6% to RM234.6 million, as compared to RM333.3 million in the preceding year. This was mainly attributable to lower contribution from Logging and Timber Trading Segment, the Property Development Segment, as well as the Construction Segment due to the nationwide MCO in Malaysia.

Correspondingly, the Group's profit before tax ("PBT") in financial year under review was RM38.3 million, a decreased of 8.2% from RM41.7 million in the preceding year mainly due to the decline in revenue during the financial year. The Group's performance and results have been severely impacted by the COVID-19 pandemic which led to the regional and global lockdown of business activities and imposition of the MCO on 18 March 2020.

The Group believes in continuous building of shareholders value and in sharing our success while at the same time upholding fundamental investment funds for the Group's strategic growth. During the financial year under review, there's an interim single-tier dividend of 1.5 cents per share paid out on 30 December 2019.



The Group's balance sheet remains strong, with minimal borrowings and the cash reserves at a healthy level. As at 30 June 2020, total assets of the Group was at RM445.4 million (FYE2019: RM480.7 million) while the gearing ratio stood at a manageable 0.09 times.



Construction Segment

Construction Segment continues to be the main contributor of revenue for Fajarbaru. The revenue in this segment recorded a decrease of RM46.1 million; from RM224.8 million in the preceding year to RM178.7 million in the financial year 2020. The higher revenue recorded in the preceding year was due to the account finalization for the completed LRT 2 projects. The MCO effected by the Government of Malaysia from 18 March 2020 has further impacted the construction work progress for the segment due to the sudden interruption of on-going activities. However, the PBT was increased to RM27.3 million from loss before tax of RM12.5 million in the preceding year due to the finalising of few major projects.

Property Development Segment

Property Development Segment recorded a decrease in revenue from the preceding year compared to the current year under review; from RM78.2 million to RM46.7 million. The PBT has also reduced from RM18.8 million in the preceding year to RM3.0 million in the current year under review.

The lower revenue was due to the reduce work progress from its existing project, Rica Residence @ Sentul nearing its completion stage. The MCO has also disrupted the Property Development Segment activities due to the lockdown which started in March 2020.

Logging and Timber Trading Segment

For the Logging and Timber Trading Segment, the revenue decreased from preceding year compared to the current year under review; a reduction from RM80.4 million to RM30.2 million. The PBT for the current year under review is RM7.6 million as compared to RM34.6 million in the preceding year.

The decrease in both revenue and profit before tax were due to reduce acreage of production block in the current year under review as well as balance yet to be logged of

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.2% (approximately 2,300 acres of Hutan Simpan Yong). The Group still has approximately 70% of other timber concessions yet to be logged. The MCO has also resulted in the disruption of on-going activities and impacted the sales in the Logging and Timber Trading Segment.

Trading and Logistics Segments

The Trading Segment recorded a decrease of approximately RM8.4 million in revenue; from RM30.7 million in the preceding year as compared to the current year under review of RM22.3 million. The Segment recorded a loss of approximately RM72,000 in the current year under review as compared to the preceding year PBT of approximately RM196,000.

In the Logistics Segment, revenue decreased in the current year under review, RM1.2 million as compared to the preceding year of RM1.5 million. The segment recorded a loss before tax of approximately RM167,000 for the current year under review as compared to a PBT of RM19,000 in the preceding year. The revenue decreased concurrently with the Logging and Timber Trading Segment due to no transportation required as a result of no sales and timber production during MCO.

REVIEW OF OPERATIONS

CONSTRUCTION

The Group's Construction segment will continue to develop through Year 2020/2021, focusing on our current order book of approximately RM433.8 million. The MCO has also impacted the construction industry as a whole and there will be uncertainties in the Construction Segment in the short to mid-term. Having successfully completed past rail-related and infrastructure projects, the Group is capable and will continue its efforts to bid for future rail construction jobs as well as infrastructure works.

Moving forward, the Group will focus on project implementation and execution to ensure quality works are delivered on time. The Construction Segment is also actively seeking opportunities to grow its order book to ensure sustainable earnings in the coming years as part of its long-term growth strategy.

New Contracts

On a positive note, the Group successfully secured a new contract during the financial year under review for Main Building Works (Phase 2) – the Proposed High-Rise

Residential Development comprising of 3 Tower Blocks: Tower A (46-Storey), B (49-Storey) and C (30-Storey) encompassing 536, 572 and 268 units respectively on top of a 3-level of Basement Car Park and 10-level of Podium Car Park and Facilities on Lot 345 (PT 193) Section 48, Jalan Kolam Air, Off Jalan Kuching, Kuala Lumpur, Wilayah Persekutuan ("Duta Park Residences") with a Contract value of RM108.0 million.



PROPERTY DEVELOPMENT

The property market in Malaysia remained challenging during the period under Recovery Movement Control Order ("RMCO"). The business impact of the COVID-19 pandemic is slowly easing and the Group is optimistic that the sales of the remaining units of Rica Residence @ Sentul will improve with buyer-centric incentives. Sales remained at 74% and recovery is expected to be gradual due to the adverse impact on economic activities brought by the pandemic. The Group will continue to hold on to our landbanks and launch new developments subject to market improvements. In Melbourne, the sales rate for the Paragon remained at 92% and construction works are progressing well and scheduled to complete by end of the year. Ongoing efforts to sell the remaining units amidst the lockdown are in progress.

On-Going Projects – Klang Valley

Rica Residence @ Sentul

Located in Jalan Kovil Hilir, the 39-storey serviced apartment project with a gross development value of RM270 million has 473 units with built-ups ranging from 650 sq ft to 1,200 sq ft. The project received tremendous positive response with a take-up rate of 74% and is scheduled to be completed by 2021. Sentul is a very mature and well-

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

connected location. There are established schools in the vicinity such as the Wesley Methodist School, SMK La Salle Sentul and Convent Sentul secondary school. It is only about 6km to the Kuala Lumpur City Centre area and is well connected by major roads and highways. It is also within walking distance to the KTM Sentul station and Sentul West station of the future Mass Rapid Transit (MRT) Line 2 set for completion in 2021.



Nestled at a pivotal location in the city, Rica Residence Sentul is a modern sanctuary where convenience and fulfillment come together harmoniously. A beautiful and generous landscaped park welcomes you as you come home. Set against a backdrop of clean lines, the facade is accentuated by a green spine with communal garden spaces at various levels.

On-Going Projects – Melbourne, Australia

Paragon

Paragon, an award-winning 48-level residential tower on a prominent corner of Melbourne's CBD. Redeveloping and retaining the iconic façade of the Melbourne Celtic Club on this site, the tower has been designed to accommodate 227 residences with an "urban forest" – transforming a piece of the cityscape into a private sky garden, has a



current take-up rate of 92%. With approximately RM600 million gross development value, the property has won the Asia Pacific Property Awards: Best Residential High-Rise Development, iProperty Development Excellence Awards: Best International Development and AREA Gamechanger of the Year.

Future Projects

In Malaysia, the Group is developing the Rica Residence series, of which Rica Residence @ Kinrara and Rica Residence @ Malacca are currently in the pipeline, with launch dates to be announced soon.

The Group envision to further expand our foothold in the Australian market by launching new property developments via joint-ventures and acquisitions. Amidst the current lockdown in Australia, the Group believes that the Australian property development market has a long term growth potential and will provide a healthy income for Fajarbaru. One of the future developments include Northcote townhouses, consists of at least 15 residential two-storey townhouses along Merri Creek in Northcote, Melbourne, Australia.

LOGGING AND TIMBER TRADING

For timber industry, contribution of revenue is anticipated to be lower due to the lesser acreage of working blocks left to log and the production of the current working blocks is almost at its end. However, our associate company with a remaining 70.0% (approximately 14,000 acres) of working block that yet to be logged will continue to contribute to the Group's earnings in the future.

On-Going Logging – Jerantut, Pahang

The following are the Group's timber concession areas:-

- Hutan Simpan Yong, Jerantut, Pahang with 8.2% balance of acres yet to be logged; and
- Hutan Simpan Som, Hutan Simpan Tekam and Hutan Simpan Tekai Tembeling (Tambahan), Jerantut, Pahang with 70.0% balance of acres yet to be logged.

After carrying out the logging activities, the above-mentioned concession areas shall be surrendered back for reforestation or replanting of oil palm.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

In addition, the Group also has been appointed as the sole and exclusive contractor for the concession rights to extract and remove timber logs in accordance to Malaysian Criteria and Indicators (MC&I) and MS ISO 2000 : 2008 standards and guidelines, save for the 32 species of trees which comprise of fruit trees and other trees that serve as food sources for fauna, from the following timber concession areas:-

- Hutan Simpan Tekai Tembeling, Jerantut, Pahang with approximate area of 1,000 acres;
- Hutan Simpan Berkelah, Jerantut, Pahang, an approximate land area of 1,423 acres; and
- Hutan Simpan Tekai Tembeling, Jerantut, Pahang with an approximate area of 500 acres.

PLANTATION

The Group envision to further expand our business into Plantation Segment via incorporation of a wholly owned subsidiary, Fajarbaru Plantation Sdn. Bhd. on 25 August 2020. This is a new strategic direction for the Group to diversify and venture into the Plantation Segment to diversify its financial performance.

Durian continues to be one of the most lucrative agricultural crops in Malaysia and with the increased demand from China, the Board anticipates that durian business would be viable and enable the Group to diversify its revenue stream and enhance its profitability and shareholders' value by planting on its existing agricultural and orchard land at Mukim Si Rusa, Port Dickson.

The first phase for the project consists of planting approximately 1,000 durian trees of Musang King and Black Thorn species and second phase is to continue planting another 1,000 durian trees to maximise land utilisation.

The Group intends to explore opportunities in the agriculture sector and evaluate potential lands to increase its revenue and enhance its strategic position. Further updates will be announced accordingly.

LOOKING AHEAD

Looking forward, the COVID-19 pandemic would significantly impact the Malaysian economic outlook for 2020 as strict measures to contain the spread will affect domestic growth. Bank Negara recently revised the GDP

growth forecast for 2020 to between -3.5% and -5.5%, this is mainly due to changes in world growth forecasts and unexpected length of the MCO. The country's economy is forecast to rebound in 2021 yet risks will remain as the COVID-19 situation is unprecedented. While the Group's operations have been adversely affected, the Group will continue to explore more business opportunities and is committed to continue capitalising its strengths to generate sustainable revenue from its existing or new businesses.

Bank Negara's outlook for the remainder 2020 suggests that the Malaysian economy will gradually recover in the second half of the year. Economic activity has resumed significantly since the economy slowly opened up in May 2020. Although there is an upward potential for growth, the pace of the recovery remains susceptible to risks resulting from international and domestic factors. The possibility of secondary COVID-19 outbreaks leading to the re-imposition of containment measures, more persistent weakness in labour market conditions, and a weaker-than-expected recovery in global growth pose downside risks to growth. The Malaysian government's announcement to extend the RMC0 to December 31 2020 shows that the country still faces challenges in curbing the transmission of COVID-19. The pandemic is an unprecedented situation that requires the government to implement large-scale and unconventional policy responses. While the outcome of the pandemic remains uncertain, the economy is expected to operate under a set of new norms, characterized by social distancing, movement restrictions to contain local outbreaks and limited international travel. A positive recovery is expected for the Malaysian economy in 2021, this will be sustained by recovery in global growth and continued policy support.

In view of the current challenging business environment and further impact by the COVID-19 pandemic, the Group will remain cautious in planning and continuously capitalising its strengths to generate sustainable revenue from its existing or potential new businesses via mergers and acquisitions and/or strategic alliances and solidify strong customer focus to create and deliver sustainable value for our stakeholders.

Dato' Sri Kuan Khian Leng
Group Executive Director

BOARD OF DIRECTORS



Dato' Ir. Low Keng Kok
(Independent Non-Executive Chairman)

Dato' Ir. Low, aged 66, male, a Malaysian, was appointed to the Board on 1 August 2007. He graduated from the University of Malaya with a Bachelor of Engineering (Hons) Degree in Civil Engineering. He is a Chartered Engineer and Chartered Environmentalist (U.K.). He is a Fellow of the Institution of Engineers, Malaysia and the Institution of Highways and Transportation, U.K. He is a corporate member of the Institution of Water and Environmental Management, U.K. (M.I.W.E.M) and the Institution of Civil Engineers, U.K. (M.I.C.E). He has more than 41 years of experience in management of building and infrastructural projects. He is also a Chairman of Fitters Diversified Berhad, a Chairman of RGT Berhad (formerly known as Asia Knight Berhad), a Director of Universiti Teknologi Malaysia (UTM), a Chairman of Audit Committee of UTM and an Advisor for Contractors Intelligence and Contract Variation Committee (CICVC) of Penang Development Corporation (PDC).

Prior to appointment in FBG, Dato' Ir. Low was the Joint Managing Director of Road Builder (M) Holdings Bhd.

Dato' Ir. Low is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Dato' Ir. Low is the Chairman of the Remuneration Committee.



Dato' Sri Kuan Khian Leng
(Executive Director)

Dato' Sri Kuan Khian Leng, aged 44, male, a Malaysian, was appointed to the Board on 22 June 2017. He graduated with a Bachelor in Civil Engineering (First Class Honours) and Master in Management Science & Operational Research from University of Warwick, United Kingdom. He had been conferred the Darjah Sri Sultan Ahmad Shah Pahang (S.S.A.P.) which carries the title Dato' Sri by the Royal Highness Sultan of Pahang on 24 October 2017.

Dato' Sri Kuan started his career as a Civil and Structural Engineer in Sepakat Setia Perunding Sdn Bhd in year 2000. In March 2002, he joined Citibank Berhad as Assistant Manager and subsequently held several managerial positions in the Marketing, Project Management and Risk Management departments. In July 2006, he held the position of Business Intelligence Head in Kuwait Finance House (Malaysia) Berhad.

Dato' Sri Kuan served as the Executive Director of Mexter Technology Berhad from June 2007 to December 2015, overseeing the operations, business development and marketing activities of the company. He is a Council Member of Master Builders Association Malaysia (MBAM). He has more than 19 years of experience in the banking, ICT, engineering and construction industries. His main responsibilities include day-to-day business operations and development, strategic planning, management decisions and formulation of policies and procedures. He is also a Director of Spritzer Bhd.

Dato' Sri Kuan is a son of Tan Sri Dato' Sri Ir. Kuan Peng Ching @ Kuan Peng Soon, a substantial shareholder of FBG. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Dato' Sri Kuan is a member of the Remuneration Committee of the Company.

BOARD OF DIRECTORS (CONT'D)



Dato' Lim Siew Mei

(Non-Independent Non-Executive Director)

Dato' Lim Siew Mei, aged 38, female, a Malaysian, was appointed to the Board on 1 March 2018. She graduated with a Master of Banking and Finance from Monash University and a Degree in Bachelor of Commerce in Accounting and Finance from Deakin University. She has more than 11 years of experience in the timber and logging industry.

Dato' Lim is not related to any Directors or major shareholders of the Company. She does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.



Dato' Ismail Bin Haji Omar

(Independent Non-Executive Director)

Dato' Ismail Bin Haji Omar, aged 81, male, a Malaysian, was appointed to the Board on 13 November 1997. He obtained a Bachelor of Economics (Honours) Degree from the University of Western Australia, Australia in 1965. He started his career with the Government in 1966 at the Ministry of Commerce and Industry as an Assistant Controller in the Export Commodities Division. Subsequently in 1970, he was promoted to the position of Deputy Controller. He joined the Ministry of Primary Industries as Principal Assistant Secretary in 1972 and in 1975, he was promoted to Secretary, Rubber Division, Ministry of Primary Industries. In 1979, he was promoted to the Deputy Secretary in the Cabinet Division of the Prime Minister's Department and served there for two (2) years. He was made the Director of Agriculture Division in the Economics Planning Unit in the Prime Minister's Department for two and a half (2 ½) years from 1982 to 1984. In July 1984, he was transferred to the Ministry of Education as Secretary of Development and Supply Division, a post which he held for eight and a half (8½) years till 1993 and also sat on the Board of Rubber Research Institute for ten (10) years from 1968 to 1978. He had also served on the Malaysian Rubber Research & Development Board, Malaysian Rubber Exchange and Licensing Board and Malaysian Rubber Development Corporation.

Dato' Ismail is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Dato' Ismail is a member of the Audit Committee and Nomination Committee.

BOARD OF DIRECTORS (CONT'D)



Foong Kuan Ming

(Independent Non-Executive Director)

Mr. Foong Kuan Ming, aged 65, male, a Malaysian, was appointed to the Board of Directors of FBG on 23 November 1998. Mr. Foong is an Advocate and Solicitor by profession. He graduated with a BA (Hons) in Law in 1980 from the University of Central Lancashire, England; subsequently post-graduated from The Council of Legal Education, London and was called to Utter Barrister-at-Law of Lincoln's Inn, London. He later furthered his legal studies and obtained his Masters in Law at University of Malaya in 2004. He is also an Accredited Mediator with the Malaysian Mediation Centre of the Bar Council of Malaysia. He was called to the Malaysian Bar in 1982 and has been in legal practice since then. He is currently the founder and senior partner of the law firm, Messrs. Foong & Co., and is principally engaged in banking, corporate and property legal matters. He is also a Director of Careplus Group Bhd.

Mr. Foong is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Mr. Foong is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee.



Ooi Leng Chooi

(Independent Non-Executive Director)

Mr. Ooi Leng Chooi A.C.M.A. C.A. (M), CFP, aged 54, male, a Malaysian, a Chartered Accountant, a member of the Malaysian Institute of Accountants (MIA) and a Certified Finance Planner (CFP). He joined FBG in 1998 as a Finance Manager and was appointed to the Board of FBG as an Executive Director on 12 December 2001. Then, he was re-designated as Non-Independent Non-Executive Director on 24 February 2016. Subsequently, he has re-designated as an Independent Non-Executive Director on 28 August 2018 and holding the same position as at to-date. He has more than 20 years of working experience in handling corporate finance and general management with two (2) listed companies prior in joining FBG. He is also a Director of Careplus Group Bhd.

Mr. Ooi is not related to any Directors or major shareholders of the Company. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries.

Mr. Ooi is a member of the Audit Committee and Nomination Committee.

BOARD OF DIRECTORS (CONT'D)

CONVICTIONS FOR OFFENCES OF DIRECTORS

None of the Directors have been convicted for any offences within the past five (5) years other than traffic offences, if any.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were Six (6) Board Meetings held during the financial year ended 30 June 2020. Details of attendance of Directors at Board Meetings are as follows:-

NAME	STATUS OF DIRECTORSHIP	ATTENDANCE OF MEETINGS
Dato' Ir. Low Keng Kok	Independent Non-Executive Chairman	6/6
Dato' Sri Kuan Khian Leng	Executive Director	6/6
Dato' Ismail Bin Haji Omar	Independent Non-Executive Director	6/6
Dato' Lim Siew Mei	Non-Independent Non-Executive Director	5/6
Foong Kuan Ming	Independent Non-Executive Director	6/6
Ooi Leng Chooi	Independent Non-Executive Director	6/6

DATE, TIME AND VENUE OF BOARD MEETINGS

All Board Meetings for the financial year ended 30 June 2020 were held in FBG Conference Room, 61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor, except for meeting on 4 December 2019 held at Lot 9B-3, Jalan Kemajuan 12/18, Seksyen 13, 46200 Petaling Jaya, Selangor and on 18 June 2020 held virtually.

The date and time of the Board Meetings were as follows:

DATE	TIME
29 August, 2019 (Thursday)	12.00 p.m.
23 October, 2019 (Wednesday)	11.35 a.m.
20 November, 2019 (Wednesday)	11.20 a.m.
4 December, 2019 (Wednesday)	7.15 p.m.
27 February, 2020 (Thursday)	11.08 a.m.
18 June, 2020 (Thursday)	11.30 a.m.

SENIOR MANAGEMENT TEAM

Toh Teong Hock

Age 59, Male, Malaysian
*(Chief Operating Officer of
Construction – Infrastructure & Civil)*

Wong Wee Keong

Age 54, Male, Malaysian
(Director of Contract & Trading)

Yau Tuck Wai

Age 53, Male, Malaysian
(Director of Property)

Charles Tan Ting Lih

Age 44, Male, Malaysian
(Finance Director)

Ir. Kong Kam Loong

Age 43, Male, Malaysian
(Director of Construction – Building)

Chan Jiaheng

Age 33, Male, Malaysian
(Director - Property)

Toh Teong Hock

(Chief Operating Officer of Construction – Infrastructure & Civil)

Mr. Toh Teong Hock has been with the company since April 2008. He graduated from The National University of Singapore with a Degree in Bachelor of Engineering (Civil). He has more than 34 years of experience in civil engineering construction like dam, bridge, sewage treatment plant, road, railway, housing and infrastructural projects. He is primarily responsible in overseeing, supervision and coordinate the operations of the construction division.

Wong Wee Keong

(Director of Contract & Trading)

Mr. Wong Wee Keong has been with the company since December 2010. He holds the Master in Quantity Surveyor from Heriot Watt University. He has more than 34 years of experience in the construction industry. His responsibility involve overseeing, supervision and coordinate the operations of the contract and purchasing departments.

Yau Tuck Wai

(Director of Property)

Mr. Yau Tuck Wai has been with the company since March 2010. He is a graduate from Chartered Institute of Marketing (UK). He has more than 27 years of experience in property industry. He is primarily responsible for the day-to-day business operations of the property division.

SENIOR MANAGEMENT TEAM (CONT'D)

Charles Tan Ting Lih

(Finance Director)

Mr. Charles Tan has been with the company since June 2011. He is a Chartered Accountant, and a member of the Malaysian Institute of Accountants (MIA). He has more than 16 years of experience in accounting, corporate finance and general management. His main roles include leading the accounts and finance department; implementing system control and financial budgeting.

Ir. Kong Kam Loong

(Director of Construction – Building)

Ir. Kong Kam Loong has been with the company since July 2008. He graduated from the Universiti Teknologi Malaysia with a Degree of Bachelor of Engineering (Civil). He is a Professional Engineer registered with the Institute of Engineers Malaysia (IEM), a Registered Professional Engineer with the Board of Engineers (BEM) and a professional member of Malaysia Green Building Confederation (MGBC). He has more than 17 years of experience in the construction industry involving in design and construction planning. His main responsibilities include carried out in compliance of regulations and procedures; and supervise and coordinate with sub-contractors on site.

Chan Jiaheng

(Director)

Mr. Chan Jiaheng has been with the company since May 2014. He graduated with a MBA from RMIT University (Melbourne), Degree in Bachelor of Engineering (Mechatronics) and Bachelor of Computer Science from University of Melbourne. He has more than 9 years of experience in the advisory and business analysis, project management and property industry. He is primarily responsible for day-to-day business operations and management decisions of the Australian property division.

Note:-

Save as disclosed, none of the above Senior Management has:-

1. any family relationship with any Director and/or substantial shareholder of the Company;
2. any directorship of public companies;
3. any conviction for offences within the past five years other than traffic offences, if any;
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
5. any conflict of interest with the Company.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

For the financial year ended 30 June 2020, there were no proceeds raised by the Company from any corporate proposal.

2. Total audit and non-audit fee payable to external auditors

	The Group		The Company	
	2020 (RM'000)	2019 (RM'000)	2020 (RM'000)	2019 (RM'000)
1. Audit Fee	241	243	79	75
2. Non-Audit Fee	5	5	5	5
Total fee payable to external auditors	246	248	84	80

3. Options, warrants or convertible securities exercised

At the Extraordinary General Meeting held on 28 October 2009 the Company's shareholders approved of an Employees' Share option Scheme ("ESOS") of up to fifteen percent (15%) of the issued and paid-up capital of the Company to eligible Director and employees of the Group. The Company has on 26 February 2014 resolved to extend the existing ESOS which is expiring on 17 December 2014 for a further five (5) years period till 16 December 2019.

- i. During the financial year ended 30 June 2020, the total number of options granted, exercised and outstanding under the ESOS are as set out in the table below:

Description	Number of Options		Directors and Chief Executive	
	Grand Total 2020	2019	2020	2019
(a) Granted	-	-	-	-
(b) Exercised	-	-	-	-
(c) Expired	9,600,000	-	4,450,000	-
(d) Outstanding	-	9,600,000	-	4,450,000

- ii. Percentage of options applicable to Directors and Senior Management under the ESOS:

Directors and Senior Management	During the financial year ended 30 June 2020	Since commencement up to 30 June 2020
(a) Aggregate maximum allocation	50%	50%
(b) Actual granted (the ESOS granted over the issued and paid-up ordinary share capital of the Company (excluding treasury shares))	-	4.64%

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

- iii. Set below is a breakdown of the options offered to and exercised by, or shares granted to and vested in (if any) non-executive directors pursuant to the ESOS in respect of the financial year ended 30 June 2020 as follows:

Name of Director	Amount of Options Granted/Offered	Amount of Options Exercised
Dato' Ir Low Keng Kok	-	-
Dato' Ismail Bin Haji Omar	-	-
Dato' Lim Siew Mei	-	-
Foong Kuan Ming	-	-
Ooi Leng Chooi	-	-
Total	-	-

The above-mentioned ESOS was expired on 16 December 2019.

The Company has not issued warrants or convertible securities during the financial year ended 30 June 2020.

4. Profit Guarantee

Claim by Fajarbaru Builder Group Bhd ("FBG") against Cashrep Holdings Sdn. Bhd. ("Cashrep") and Cita Jati Sdn. Bhd. ("Cita Jati").

- FBG's claim is based on Profit Guarantee Agreement and a Supplemental Profit Guarantee Agreement both executed by Cashrep and Cita Jati in favour of FBG.
- On 23 November 2006 and 11 April 2007, the Company has obtained Winding-Up Orders from the Court against Cita Jati and Cashrep respectively. The Official Receiver from the Jabatan Insolvensi, Wilayah Persekutuan was appointed as liquidator for both companies.

5. Recurrent related party transactions

There were no recurrent related party transactions during the financial year ended 30 June 2020.

6. Material Contracts involving directors and substantial shareholders

There were no material contracts involving directors and substantial shareholders during the financial year ended 30 June 2020.

7. Revaluation Policy

The Group did not adopt a policy on regular revaluation of its landed properties.

SUSTAINABILITY STATEMENT

Our financial year 2020 Sustainability Statement (“Sustainability Statement” or the “Statement”) provides an overview of Fajarbaru Builder Group Bhd’s (“Fajarbaru” or “Group”) sustainability initiatives and practices, highlighting our economic, environmental and social impacts.

Megatrends can have profound impacts on the dynamics of the business environment and the economy. In line with increasing consumer and shareholder activism, sustainability is fast becoming a mainstream practice amongst many corporations. Companies today need to demonstrate sound business practices that generate positive impact on the environment, economy and society. In addition, sustainability considerations provide an opportunity for corporations to shift away from short-termism towards long-term value creation. A global study highlighted that more than 84% of the market value of an organisation is linked to intangible assets such as brand value, reputation, human capital, relationships with stakeholders among others. Therefore, sustainability provides a comprehensive outlook of managing relevant intangible assets that are critical for business success and resilience. Further, sustainability allows companies to unlock synergies across various functional units and capitalise on business opportunities through continuous innovations in business models and processes.

Our core values – Integrity, Quality, Safety, Innovation and Respect – guide our approach towards achieving our vision of becoming the most valued construction and property company in the markets we serve.

We are committed to enhance our sustainability practices through the existing framework which we started in 2017 and to continuously improve our sustainability practices for our long-term business success.

SCOPE

This is Fajarbaru Builder Group Bhd’s third year of formally disclosing the Group’s sustainability management and initiatives. The statement has been prepared in accordance with Practice Note 9 of Bursa Malaysia’s Main Market Listing Requirements, guided by Bursa Malaysia’s Sustainability Reporting Guide. This Sustainability Statement covers the reporting period between 1 July 2019 to 30 June 2020.

The information presented in the Statement primarily covers the Group’s construction, property development and timber logging business activities in Malaysia, unless otherwise stated. More information on Fajarbaru’s divisions and subsidiaries can be viewed in the Corporate Structure section of this annual report. The terms “Fajarbaru”, “Fajarbaru Group”, “Group”, and “we” refer to Fajarbaru Builder Group Bhd and/or its divisions and subsidiaries. We aim to expand our scope of reporting to include other business divisions in the future.

We aim to continuously improve our sustainability disclosures and we appreciate your thoughts and feedback on our sustainability initiatives, reporting and communication. Please send your feedback to:

Jenny Foo
Senior Manager, Group Marketing & Communication
No. 61 & 63, Jalan SS6/12, Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

sustainability@fajarbaru.com.my

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

A sustainability governance structure ensures effective implementation of the sustainability strategy and promotes accountability over the initiatives and management processes established.



Group Sustainability Organisation Structure

In Financial Year 2019, Fajarbaru established its Group Sustainability Committee ("SC" or "Committee"). This Committee will steer the sustainability agenda for the Group and will be responsible to develop comprehensive strategies, implement management programmes as well as monitor our progress towards improving sustainability performance. The Management ("TM") comprises representatives from different functional units and business divisions and we are committed to enhance our sustainability practices and to develop long-term solutions to manage our intangible value drivers. The committee have had five meetings during the financial year 2020.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS

In this dynamic and ever-changing business environment, it is critical to engage with stakeholders to understand their expectations and continuously improve our operations to meet their respective needs.

Our stakeholders play a critical role to our long-term business success. For a differentiated approach, we have identified individual goals for each stakeholder group within our mission statements. As an inclusive corporate citizen, we engaged our stakeholders through various activities and communication channels throughout the year.

Our stakeholders consist of the following:

STAKEHOLDERS	INDIVIDUAL GOALS	ENGAGEMENT ACTIVITIES	FREQUENCY OF ENGAGEMENT
Board of Directors	To enhance shareholders value and our long-term financial performance.	<ul style="list-style-type: none"> - Board meetings - Annual General Meetings 	<ul style="list-style-type: none"> - Quarterly - Annually
Employees	To create value for our employees by providing better growth opportunities.	<ul style="list-style-type: none"> - Employee induction training - Townhall sessions - Feedback sessions - Safety briefings - Salary benchmarking against market - Learning and development programmes - Company & Sports Club activities - Social media platforms - Continuous Improvement Program (CIP) - Performance appraisals 	<ul style="list-style-type: none"> - Ad hoc - Quarterly - Ongoing - Ongoing - Ongoing - Ongoing - Ongoing - Annually - Annually
Customers	To achieve highest level of customer satisfaction through reliable and timely delivery, innovative and cost-effective products and solutions without compromising on quality and safety.	<ul style="list-style-type: none"> - Customer feedback mechanism - Roadshows - Social media platforms 	<ul style="list-style-type: none"> - Ongoing - Ongoing - Ongoing
Shareholders	To create value for our shareholders by consistently improving our profitability and growth, and ultimately deliver superior returns on their investment.	<ul style="list-style-type: none"> - Annual General Meetings - Media releases 	<ul style="list-style-type: none"> - Annually - Ad hoc
Suppliers/ vendors/ associates	To be the preferred business partner, consultant and supplier; to have a relationship based on respect, professionalism and ethics.	<ul style="list-style-type: none"> - Tender and bidding - Meetings - Written communication 	<ul style="list-style-type: none"> - Ongoing - Ongoing - Ongoing
Local communities	To create a sustainable future for our stakeholders and the society by preserving the environment, be responsible and be active in the development of a better society and economy.	<ul style="list-style-type: none"> - Corporate Social Responsibility programs 	<ul style="list-style-type: none"> - Ad hoc

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC

We have identified our supply chain management, our commitment towards good business conduct and participation in key industry engagements as important issues to be disclosed in this Statement.



SUPPLY CHAIN MANAGEMENT

Responsible business entities support local suppliers that will contribute towards the economic growth of the local community. During financial year 2020, all materials are sourced from local suppliers and only local companies have been appointed as our subcontractors.

At Fajarbaru, we aim to improve the competencies of our local suppliers and subcontractors to ensure continuity of local participation in our development projects. Therefore, we believe it is also important that our business associates and subcontractors are aware of the requirements of the quality standards that we subscribe. Conducting a Quality Assessment System in Construction ("QLASSIC") awareness workshop provides the opportunities for our employees as well as subcontractors involved in architecture work to ensure a shared understanding and fulfilled on the requirements of QLASSIC to aid the Construction Industry Development Board ("CIDB")'s external evaluation process for our completed building projects. Meanwhile, we increased the frequency to five workshops per project and expand our scope of the awareness workshops for our subcontractors. We will encourage more subcontractors to participate in our workshops in the near future.

We acknowledge that it is necessary to integrate environmental and social considerations within our supply chain. We frequently communicate to our subcontractors to abide by all applicable laws and regulations. Our subcontractors are required to ensure high service quality and monitor employee safety at the work environment. We aim to identify the relevant and decision-useful environmental and social considerations for our suppliers and subcontractors in the near future.



COMMITMENT TO GOOD BUSINESS CONDUCT

Fajarbaru is committed to maintain the highest standards of integrity, transparency and accountability in the conduct of its day-to-day operations. All employees of Fajarbaru shall observe the provisions of the Code of Conduct and Business Ethics and Employee Handbook to maintain the highest standard of professional conduct.

Fajarbaru has taken great pride in its core value integrity, respect and professionalism in conducting business across the board. Adherence and observance of the core value is the key to ensure its continued growth and excellent success with all its valued business partner. In accordance to the subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 [Act 694] ("MACC Act 2009"), stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018, Fajarbaru has adopted a zero-tolerance approach against all forms of bribery and corruption. In this financial year, the Group has established an Anti-Bribery and Anti-Corruption Policy ("ABC Policy") to help prevent corruption by, on behalf of, or against the company, and to detect, report and deal with any breach which may occur.

In ABC Policy, Fajarbaru observes a No-Gift practice, whereby employees are prohibited from soliciting or receiving any gifts from their associates and business partners which may influence the employee's judgement in the decision-making process or result in an appearance of conflict. All employees and business associates may report any act of bribery and corruption directly through a dedicated email: auditcommittee@fajarbaru.com.my.

Fajarbaru established a Whistleblowing Policy that provides a platform for all stakeholders to report any instance of misconduct or criminal offence. All stakeholders may report any violations of the Code of Conduct and Business Ethics through a dedicated whistleblowing email: whistleblow@fajarbaru.com.my, which is accessible by the Chairperson of the Audit Committee.

An internal grievance platform was established as another mechanism for employees to submit their concerns. The grievance platform allows Fajarbaru to identify issues that affect the well-being of the employee and the dynamics of the work environment.

SUSTAINABILITY STATEMENT (CONT'D)



PARTICIPATION IN INDUSTRY ENGAGEMENTS

We are committed to contribute towards the economic development of the infrastructure and construction industry. Through our active engagement with industry partners, we are able to contribute our expertise to pave the way forward for the construction and infrastructure industry.

The Master Builders Association of Malaysia (“MBAM”) was founded in 1954 dedicated to promoting and developing the construction industry in Malaysia. MBAM provides opportunities to its members and affiliates to highlight issues affecting the construction industry through dialogues with government. Fajarbaru has been actively involved in MBAM as committee members. On 16 August 2019, Fajarbaru received a Bronze Long Service Award (5 Years) during 65th MBAM Anniversary Dinner.

Fajarbaru’s current representatives in MBAM

Dato’ Sri Kuan Khian Leng	Environment & Green Technology – Chairman, MBAM Building & Construction Conference 2020 – Chairman, MBAM Material Resources Committee – Deputy Chairman, MBAM MBAM Onebuild Sdn Bhd (Exhibition) – Deputy Chairman, MBAM Council Member, MBAM
Mr Eugene Ng	Material Resources Committee Member, MBAM

Fajarbaru is also a member of Real Estate and Housing Developers’ Association Malaysia (“REHDA”) which is recognised as the leading representative body for private property developers, being involved primarily in advocacy and governance.

Fajarbaru is recognised as a Class A and Grade 7 contractor by PKK and CIDB respectively, which is the highest classification awarded. Pusat Khidmat Kontraktor (“PKK”) is a Government registration body for licensed contractors in Malaysia. CIDB is established by the Government to develop the capacity of the construction industry by improving quality and productivity. The highest classifications awarded allow us to participate in government and private projects of any size.

SOCIAL

‘Safety comes first’ is our top priority and responsibility for all our employees. We aspire to be a responsible employer by providing a safe and inclusive work environment for all our employees. One of our core values, safety has shaped our approach when conducting our operations and influence the way we work. This section outlines how Fajarbaru has engaged with its workforce and the local communities. We have identified our human resources, service quality and community engagements to be important topics within the social pillar.



OCCUPATIONAL HEALTH AND SAFETY

Workplace safety is amongst our core values where safety of our employees, customers, business associates and communities must be prioritised in all decisions making processes and shall not be compromised in any manner.

Cross-division monthly construction meetings play a vital role within Fajarbaru’s construction and property development division. These meetings provide an avenue to discuss important aspects of the construction projects undertaken by the Group. Issues concerning health and safety, quality, progress and internal control findings are frequently assessed and deliberated amongst key personnel within the Group. This ensures cohesion and increases efficiency in our construction projects.

In compliance with the Occupational Safety and Health Act (OSHA) 1994, a safety and health committee comprising project management personnel, site managers and representatives from our subcontractors has been established at every project site. The committee is responsible to review the compliance towards legislative requirements and design internal controls that would promote the desired health and safety objectives and outcomes. The safety and health committee meet at least once every two months.

SUSTAINABILITY STATEMENT (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (Cont'd)

Site managers are responsible to conduct daily inspections of the project site to ensure all identified safety measures have been properly implemented. In addition, toolbox talks on health and safety requirements are conducted daily to spread awareness on maintain the highest safety standards. The Quality Assurance/Quality Control ("QA/QC") and Environment, Safety and Health ("ESH") departments in Fajarbaru will conduct safety audits at each project site every month. All employees are required to undergo a formal health and safety training every quarter to keep abreast with the latest developments in safety standards.

A safety and health committee has been established at Fajarbaru's headquarters in Kelana Jaya. In every quarter, the committee is responsible to develop and review the health and safety management programmes conducted at the headquarters. Fire drill practices and safety briefings at the headquarters are conducted twice annually. In addition, our team were sent for trainings and they are well versed and equip with the knowledge of Cardiopulmonary Resuscitation ("CPR") and Emergency Cardiovascular Care ("ECC").

Fajarbaru has obtained ISO 45001:2018 in September 2019, Occupational Health and Safety ("OHS") Management System certification standard. This is to manage and minimise OHS risks hence to prevent work-related injuries to workers and to provide safe, and healthy workplace to all employees.

SAFETY AND HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION ("SHASSIC")

SHASSIC is an independent method to assess and evaluate the safety and health performance of a contractor in construction works or projects. SHASSIC was designed and developed to benchmark the level of safety and health performance of construction industry in Malaysia. SHASSIC assessments are carried out to evaluate, improve and take necessary action of safety and health performance at site. It is our responsibility to continuously ensure the safety and health of the construction site conforms to legislations requirement, approved standards, code of practice, guidelines, specifications and contractual requirements.

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At Fajarbaru site office, Emergency Response Plan ("ERP") exercise was conducted on 10 July 2019. The main objective of the exercise was to practice, manage and control the emergency situation in order to meet the requirement from customer. It was an extremely important task for the employee to fully understand on the situation, assess the risks, the probability and the potential consequences.



The employees were sent for trainings to gain knowledge on how to face the emergency situation and be prepared to manage the incident. In addition, the employees also enhanced their communication skill and learnt how to communicate with government agencies on first aid treatments.



SUSTAINABILITY STATEMENT (CONT'D)



EMPLOYEE TRAINING

Capacity building programmes within the Group ensure our employees are equipped with the necessary skillsets, knowledge and qualifications to perform their roles effectively.

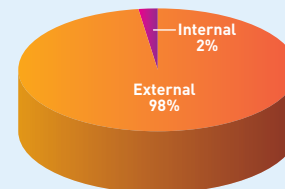
Our Human Resources department works together with the department heads to perform an annual training needs analysis for all employees. The analyses provide a structured approach to help Human Resources identify relevant training programmes and solutions for our workforce. Further, we also aim to align our employees' career development plans with their respective job requirements.

According to our internal tracking, we provided 1,841 hours of training for our employees for the financial year 2020. The distribution of training hours segregated by gender and business divisions are seen in the table below.

AVERAGE TRAINING HOURS PROVIDED	CONSTRUCTION	PROPERTY	LOGGING AND TIMBER	TRADING	LOGISTICS	AVERAGE
Per employee	14.7	6.8	1.3	4.4	2.7	5.9
By Gender						
Male	15.9	6.0	1.3	4	2.7	6.1
Female	13.0	8.0	0.3	4.7	0.0	5.5

Employee training provided comprise the following categories: leadership skills, workplace safety, technical skills, accounting and administration, ISO as well as quality control and assurance. The training cost per employee is approximately RM600. The training cost has reduced due to the Covid-19 pandemic, most of the trainings attended by employees were conducted online via various learning platforms organising free courses during MCO. We foresee our training hours will be improved in next financial year. We also internally monitor the types of training activities based on internal and external trainings which allows us to determine the training needs for Fajarbaru's employees.

Types of Training Activities



Fajarbaru has implemented the ISO 9001:2015 – Quality Management System for its construction division. The ISO standard requires all employees in this division (excluding non-executive employees) to undergo at least 12 hours of training per year. Moving forward, we will study the feasibility of implementing an annual training target for employees in other business divisions through their performance appraisal.

We support our employees' career aspirations by sponsoring the relevant education and professional certification programmes that employees wish to undertake. For every employee, the Group will reimburse the subscription fees for two professional bodies of their choice.

QLASSIC ASSESSOR TRAINING COURSE

The success of our business operations is highly dependent on the collective strengths of our human capital. We encourage employees to participate in the relevant accreditation programmes to improve their range of knowledge and skills.

In the construction industry, QLASSIC assessments are carried out by competent and qualified assessors appointed by CIDB. Employees of Fajarbaru are encouraged to be accredited as qualified QLASSIC assessors. This ensures we have sufficient competencies within the organisation to meet the requirements of the QLASSIC assessments for our building projects. Employees who intend to be recognised as a QLASSIC assessor are required to undergo the Assessor Training Course and pass the Knowledge Assessment Examination.

Fajarbaru is committed to contribute high quality product by practicing QLASSIC assessment system. More employees were sent for training to gain better qualification in performing QLASSIC assessments. Internally, training conducted by QLASSIC key personnel helps Fajarbaru to train more qualified employees to achieve a better scoring in the QLASSIC assessment system.

SUSTAINABILITY STATEMENT (CONT'D)



EMPLOYEE RIGHTS AND BENEFITS

At Fajarbaru, we invest in the development of our employees and reward outstanding performance to attract, motivate and retain the best talents. Our compensation package is consistent with industry expectations and complies with the legal requirements of applicable laws and regulations in Malaysia. We offer our employees a compensation package that is based on merit and fair performance review processes.

In line with our inclusivity agenda, we aspire to promote equal opportunity where all remuneration and promotion decisions will be made based on the contributions and merits of each employee.

BENEFITS PROVIDED TO FULL TIME EMPLOYEES	
General Benefits – Contributions to Employees Contribution Fund (EPF), Social Security Organisation (SOCSO), Employment Insurance Scheme (EIS), Professional Body Subscription Fee	Leave – Annual Leave, Compassionate Leave, Marriage Leave, Paternity Leave, Maternity Leave, Examination Leave, Medical Leave, Prolonged Illness Leave, Replacement Leave, Carried Forward Annual Leave, Additional Maternity Leave
Healthcare – Medical Benefits, Dental Benefits, Group Hospital & Surgical Scheme, Group Personal Accident Insurance	Staff Discount – Discount to purchase property
Allowances – Site Allowance, Handphone Allowance, Mileage Claims, Accommodation Allowance, Meal Allowance, Car Allowance, Parking Allowance, Travel Allowance	Uniforms T-Shirt

We believe that everyone should be respected and treated with dignity. Our Employee Handbook outlines our commitment against harassment, discrimination and violence at the workplace. We encourage all employees to speak up against any disputes or channel their concerns through the internal grievance mechanism.

The Group encourages employees to practice a healthy and balanced lifestyle through sports and wellness activities. The Fajarbaru Sports Club was established with a view of promoting a balanced and healthy lifestyle and foster employee relations. Among the sports activities organised by Fajarbaru Sports Club include monthly birthday celebrations, bowling, badminton and other activities.

SUSTAINABILITY STATEMENT (CONT'D)

Company's Engagements

At Fajarbaru, we believe in getting everyone together to foster better communication among our employees.

On 6 July 2019, Fajarbaru sponsored RM10,000 in the annual MBAM Badminton Tournament 2019 that was organised by MBAM. Our employees represented Fajarbaru in the Badminton Tournament.



While promoting a healthy and active lifestyle at Fajarbaru, we organised a Badminton Tournament on 20 July 2019.



SUSTAINABILITY STATEMENT (CONT'D)

Company's Engagements (Cont'd)

On 29 September 2019, we organised a bowling tournament to build the team spirit and bonding among our employees.



Fajarbaru organised a three months fitness program; Zumba and Body Weight workout on a weekly basis from September to November 2019 to promote healthy living to our employees.



SUSTAINABILITY STATEMENT (CONT'D)

Company's Engagements (Cont'd)

On 19 December 2019, Fajarbaru Sports Club organised a December birthday celebration in conjunction with Christmas luncheon and a gift exchange activity.



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In the mid of every month, Fajarbaru Sports Club organised a monthly birthday celebration and hi-tea mingling session named "Triple C: Cut Cake & Chillax (Made To Mingle)".



Company's Engagements (Cont'd)



We observed and celebrated one of the major festivals; Chinese New Year. Fajarbaru Sports Club organised Chinese New Year luncheon on 5 February 2020.



SUSTAINABILITY STATEMENT (CONT'D)

Company's Engagements (Cont'd)



SUSTAINABILITY STATEMENT (CONT'D)

Company's Engagements (Cont'd)

On 2 and 3 November 2019, we organised a team building programme and company annual dinner with the theme "Retro Night (60's - 80's)" in Malacca.



SUSTAINABILITY STATEMENT (CONT'D)

Company's Engagements (Cont'd)

Fajarbaru conducts a townhall session every quarter. These sessions provide an avenue for the top management to engage with the working level employees on pertinent issues that are important to the organisation. During the lock down due to Covid-19 pandemic, our townhall session has converted from physical to virtual to practice social distancing and keep employees informed on latest updates from the company.



In March 2020 during townhall session, we announced the winner and 1st runner up for the best effort in initiating Continuous Improvement Program ("CIP"); the process of making small incremental changes to improve efficiency, productivity, teamwork, process, cost saving and many more.

The New NORM

The Covid-19 pandemic earlier this year resulted in the government initiated MCO on 18th March 2020 and subsequently followed by RMCO and CMCO. The safety, health and wellbeing of all stakeholders is our highest priority during these times and we introduced several precautionary measures and this included postponing of internal or external meetings and company social activities. Video conferencing has become an essential meeting tool for office-based and remote employees.



Working From Home (WFH) arrangement flexibility, Standard Operating Procedures ("SOP") on preventive measures for Covid-19 such as social distancing, carrying out daily temperature checks and medical grade hand sanitiser were introduced to ensure the health and safety of our employees. Posters were in placed at our headquarters and site offices to ensure all employees are aware and constantly reminded on the preventive measures' guidelines. Other SOPs such as line of communication for Covid-19 was established to guide all employees to take the necessary actions in handling certain Covid-19 cases.



Weekly Clean Up Day was initiated to encourage employees to clean their own work desk. It is everyone's responsibility to make sure their workspaces are clean and hygienic.



SUSTAINABILITY STATEMENT (CONT'D)

The New NORM (Cont'd)

In line with government guidelines in May, Covid-19 swab test was carried out at Fajarbaru headquarters and site office and all employees (including foreign workers) were screened before commencement of work. This was conducted to ensure all employees were safe for work and to give reassurances to our employees that we take utmost priority on the health and safety of all our employees.



Covid-19 swab test completed at Fajarbaru headquarters.



Covid-19 swab test completed at Fajarbaru site office.



In April 2020, Fajarbaru has contributed RM250,000 for the protective gear to frontliners fighting against Covid-19. The protective gear includes masks and personal protective equipment (PPE). The Group has also contributed RM120,000 to the government agencies to help those lack of medical supplies.



SUSTAINABILITY STATEMENT (CONT'D)

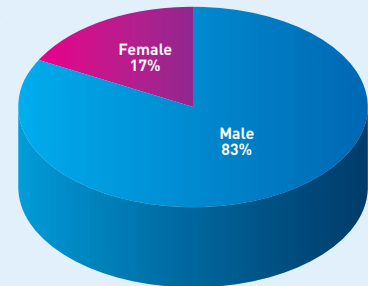


WORKFORCE DIVERSITY

Diversity is an emerging trend that is shaping the business environment in Malaysia. Workforce diversity provides the necessary range of skills, experience and perspectives for the organisation to be successful in this ever-changing business environment. We recognise that we operate in industries traditionally dominated by men. That said, we endeavour to promote equal opportunity and inclusivity in our recruitment process and will continue to identify measures to improve female representation in our organisation.

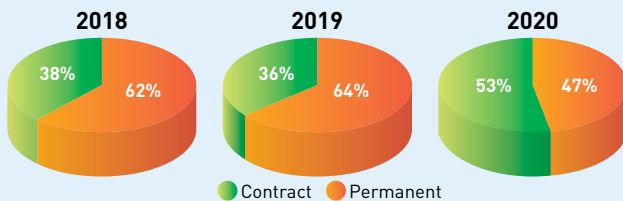
As at 30 June 2020, 314 people are employed in Fajarbaru Group of Companies.

Promotion of Women in Board of Directors

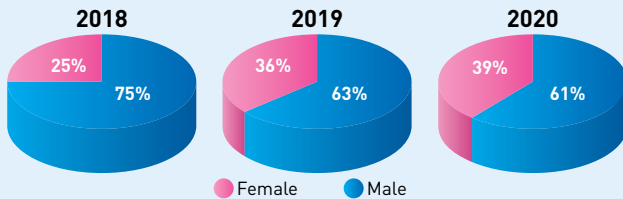


FAJARBARU GROUP OF COMPANIES WORKFORCE

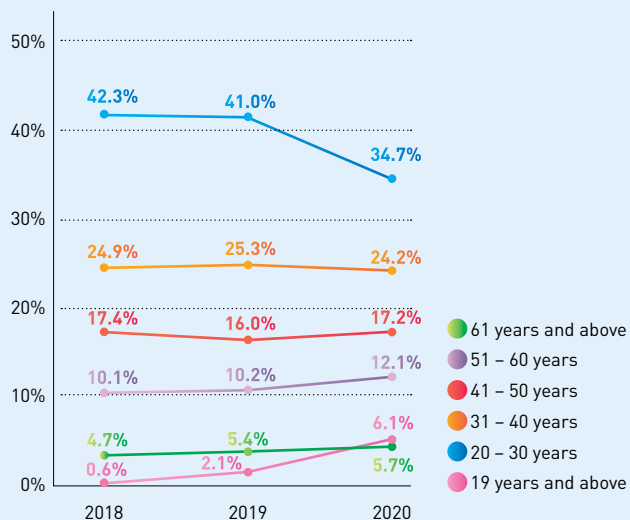
Employee Diversity by Employment Contract



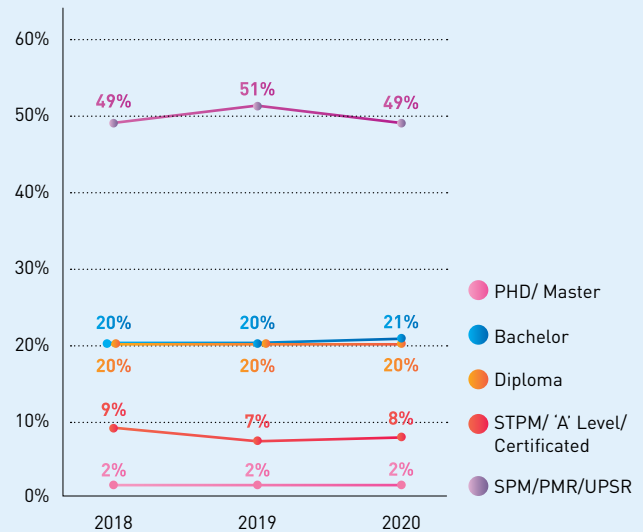
Employee Diversity by Gender



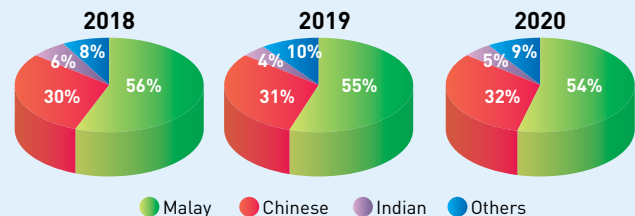
Employee Diversity by Age



Employee Diversity by Education Background

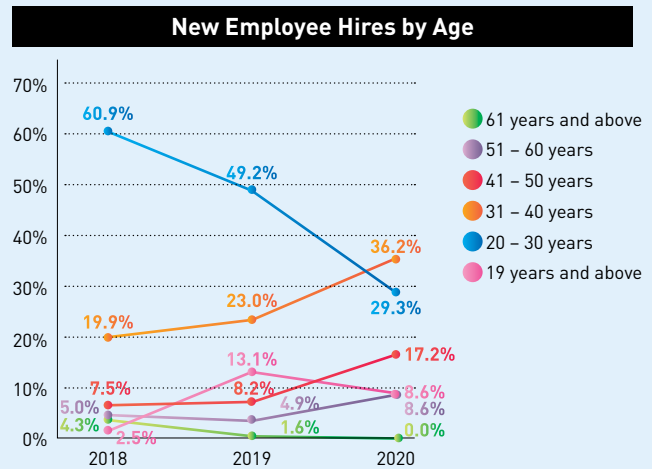
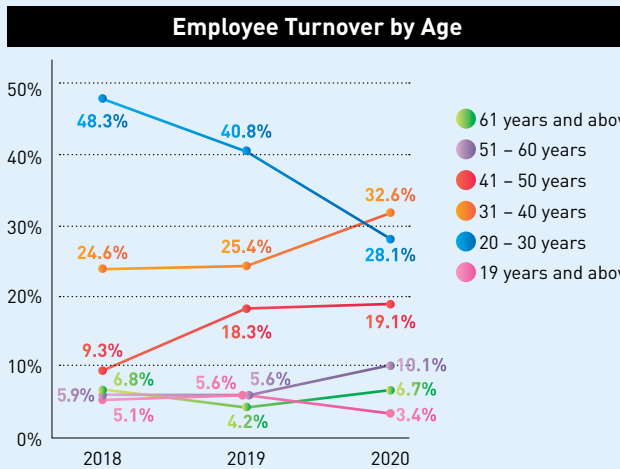
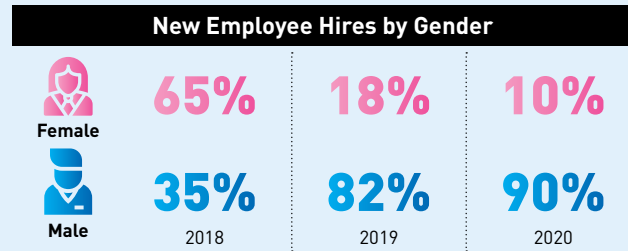
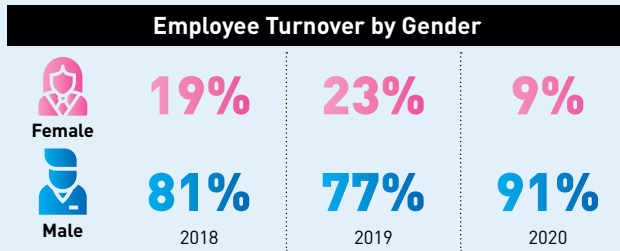


Employee Diversity by Ethnicity



SUSTAINABILITY STATEMENT (CONT'D)

WORKFORCE DIVERSITY (Cont'd)



SERVICE QUALITY

In September 2019, Fajarbaru has successfully achieved ISO certification standard for ISO9001:2015, ISO 14001:2015 and ISO 45001:2018. This achievement allows Fajarbaru to perform Integrated Management System in document policies, processes and procedures that are geared towards achieving quality and safety objective identified.



We have successfully performed our first Surveillance Audit for our ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 this year in July 2020.

Our reputation as a reliable and professional contractor is directly attributed to the quality of service we deliver. Fajarbaru's Quality Policy describes our commitment to achieve customer satisfaction through the provision of the best products and services, fast and value-adding delivery while achieving performance beyond our customers' expectations.

FAJARBARU QUALITY POLICY	
Fast	Fast and value delivery within stipulated time-frame and cost without ignoring quality and safety products & service
Best	Continually improve the effectiveness of quality management system to provide Best quality products & services
Satisfaction	Working towards customer Satisfaction by meeting customer as well as statutory & regulatory requirements
Beyond	Our work performance shall be Beyond the customer expectation by providing sufficient resources and management commitment

SUSTAINABILITY STATEMENT (CONT'D)

SERVICE QUALITY (Cont'd)

The Quality Policy is supported by the procedures and standards of practice outlined within the Quality Manual. The procedures outlined within the Quality Manual comprise:

PROCEDURES WITHIN THE COMPANY MANUAL	
Document Requirement & Control	Control of Customer & External Provider Property
Control of Record	Control of Outsourced Process
Drawing Control	Product Preservation
Internal Audit	Design & Development Control
Continual Improvement	Risk & Opportunity Analysis
Monitoring & Measurement of Product and Non-Conformity Control	Operation Risk Assessment
Tendering Control	Communication, Consultancy & Participation
Purchasing Control	Compliance Obligation
Project Planning	Emergency Response Plan
Project Management Process Control	Management of Changes
Human Resources Management	Incident Handling
Management Review & Analysis	Waste Management
Monitoring & Measurement Equipment Control	Permit To Work

QLASSIC is an evaluation process established by CIDB to measure and evaluate the workmanship quality of a constructed building. The QLASSIC scoring system provides a standardised view and enables an objective analysis of constructed building projects. We view the evaluation system as a vital tool method within our quality assessment and control procedures. We ensure that the requirements of the QLASSIC evaluation are considered at all phases of the building construction project to ensure we deliver high quality works with zero defects to our customers.

For year 2019 & 2020, we have performed QLASSIC assessment at RICA Residence project in Sentul for every unit that we have built. This QLASSIC scoring has helped us to monitor better quality workmanship for every single of the construction.



CUSTOMER SATISFACTION

At the end of each project, we receive feedback from our client on their satisfaction levels for the works delivered. This is done via a Customer Satisfaction Survey. Clients assess the quality of our workmanship in the following areas:

AREAS ASSESSED WITHIN THE CUSTOMER SATISFACTION SURVEY		
Quality Control	Labour Status	Safety
Professionalism	Material	Overall performance

Feedback gathered from our clients help us to continuously improve our quality of service deliverables. The outcome of the Customer Satisfaction Survey will be tabled during senior management meetings for a thorough evaluation to identify potential improvement opportunities.

Moving forward, we strive to consider the implementation of innovative engagement platforms to improve our interactions with our customers.

SUSTAINABILITY STATEMENT (CONT'D)



COMMUNITY ENGAGEMENTS

As part of our ongoing effort towards community development, Fajarbaru is committed to enrich the lives of communities in regions where we operate. We attempt to collaborate with the communities to resolve any issues that may manifest from our business activities.

In financial year 2020, Fajarbaru has contributed RM50,000 to the Institute of Chinese Studies (ICS), University of Malaya. This enable ICS to continue to operate effectively as Malaysia leading think tank on China related issues. Meanwhile, the Group has also contributed RM200,000 to the Dream of the Red Chamber Research Centre, University of Malaya as financial assistance for their research purposes.



Schools are fertile grounds for shaping young minds and inculcating positive habits. We feel passionately about developing the young to be proactive, driven, kind and open minded. SchoolHeroes is a motivating Talk and English program for schools with 3 main aims:

1 To improve English standards

2 To create a sense of Malaysian identity and unity among students

3 To motivate and inspire students with life lessons and formulas for success.

In 2019, Fajarbaru sponsored the SuperHeroes program for SJKT Thamboosamy Pillay and SJKT Ladang Kinrara respectively. The Superheroes program make learning English fun, interactive and accessible and tailored specifically for the school and students. Fajarbaru's motto is Building a Better Tomorrow and we strongly believe the best way to Build a Better Tomorrow is to educate our future generation.



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENTS (Cont'd)



On 27 November 2019, our employees represented Fajarbaru in The Edge Kuala Lumpur RatRace 2019.



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENTS (Cont'd)



On 21 December 2019, Fajarbaru celebrated Christmas party with the children at House of Love. The children had a joyful and memorable Christmas celebration. It also encouraged the children to practice thanksgiving and sharing of love.



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENTS (Cont'd)



55

International Women's Day was celebrated worldwide on 8 March 2020. In recognition of this and to raise awareness on women's rights, Fajarbaru organised a charity drive for Women's Aid Organisation (WAO) on 6 March 2020. All donations channelled to WAO will help them in their mission to end violence against women and to promote gender equality in Malaysia.



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

We recognise the importance of environment factors that our business activities have direct or indirect consequences on the wider environment. This is our third year providing a systematic reporting on our environmental footprint. Therefore, our environmental disclosures are predominantly focused on the impacts created at the headquarters. Moving forward, we aim to enhance our environmental footprint reporting to include project sites. In addition, we will also systematically report on the key environmental risks and impacts created at our project sites.

We have identified energy management, carbon emissions, water management, resource and waste management as important environmental factors for the Group.



GO GREEN INITIATIVES

In 2019, Fajarbaru's Go Green Campaign initiatives has been launched which include Recycled Stationery, No Paper Cup Day every Friday and Awareness of Using Recycling Bin. It is an ongoing practice for all employees to inculcate the habit of recycling and this campaign will help us reduce waste and do our best to minimise our impact on the local community.



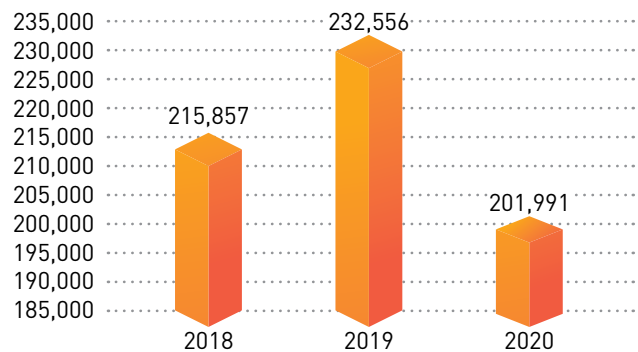
We have obtained 14001:2015, Environmental Management System certification standard in September 2019 and thus, Fajarbaru will be able to manage the environmental impacts of its business activities.



ENERGY MANAGEMENT

Saving energy is part of being greener and kinder to the earth. Our electricity consumption at our headquarters in Kelana Jaya in financial year 2020 amounts to 201.99 MWh. All existing lighting has been replaced with energy-efficient LED lightbulbs as a method to reduce our energy consumption. We rolled out awareness programmes for our employees by encouraging the practice of switching off all lights and unused appliances during lunch hour and at the end of the day.

Energy Consumption (kWh)



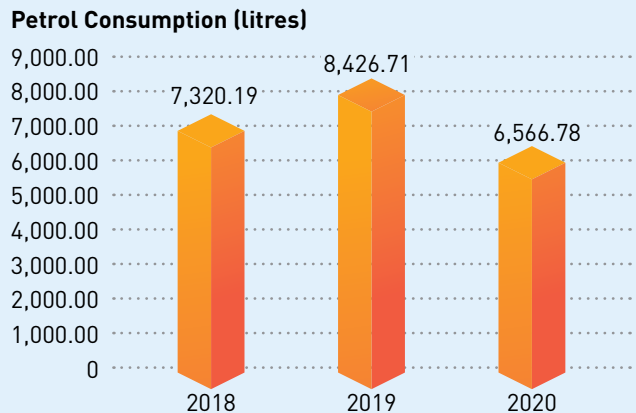
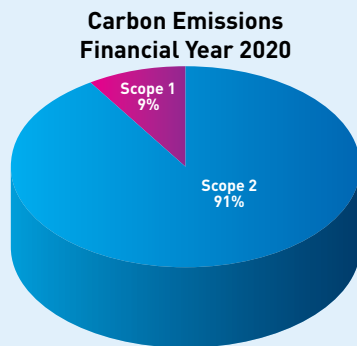
SUSTAINABILITY STATEMENT (CONT'D)



CARBON EMISSIONS

Our Greenhouse Gas (“GHG”) emissions calculation is based on the GHG Protocol classification of direct and indirect emissions. Scope 2 emissions (purchased electricity) constitutes our largest emission source at the headquarters. Our carbon emissions are attributed to the activities in our headquarters. In financial year 2020, our carbon emissions amount to 164.60 metric tonnes of carbon emissions equivalent (tCO₂e). For financial year 2020, we have calculated our emissions under the following categories:

DIRECT (SCOPE 1) EMISSIONS	ENERGY INDIRECT (SCOPE 2) EMISSIONS
<p>Description: Emissions from sources that are owned or controlled by us.</p> <p>Emission Source: Company-owned vehicles designated as pooled cars.</p> <p>Emissions from the consumption of fuel for cars were derived using the emission factor published by the IPCC Guidelines for National GHG Inventories.</p>	<p>Description: Emissions from the generation of purchased or acquired electricity consumed by us.</p> <p>Emission Source: Electricity consumed within the headquarters in Kelana Jaya deemed to be within Fajarbaru’s operational control.</p> <p>Emissions from the consumption of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular grid.</p>



Moving forward, we endeavour to undertake measures to enhance our scope of reporting and establish a boundary for calculating Scope 3.

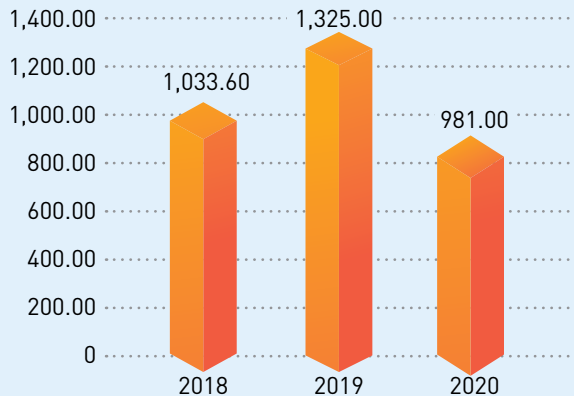
SUSTAINABILITY STATEMENT (CONT'D)



WATER MANAGEMENT

Our water consumption at our headquarters in Kelana Jaya is sourced locally from our municipal water utilities supplier. In financial year 2020, we consumed approximately 1,000 litres of water at our headquarters. We aim to introduce monitoring measures by conducting regular checks and fixing any plumbing leaks in our office immediately when detected.

Water Consumption (m3)



RESOURCES AND WASTE MANAGEMENT

As a property development and construction outfit, the Group uses large quantities of sand, cement and steel. Our Environment, Safety and Health (ESH) department monitors the usage of materials to ensure wastages are minimised where possible. We have a stringent procurement and monitoring process to ensure that raw materials are used efficiently.

THE WORLD OF DIGITALISATION

Building Information Modelling ("BIM")

For 2020, we are focusing on the world of digitalisation. The establishment and implementation of BIM since the end of 2016 shows that Fajarbaru constantly committed in being the front runner of construction the world.

It has been nearly 3 years and BIM has been a game changer in Fajarbaru, proving that with the right implementation, it can tackle the obstacles involving time, cost and quality. It is not just another additional division or a support team, it is the backbone to ensure the construction work runs smoothly.

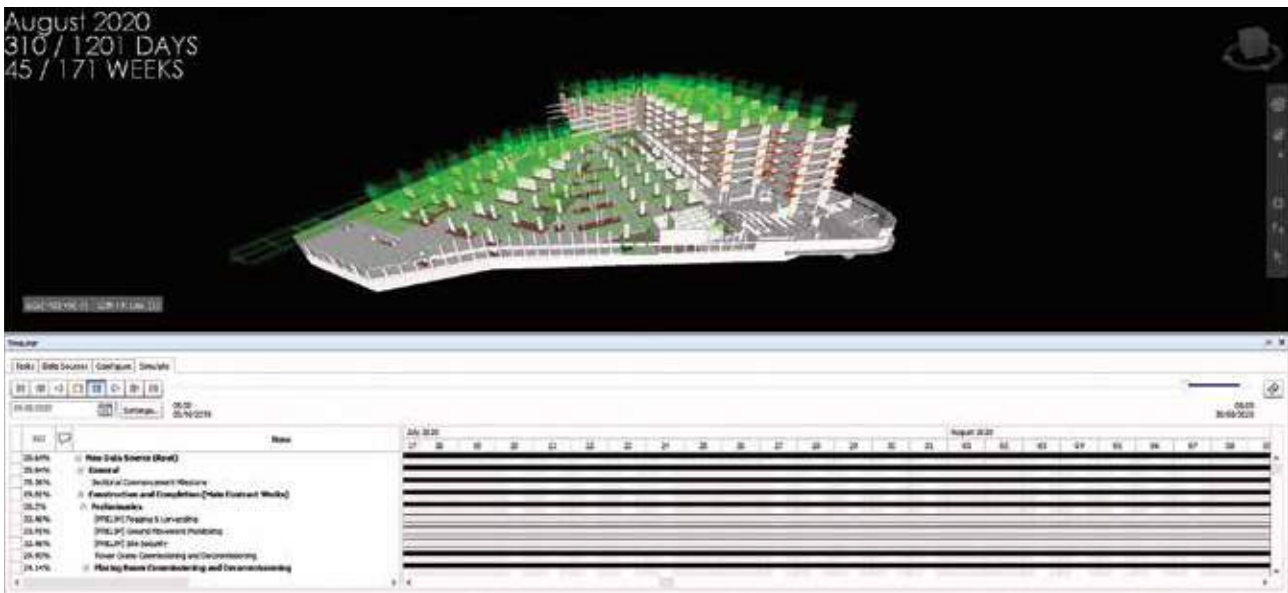
The implementation has been a permanent staple to all ongoing Fajarbaru projects. The coordinated drawings for every discipline distributed among all parties including client, consultants, contractors and sub-contractors. We encourage softcopy distribution that can be accessed at the palm of your hand either by a smartphone, tablet or a computer.

SUSTAINABILITY STATEMENT (CONT'D)

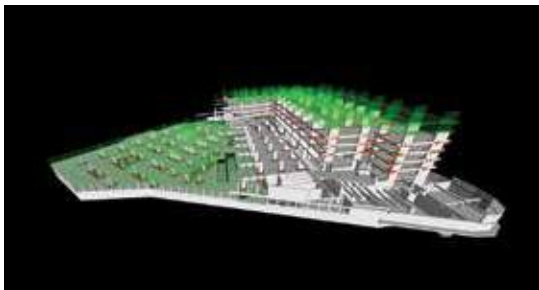
RESOURCES AND WASTE MANAGEMENT (Cont'd)

Work progress presentation simulated in 4D form gives a better understanding on the work planning including the overall month, weeks and percentages of the work done. This helps our contractor to clearly understand the planned progress for each month in order to achieve the targeted date.

We also implemented 5D BIM, extraction for quantity take-off from an integrated model. With the value of number and cost extracted, it works as a guide to compare with the number of actual purchases for construction material. Thus, this helps in controlling over-purchasing.



Integration of devices optimised the usage of BIM. BIM is meant to be handy and accessible to everyone. We encourage the usage of cloud to deliver information so that it can be accessed anywhere. Cloud usage has been the most helpful tool during the pandemic since we have been forced to work-from-home. We also seek new exploration like using drones to capture better ongoing progress for our construction.



SUSTAINABILITY STATEMENT (CONT'D)

RESOURCES AND WASTE MANAGEMENT (Cont'd)

Paper and other office materials make up a significant proportion of materials used at our headquarters. We aspire to implement practices that ensures the sustainable usage of materials. Our purchased paper materials are certified by the Forest Stewardship Council ("FSC"). We encourage our staff to reduce printing physical copy printouts and to print on both sides of paper used. We also reuse and recycle waste paper where possible.

We strive to implement new methods such as e-signing platform to ensure the effective consumption of resources and to reduce waste creation in our office. We have adopted a Document Management System for our headquarters. Moving forward, we aim to roll-out an awareness campaign for our employees to improve the awareness towards the conservation of resources and recycling waste.

General waste and scheduled waste are created in our operations at the project sites and our headquarters. We appointed licensed waste disposal contractors for the disposal of our general and scheduled waste generated at our project site offices. At our headquarters, we appointed a licensed agent to collect our used paper and ink cartridges for recycling. Further, we also ensure that waste is removed and disposed from our project sites and headquarters on a daily basis.

We repurpose old equipment previously used at the project site offices to our headquarters, thereby extending the life of the assets and avoid unnecessary deposits of waste to the landfill. The repurposed equipment includes office chairs, office desks, and other furniture and office fittings.

MOVING FORWARD

We will establish a sustainability policy that would provide an overarching framework for our sustainability goals, initiatives and practices. The sustainability policy will reaffirm our commitment towards responsible business practices and sustainability management while we build resilient businesses through our focus on quality and innovation.

Sustainability is a highly contextualised topic. The sustainability risks and impacts are linked to the type of industry, geography and other unique circumstances. Therefore, we believe a differentiated approach towards sustainability management would best suit Fajarbaru's diversified business activities. We aspire to improve our internal data collection and monitoring activities across the Group. This would help create a sustainability framework that will guide the creation of relevant Key Performance Indicators (KPIs) and targets for the different business activities.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Fajarbaru Builder Group Bhd. is committed to apply the principles and best practices recommended by the Malaysian Code on Corporate Governance (“Code”) and to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the long term financial performance of the Group.

The Board is pleased to present below the manner in which the Group has applied the principles of the Code and the extent of compliance with the best practices of the Code throughout the financial year ended 30 June 2020:-

BOARD OF DIRECTORS

Board Charter

The Board Charter act as a source of reference and primary induction literature in providing insights to the Board members and senior management.

The details of the Board Charter are available for reference at www.fajarbaru.com.my.

Composition and Balance

The Board of Fajarbaru Builder Group Bhd. currently has six (6) members comprising of an Independent Non-Executive Chairman, an Executive Director, a Non-Independent Non-Executive Director, and three (3) Independent Non-Executive Directors. The Company is in compliance with the Main Market Listing Requirements of Bursa Securities Malaysia Berhad (“Bursa Securities”) which required at least two directors, or one-third of the total number of Directors, whichever is higher, to be Independent Directors.

The presence of independent non-executive directors fulfills a pivotal role in corporate accountability. Although all the Directors have an equally responsibility for the Group’s operations, the role of these independent non-executive directors are particularly important as they provide unbiased and independent view, advice and judgement to take account of the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for the Company’s overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and quarterly results, acquisitions, and disposals, material agreements, major capital expenditures, budgets and long term plans would require Board approval.

The Chairman is primarily responsible for the Group’s overall business plan and direction, whereas, the Executive Directors are responsible for the day-to-day business operations, management decisions, financial planning and implementation of policies. The Non-Executive Directors share their experience and expertise and give independent input to major decisions including formulation of policies and strategies, they act independently and objectively in carrying their duties.

Besides, the roles of the Chairman are separate with clear division of responsibilities to ensure balance of power and authority. The Chairman is delegated authority to take all decisions and actions that further the corporate purpose of creating long-term shareholder value through the discovery, acquisition, development and marketing of natural resources. The Chairman’s main responsibility is to lead and manage the Board with the focus on environmental issues, employees, public and shareholders’ interest. Concentrated discussion of these items assists the Board in making the right decisions

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

based on the long term opportunities for the business and its stakeholders. The Board monitors the decisions and actions of the Chairman and the performance of the Group to gain assurance that progress is being made towards the corporate purpose within the limits imposed through the Group's governance assurance framework.

The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated by the Board to a Committee, the Chairman or another nominated member of the Management team:-

- (i) Approval of corporate directions and plan
- (ii) Approval of annual budgets / forecast
- (iii) Approval of any Joint Venture
- (iv) Approval of any material acquisitions and disposals of undertakings
- (v) Changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits
- (vi) Board appointment
- (vii) Any matters / transactions that fall within the ambit of the Board pursuant to the Companies Act, 2016, the Main Market Listing Requirements of Bursa Malaysia, Terms of Reference of the respective Board Committees or any other applicable rule.

Adherence to the Limits of Authority is reported directly to the Audit Committee.

The Board met six (6) times during the financial year ended 30 June 2020 to review the Group's operations, quarterly and annual financial statements and any other matters that required the Board's approval. Details of each Director's attendance are set out on page 27 of this annual report.

Board Committees

The Board has delegated certain functions to the Committees its established to assist in the execution of its responsibilities. The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs. The relevant Board Committees established are as follows:-

- (i) Audit Committee
- (ii) Nominating Committee
- (iii) Remuneration Committee
- (iv) Risk Management Committee

The duties and responsibilities of the Nominating and Remuneration Committees are to assist the Board in reviewing and recommending the appointment of caliber candidate irrespective of gender and evaluation of the performance of the Directors. They also assess the appropriate remuneration policies applicable to Directors, Chief Executive Officer, Managing Director and senior management.

The activities of the Nominating and Remuneration Committees for the financial year are included in the following:-

- (i) reviewed the bonus and incentives of Directors and senior management of the Group;
- (ii) assessed and evaluated the effectiveness of Directors through the annual Board evaluation (including the independence of Independent Non-Executive Directors);
- (iii) reviewed the letter of employment of senior management staff;
- (iv) reviewed the composition of the Board and Board Committees of the Group;
- (v) reviewed the Directors' Fees for the Group; and
- (vi) reviewed the design and allocation of awards of the Employees' Share Option Scheme ("ESOS")

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

All recommendations of the Nominating and Remuneration Committees are subject to endorsement by the Board.

The responsibilities and activities of Risk Management Committee disclosed on page 70 to 74 of this Annual Report.

One (1) Nominating Committee meeting was held during the financial year and was attended by all its members. At the meeting, the Committee has discussed on the training needs of the directors, reviewed and assessed the executive directors, recommendation on re-election of directors subject to retirement as well as the continuation in office of independent non-executive director who have served for more than 9 years.

Supply of Information

All Directors are supplied with board papers pertaining to agenda items prior to the Board meeting. This is issued in sufficient time to enable the Directors to obtain further explanations, when necessary, in order to be properly briefed before the meeting.

All Directors have access to the advices and services of the Group's Company Secretaries who are responsible for ensuring the proper Board procedures are followed through and that all applicable rules and regulations are complied with.

The appointment of the Company Secretary is based on the capability and proficiency determined by the Board. The Company Secretaries attended the Board meetings and recorded the deliberations, in terms of the issues discussed and the conclusion made by the Board in discharging their duties and responsibilities.

Profile of Company Secretary

Mr. Tan Kok Aun is a member of The Malaysian Association of Company Secretaries. He has more than 29 years of experience as a corporate secretary.

Mr. Nip Chee Sien is an Associate of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). He has more than 12 years of experience in corporate secretarial practice.

Appointments of the Board

The Nominating Committee has the responsibility for assessing and considering the re-appointment of the existing Directors; and for identifying and selecting potential new Directors to the Board. It also considered succession planning and the composition of the Board. The Board has established a Boardroom Diversity Policy. The Nominating Committee considers the experience, skills and qualities of the new and existing Directors to ensure a good balance of skills amongst the Directors so as to continue to enhance the effectiveness of the Board. The Board, through the Nominating Committee, agreed the importance of having diversity on the Board and will take steps to ensure that women candidates are sought as part of its recruitment exercise. The ultimate decision will be based on merit and contributions the candidate brings to the Board.

The Nominating Committee will evaluate the independence of the Independence Directors based on the evaluation criteria approved by the Board and submit its findings to the Board for deliberation. The Independence Directors who are also the Nominating Committee members will be excused from the meeting during discussion of his/her independence status. The assessment takes into account the individual Director's ability to exercise independent judgement to enhance the Board's accountability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Re-election of the Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors (including a Managing Director) for the time being, or, if their number is not a multiple of three, then the number nearest to one-third (1/3) shall retire from office and shall be eligible for re-election. All directors (including a Managing Director) shall retire from office once at least in each three years, but shall be eligible for re-election.

The Company's Constitution also provides that any director appointed during the year shall hold office until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Directors' Training

The Board acknowledges that continuous education is vital for its members to gain insight into the state of the economy, technological advances, latest regulatory developments and management strategies. All members of the Board have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad. The Board will also identify training needs amongst the Directors and enroll the Directors for training programme, as and when required.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The external auditors briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. In addition, the Board is briefed at every Board meeting on any significant changes in laws and regulations that are relevant by the Company Secretary. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, either at the Company's expense or through self-reading.

During financial year 2020, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal control, corporate governance, finance and any changes to relevant legislation, rules and regulations from in-house professionals. The Company also organised in-house programmes for its directors and senior management.

The directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The training, conferences or seminars attended by the Directors during the financial year are as outlined below:

Directors	Training Programme
Dato' Ir. Low Keng Kok	<ul style="list-style-type: none"> • Amendments To Listing Requirements in relation to "Anti-Corruption Measures" • Key Highlights on New / Amendment of Malaysian Financial Reporting Standards (MFRS) • Malaysia SDG Summit 2019 • Session on Corporate Governance & Anti-Corruption • AKEPT Leadership Talk Series (ALTS) 2019 ; Series 2 "Building Agility of the Malaysian Higher Education System" • MIRA Evening Talk & networking : US-China Trade War - its impact on Business and Consumers in Asean
Dato' Sri Kuan Khian Leng	<ul style="list-style-type: none"> • Create Innovation and Build a Global Brand • Digital Economy • Statutory Rescue: Whether Introducing a COVID-19 Act can Save the Economy? • OSH Requirement: Return to Work After MCO • Employment Issues during MCO Practical Solutions for Employers • Impact of COVID-19 on Employment Laws, Human Resources and Industrial Relations • Amendments To Listing Requirements in relation to "Anti-Corruption Measures" • Key Highlights on New / Amendment of Malaysian Financial Reporting Standards (MFRS) • Crucial IR Knowledge for People Managers
Dato' Ismail Bin Haji Omar	<ul style="list-style-type: none"> • Amendments To Listing Requirements in relation to "Anti-Corruption Measures" • Key Highlights on New / Amendment of Malaysian Financial Reporting Standards (MFRS)
Dato' Lim Siew Mei	<ul style="list-style-type: none"> • Amendments To Listing Requirements in relation to "Anti-Corruption Measures" • Key Highlights on New / Amendment of Malaysian Financial Reporting Standards (MFRS)
Foong Kuan Ming	<ul style="list-style-type: none"> • Amendments To Listing Requirements in relation to "Anti-Corruption Measures" • Key Highlights on New / Amendment of Malaysian Financial Reporting Standards (MFRS)
Ooi Leng Chooi	<ul style="list-style-type: none"> • Amendments To Listing Requirements in relation to "Anti-Corruption Measures" • Key Highlights on New / Amendment of Malaysian Financial Reporting Standards (MFRS)

The Company Secretaries normally circulate the relevant statutory and regulatory requirements from time to time for the Board's reference and brief the Board on the updates, where applicable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Whistle-blowing Policy

The Company is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

This policy is to provide an avenue for all employees of the Company and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

A whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. Any anonymous disclosure will not be entertained. Any employee or member of the public who wishes to report improper conduct is required to disclose his identity to the Company in order for the Company to accord the necessary protection to him / her. However, the Company reserves its right to investigate into any anonymous disclosure.

The Whistle-blowing Policy is posted on the Company's website at www.fajarbaru.com.my. Any improper conduct may be reported in writing directly to whistleblow@fajarbaru.com.my, which is accessible by the Chairperson of the Audit Committee.

DIRECTORS' REMUNERATION

Remuneration Policy

The remuneration of the Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Directors concerned.

Remuneration Procedure

The Remuneration Committee is responsible for making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors. The remuneration package of Non-Executive Directors will be decided by the Board as a whole, with the Directors concerned required to abstain from the deliberations and voting on decisions in respect of the individual's remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole, subject to approval by the shareholders of the Company at the Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Disclosure

The aggregate remuneration of Directors for the financial year ended 30 June 2020 is as follows:-

	Fees RM '000	Salaries RM '000	Bonus RM '000	Allowance RM '000	EPF RM '000	Socso RM '000	BIK RM '000	Total RM '000
Dato' Ir Low Keng Kok	78	-	-	-	-	-	2	80
Dato' Sri Kuan Khian Leng	-	567	-	63	79	1	34	744
Dato' Ismail Bin Haji Omar	36	-	-	-	-	-	-	36
Dato' Lim Siew Mei	160	48	-	-	6	1	-	215
Foong Kuan Ming	48	-	-	-	-	-	-	48
Ooi Leng Chooi	42	-	-	-	-	-	1	43
			Executive Directors				Non-Executive Directors	
Below RM 50,000			-				3	
RM 50,001 to RM 100,000			-				1	
RM 200,001 to RM 250,000			-				1	
RM 750,001 to RM 800,000			1				-	

The aggregate remuneration of Senior Management personnel for the financial year ended 30 June 2020 is as follows:-

	Senior Management
Below RM 400,000	1
RM 450,001 to RM 500,000	1
RM 550,001 to RM 600,000	1
RM 650,001 to RM 700,000	1
RM 750,001 to RM 800,000	1

Annual General Meeting and Dialogue with Shareholders

The Board is aware of the importance of the timely and accurate disclosure of material information to shareholders and investors of the Group.

The Company reaches out to its shareholders through the issuance of Annual Report, Explanatory Circulars and updates on the Company are provided through the quarterly reports announced to the Bursa Securities. The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders of the Company. Besides the usual agenda of the Annual General Meeting, the Board presents the progress and performance of the business. Thereafter, the shareholders are presented with the opportunity to participate in question and answer sessions with the Directors. The Chairman and where appropriate, the Managing Director or the Executive Directors, will respond to any questions raised during the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

In the re-election of Directors, the Board will ensure that through the notice of meeting, full information is disclosed on Directors who are retiring and willing to continue to serve, if re-elected.

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of a proposed resolution. This is to facilitate a better understanding and evaluation of the issues involved.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board's aim is to provide and present a balanced and understandable assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report.

Internal Control

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on page 70 to 74.

Relationship with the Auditors

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the Company's external auditors. The external auditors meet and report their findings to the Audit Committee pursuant to their audit for each financial year.

The Report of the Audit Committee is set out in pages 76 to 78 of the Annual Report.

Compliance with the Code

The Board has to the best of its ability and knowledge complied with the Malaysian Code on Corporate Governance. The Board expects to continue to improve and enhance the procedures from time to time, especially in both corporate governance and internal control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) is pleased to present the Statement on Risk Management and Internal Control (“Statement”) which outlines the nature and scope of the system of risk management and internal control in the Group (comprising the Company and its subsidiaries) for the financial year ended 30 June 2020 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. This Statement has been prepared in accordance with paragraph 15.26 (b) and Practice Note 9 of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance 2017 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibilities and commitments in maintaining a sound risk management and internal control system to ensure the reliability, adequacy and effectiveness of financial, operational and compliance controls as well as reviewing the adequacy and integrity of the system in meeting the Group’s business and corporate objectives. The system of risk management and internal control is designed to safeguard shareholders’ investments and the Group’s assets.

The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with the Principles, Practices and Guidance of the Malaysian Code on Corporate Governance (“MCCG”).

In embracing Practice 9.1 of the MCCG, the Board has formalized a Risk Management framework (“framework”) that sets out pertinent policies and guidelines to streamline the Group’s risk management initiatives and activities in a structured and holistic manner to safeguard shareholders’ investment and the Group’s assets. Based on this framework, the Board has established an on-going process to identify, evaluate, control, report and monitor significant business risks faced by the Group.

The system of risk management and internal control covers not only the financial aspects but also operational and compliance aspects of the Group. The risk management process and internal control system involve every business units and their respective key management, including the Board, and are designed to meet the Group’s particular needs and to manage the risks to which it is exposed. The system is designed to identify and manage rather than eliminate the risk of failure to achieve business objectives. Consequently, the Board recognizes that a sound system provides reasonable but not absolute assurance that the Group will not be hindered in achieving its business objectives in the ordinary course of business.

During the financial year under review and up to the date of approval of this statement for the inclusion in annual report, the Board was supported by the Senior Management and Internal Auditors in implementing a formal approach towards identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and is an ongoing process. This includes examining principal business risks in critical areas and identifying measures to mitigate, avoid and eliminate these risks.

RISK MANAGEMENT FRAMEWORK

The Board recognized the risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives and maintains an ongoing commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. Significant risks were identified and assessed in terms of likelihood of their occurrence and the impact on the achievement of the Group’s business and corporate objectives.

The Board oversight function in risk management assessment is assisted by the Risk Management Committee (“RMC”), chaired by an Independent Director and its members consist of Executive Directors and the Management team, that report to the Audit Committee and the Board with respect to review and monitor the Group’s major risk exposures, key guidelines and policies for risk assessment and management, and steps taken by the Management to monitor and control such

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

exposures. RMC was formed to provide an integrated risk management infrastructure to identify, respond to and monitor the significant business risk in a systematic and on-going approach. RMC will assist the Board in effectively discharging its primary responsibilities of identifying, managing, evaluating and monitoring principal risks. It will also oversee the implementation of appropriate systems and risk assessment processes to manage risks within the Group.

RMC had been established with the responsibility to identify and communicate to the Board the critical strategic business risks (both present and potential) the Group faces, their changes and the management action plans to manage the risks.

RMC together with the respective heads of the Group's business unit are responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed.

Changes in the key business risks faced by the Group or emergence of new key business risks and the corresponding internal controls are discussed during management meetings with material changes in the key business risks faced by the Group or emergence of new key business risks are highlighted to the Board, if any.

A database of strategic risks identified and appropriate controls has been created and the information filtered to produce a detailed risk register/scorecard and individual risk profiles for the respective business units, which is continuously updated.

Key risks to each business unit's objectives aligned with the Group's strategic objectives are identified and scored for likelihood of the risks occurring and the magnitude of the impact.

The risks profile of the relevant business units have been tabled to the RMC with highlights on the key business risk, their causes and management action plans thereon.

All major risk that have an impact on the Group such as market, economic, legislative and financial risks, will be identified, rated and monitored closely on an on-going basis. For each of the risk identified, the risk owner is assigned to ensure that the appropriate risk response actions are carried out in a timely manner. The Internal Auditors will update the Risk scorecard and perform an independent review on the risk and internal control area and report to the Audit Committee on a quarterly basis.

The individual risks in the profile are scored for their likelihood of occurrence and the impact thereof established for each key business unit or company in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated in terms of likelihood of their occurrence and the impact thereof, this feature essentially articulates the Board's risk appetite, i.e. the extent of risk the Group is prepared to take or seek in achieving its corporate objectives. Details of specific risks are recorded in individual risk registers, covering the risk description, causes of risk, risk consequences, internal controls implemented by Management to address the causes of risk, Management's assessment of the effectiveness of internal controls and the residual risk rating.

The role of this risk management framework is to provide all staff with guidance in how to apply consistent and comprehensive risk management.

The Board believes that the function of a sound system of internal control and risk management policies is built on a clear understanding and appreciation of the Group's risk management framework and policy with the following key elements:

- (i) Provide a systematic approach to the early identification and management of risks;
- (ii) Effective and efficient risk management activities contribute to good corporate governance and are integral to the achievement of business objectives;
- (iii) Provide consistent risk assessment criteria;
- (iv) Make available accurate and concise risk information that informs decision making including business direction;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- (v) Adopt risk treatment strategies that are cost effective and efficient in reducing risk to an acceptable level; and
- (vi) Monitor and review risk levels to ensure that risk exposure remains within an acceptable level.

Risk identification is a key step in the risk management process to ensure a complete list of risks is identified. There are four level of risk being identified namely High Level, Significant Level, Medium Level and Low Level. High Level of risk requires immediate prohibition of the process and immediate corrective action; Significant Level of risk requires immediate corrective action; Medium Level of risk may require corrective action through planning and budgeting process; and Low Level of risk requires the costs to treat the risk are disproportionately high compared to the negligible consequences or may require consideration in any future changes to the process or can be fixed immediately.

Possible risk treatments options include avoid the risk, mitigate the risk, transfer the risk, accept the impact of the risk or deferred the risk. Risk escalation is an important tool for ensuring that risks are known and understood by the people with appropriate authority to manage them. If a risk poses an extreme risk and requires allocation of substantial risk treatment resources, then it would not be appropriate for this to be managed at the divisional level. The Board has overall accountability for managing risks and therefore, where a risk poses such a high threat, the Board should be immediately informed of it.

The respective risk owners are responsible for identifying risks and to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in the various work processes and procedures of the respective operational functions and the risk mitigating processes are implemented in the following aspects:-

1. **Financial**
Liquidity risk management processes which ensures that the Group effectively and efficiently meets its financial obligations and liquidity requirements.
2. **Business**
Business risk management approach which identifies key business risks and their financial impact. Identified business risks are assessed and ranked based on their severity of consequences and likelihood of occurrence for the remedial and mitigating actions to be taken.
3. **Operational**
Key operational risks identified such as risks affecting quality and timelines of project delivery are monitored by risk owners to ensure that remedial and mitigating actions are carried out.
4. **Environmental, Safety and Health**
Adopting stringent monitoring controls on environmental, safety and health which are of utmost importance to the business.

RMC met three (3) times during the financial year ended 30 June 2020 to review the Group's risk and any other matters that required the Board's approval.

INTERNAL CONTROL

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks of the Group which has been in place for the financial year under review.

The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the "Statement of Internal Control: Guidance for Directors of Public Listed Companies".

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, are as follows:

- Quarterly review of financial information covering financial performance and quarterly financial results;
- Operational information and updates provided by management during the board meetings;
- Audit Committee's review and consultation with management on the integrity of the financial results, annual report and audited financial statements;
- Audit findings and reports on the review of systems of internal control from the Internal Auditors;
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects;
- Director representations in the boards of the companies in which the Group has investment; if any;
- The Group has in place experienced and competent employees in areas of responsibility to support the effectiveness of the Group's system of internal control. The Group also provides relevant training to the employees to ensure continuous improvement of their competencies;
- The Tender Committee, which consists of members from the Senior Management, reviews all significant procurement exercises based on the established policies and procedures of the Company before review and approval by the Group Executive Director or the Board; and
- The Management team, which comprises of the Group Executive Director and head of department, meets at least once a month to review the Group's performance and to ensure that all functions within the organization are working towards the Group's goals and objectives. Any other matters which are beyond the authority of the Management team will be escalated to the Board of Directors for decision through the Group Executive Director.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key elements of the Group's risk management and internal control system are as follows:

- The Group has a defined organization structure and each function and/or operating business segments is led by a head of department. The line of accountability, responsibility, approval, authorization and control procedures have been laid down and communicated throughout the Group;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability, with appropriate sign-off by personnel entrusted with the responsibilities;
- Significant changes in business development are reported by Management to the Board at scheduled meetings. This oversight review enables the Board to evaluate and monitor the Group's business performance vis-à-vis its corporate objectives;
- Key result areas and key performance indicators are established and aligned with the strategic business objectives and goals and are monitored on an ongoing basis;
- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. The Board is kept updated on the Group's activities and operations on a timely and regular basis;
- Regular in-house trainings by external parties were conducted to keep Directors and Management abreast with the current thinking on risk management and internal controls and updates on new legislations;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- Internal policies and standard operating procedures are clearly documented to ensure compliance with internal controls, laws and regulations, which are subjected to regular reviews and improvement, have been communicated to all levels across the Group; and
- Whistle-Blowing Policy is in place to provide avenues for whistle-blowing.
- Anti Bribery and Anti Corruption Policy is in place to further enforce the Group Code of Conduct and Business Ethics to ensure that employees understand their responsibilities in compliance with the Group's zero tolerance for bribery and corruption within the organization.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with Bursa's Guidelines, Management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and implementing strategies to mitigate those risks, maintaining a sound system of risk management and internal control; and monitoring and reporting to the Board of any material control deficiencies and changes in risks that could significantly affect the Group achieving its objective and performance.

Before producing this Statement, the Board has received assurance from the Group Executive Director and Finance Director that the Group's risk management and internal control systems have operated adequately and effectively for the financial year under review, in all material aspects. The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal audit function, management letters provided by External Auditors, reviews performed by Management and various Board Committees as well as reliance on written confirmations by Management. Taking into consideration the assurance from the Management and input from the relevant assurance providers, the Board is of the view that the risk management framework and internal control systems are satisfactory and adequate to safeguard shareholders' investments, customers' interests and the Group's assets and have not resulted in any material loss, contingency or uncertainty. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

BOARD ASSURANCE AND LIMITATION

The Board is satisfied with the procedures outlined above and the Board will continue to review the effectiveness of the Group's risk management and internal control system. Nonetheless, the Board recognizes that the internal control system should be continuously improved in line with the evolving business environment. It should be noted generally that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the Group's risk management and internal control system can only provide reasonable, but not absolute assurance against material misstatements, frauds, losses or other significantly adverse consequences.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 : Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is factually inaccurate.

This Statement is issued in accordance with a resolution of the Board dated 22 October 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of the preparation of the audited financial statements (as required under Paragraph 15.26(a) of the Main Market Listing Requirements):

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company of the results and cash flows for that financial year.

The Directors, in preparing the financial statements for the financial year ended 30 June 2020 have:

- used appropriate accounting policies and apply them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed.

The Directors are responsible for ensuring that proper accounting records are kept and disclosure with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 2016.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Fajarbaru Builder Group Bhd. is pleased to present the report of the Audit Committee of the Board for the year ended 30 June 2020.

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the directors listed below. During the year ended 30 June 2020, the Committee held a total of six (6) meetings.

Audit Committee Members	Status of Directorship	Attendance of Meetings
Foong Kuan Ming (Chairman)	Independent Non-Executive Director	6 / 6
Dato' Ismail Bin Haji Omar (Member)	Independent Non-Executive Director	6 / 6
Ooi Leng Chooi (Member)	Independent Non-Executive Director	6 / 6

During the financial year, the Committee undertook the following activities:-

1. Reviewed the audited financial statements for the year ended 30 June 2020 and unaudited quarterly financial results announcement of the Group, prior to the Board's approval.
2. Reviewing with the External Auditors the scope of work and results of their examination together with the actions taken thereon.
3. Reviewing the scope and results of the Internal Audit procedures and reports as well as to recommend any necessary action to be taken by management.
4. Monitoring and reviewing the Financial and Operations Reports.
5. Reviewing any related party transaction that may arise within the Group of the Company.
6. Verified allocation of employees share options at the end of each financial year end pursuant to Regulation 8.17 (2) of the Main Market Listing Requirement.

TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

The Committee shall be appointed by the Board from among their members and shall consists of not less than three (3) members. All the Committee member must be non-executive Directors' with a majority of them being independent.

The Chairman shall be an independent non-executive director. No alternate directors of the Board shall be appointed as a member of the Committee. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or if he is not, then he must be a person who complies with the requirements of Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In the event of any vacancy in the Committee resulting in non compliance of subparagraph 15.09 (1) of the Main Market Listing Requirements, the vacancy must be filled within three (3) months. The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the Terms of Reference.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

Responsibilities and Duties

The duties of the Committee are:

1. to consider the appointment, resignation and dismissal of external auditors and the audit fee;
2. to review the nature and scope of the audit with the internal and external auditors before the audit commences;
3. to review the quarterly and annual financial statements of the Group and the Company focusing on the matter set out below, and thereafter to submit them to the Board:
 - (a) any changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit;
 - (c) the going concern assumption; and
 - (d) compliance with accounting standards and regulatory requirements.
4. to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
5. to review the audit reports prepared by the internal and external auditors, the major findings and management's responses thereto;
6. to review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
7. to review any appraisal or assessment of the performance of members of the internal audit department;
8. to approve any appointment or termination of senior executives in the internal audit department;
9. to review related party transactions entered into by the Group and the Company to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient; and
10. any such other functions as may be agreed to by the Committee and the Board.
11. to review the implementation and allocation of the Group's Employee Share Option Scheme (ESOS) as being in compliance with the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the ESOS by-laws as approved by the Board of Directors and shareholders.

The Audit Committee has established an Auditor Independence Policy, which sets out the 5-year rotation and cooling off requirement. The Audit Committee carried out an annual review of the performance of External Auditor, including assessment on their independence in performing their obligations, adequacy of experience and resources of the firm and professional staff assigned to the audit, and the level of non-audit services to be rendered by the External Auditor to the Group.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO ESOS ALLOCATION

During the financial year, the Company did not grant any options to eligible employees of the Group under the ESOS. Thereafter, the ESOS was expired on 16 December 2019.

INTERNAL AUDIT FUNCTION

The Company has an in-house Internal Audit Department whose principal responsibility is to undertake regular and systematic reviews of the systems of financial and operational controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The total cost incurred in discharging its functions and responsibilities during the year is RM238,290 (Year 2019: RM224,541). The attainment of such objectives involves the following activities being carried out:-

1. reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls promoting effective control in the Company and the Group at reasonable cost;
2. ascertaining the extent of compliance with established policies, procedures and statutory requirements;
3. ascertaining the extent to which the Group and the Company's assets are accounted for and safeguarded;
4. appraising the reliability of information developed within the Group and the Company for management;
5. recommending improvements to the existing system of controls;
6. reviewing the effectiveness and efficiency of operations; and carrying out investigations and special reviews requested by management and / or Audit Committee.

The finding of the audit, including a follow-up on the status of Management's implementation of recommendation raised in previous reports, were tabled at the Audit Committee meetings for deliberation and the Audit Committee's expectation on the corrective measures were communicated to the respective heads of the business decisions.



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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 the businesses of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	36,161	6,554
Attributable to:-		
Owners of the Company	32,441	6,554
Non-controlling interests	3,720	-
	<u>36,161</u>	<u>6,554</u>

DIVIDENDS

The Company paid an interim single-tier dividend of 1.5 sen per ordinary share amounting to approximately RM5,592,000 for the financial year ended 30 June 2020 on 30 December 2019.

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

DIRECTORS' REPORT (cont'd)

TREASURY SHARES

During the financial year, the Company purchased 2,005,600 of its issued ordinary shares from the open market at a weighted average price of RM0.26 per share. The total consideration paid for the purchase was RM513,882 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 June 2020, the Company held a total of 3,075,764 treasury shares out of the total of 373,882,456 issued and fully paid up ordinary shares. The treasury shares are held at a carrying amount of RM1,654,910.

The details on the treasury shares are disclosed in Note 24 to the financial statements.

WARRANTS

On 25 September 2014, the Company issued a renounceable rights issue of 109,628,288 new ordinary shares of RM0.50 each with 109,628,288 free detachable new warrants on the basis of one (1) rights share and one (1) warrant for every two (2) ordinary shares of RM0.50 each held in the Company at an issue price of RM0.50 per rights share. These warrants were listed on the Bursa Malaysia Securities Berhad on 2 October 2014.

The warrants have a term of 5 years to exercise from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid. During the financial year, 39,428 warrants were exercised and the remaining balance of 109,588,860 warrants lapsed as the warrants expired on 24 September 2019.

The details of the warrants are disclosed in Note 25 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

DIRECTORS' REPORT (cont'd)

EMPLOYEE SHARE OPTION SCHEME

- (a) Employee Share Option Scheme ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 28 October 2009. The ESOS is to be in force for a period of 5 years. The Company has on 26 February 2014 resolved to extend the existing ESOS which expired on 17 December 2014 for a further period of 5 years to 16 December 2019.

The main features of the ESOS are as follows:-

- (i) The Options Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees and directors of the Group to subscribe for new ordinary shares of RM0.50 each in the Company.
 - (ii) Subject to the discretion of the Options Committee, any employee whose employment has been confirmed and any directors holding office of the Group, shall be eligible to participate in the ESOS.
 - (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management of the Group. In addition, not more than 10% of the share available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
 - (iv) The option price for each share shall be the weighted average of the market prices as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date on which the option is granted less, if the Option Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company of RM0.50.
 - (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (b) On 1 December 2016, the Company has offered a total of 20,710,000 share options at the option price of RM0.60 to eligible employees and directors of the Company in accordance with the By-Laws of the ESOS.

The details of the ESOS are disclosed in Note 27 to the financial statements.

The share option expired on 16 December 2019.

BAD AND DOUBTFUL DEBTS

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

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

DIRECTORS' REPORT (cont'd)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (cont'd)

DIRECTORS

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

Dato' Ir. Low Keng Kok
Dato' Sri Kuan Khian Leng
Dato' Ismail bin Haji Omar
Dato' Lim Siew Mei
Foong Kuan Ming
Ooi Leng Chooi

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

Tan Sri Kong Hon Kong
Dato' Chua Tiong Moon
Toh Teong Hock
Wong Wee Keong
Yau Tuck Wai
Tan Ting Lih
Kong Kam Loong
Chan Jiaheng
Dato Sri' Kong Yew Foong (Resigned on 03.12.2019)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			At 30.6.2020
	At 1.7.2019	Bought	Sold	
The Company				
<i>Direct Interests</i>				
Dato' Ir. Low Keng Kok	7,297	-	-	7,297
Dato' Ismail bin Haji Omar	17,269	-	-	17,269
Dato' Lim Siew Mei	3,661,380	-	-	3,661,380
Foong Kuan Ming	202,857	100,000	-	302,857
Ooi Leng Chooi	16,900	-	-	16,900
<i>Indirect Interest</i>				
Dato' Sri Kuan Khian Leng*	32,626,300	-	-	32,626,300
Dato' Lim Siew Mei#	1,479,000	-	-	1,479,000

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (CONT'D)

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

	At	Number of Options under ESOS		At
	1.7.2019	Granted	Lapsed	30.6.2020
The Company				
<i>Direct Interests</i>				
Dato' Ir. Low Keng Kok	300,000	-	(300,000)	-
Dato' Ismail bin Haji Omar	200,000	-	(200,000)	-
Dato' Lim Siew Mei	400,000	-	(400,000)	-
Ooi Leng Chooi	100,000	-	(100,000)	-

	At	Number of Warrants Over Ordinary Shares		At
	1.7.2019	Granted	Lapsed	30.6.2020
The Company				
<i>Direct Interests</i>				
Dato' Ir. Low Keng Kok	2,432	-	(2,432)	-
<i>Indirect Interest</i>				
Dato' Sri Kuan Khian Leng*	11,828,294	-	(11,828,294)	-

* Deemed interest by virtue of Section 8 and 197 of the Companies Act 2016 through Unique Bay Sdn. Bhd. and through the parent, Tan Sri Dato' Sri Ir. Kuan Peng Ching @ Kuan Peng Soon.

Deemed interest by virtue of Section 197 of the Companies Act 2016 through her siblings.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Group or the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 51(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid and payable to the directors of the Company during the financial year are disclosed in Note 42 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 56 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 57 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 44 to the financial statements.

Signed in accordance with a resolution of the directors dated 22 October 2020.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Ir. Low Keng Kok and Dato' Sri Kuan Khian Leng, being two of the directors of Fajarbaru Builder Group Bhd., state that, in the opinion of the directors, the financial statements set out on pages 94 to 191 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated

Dato' Ir. Low Keng Kok

Dato' Sri Kuan Khian Leng

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Ting Lih, MIA Membership Number: 28826, being the officer primarily responsible for the financial management of Fajarbaru Builder Group Bhd., do solemnly and sincerely declare that the financial statements set out on pages 94 to 191 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Ting Lih, NRIC Number: 761030-08-5911
at Kuala Lumpur
in the Federal Territory
on this

Tan Ting Lih

Before me

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fajarbaru Builder Group Bhd., 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 94 to 191.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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 matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Revenue Recognition and Inventories - Property Development Cost Refer to Notes 4.17(a), 4.26(c), 15 and 38 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Property development revenue is recognised over the period of the contract by reference to the stage of completion of the properties under development. The stage of completion is determined by the proportion of actual property development costs incurred for work performed to date to the estimated total property development costs. The recognition of revenue and cost is therefore dependent on the Group's budgeted property development costs, which require significant estimates and judgements by directors on costs to be incurred for property development projects.</p> <p>This is a key audit matter as evaluating the accuracy of the budgeted costs and the determination of the percentage of completion of property development projects require significant judgement and estimates.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Reviewed the budgets prepared by management for property development projects; • Assessed the estimated total costs to complete through enquiries with management; • Inspected documentation which supports cost estimates made including contract variations and contingency costs; • Assessed the reliability of contract budgets by comparing to actual costs incurred; • Verified sales of properties to signed Sale and Purchase Agreements and billings raised to property buyers; and • Performed recomputation of the revenue recognised and checked calculation of the percentage of completion.

Revenue recognition and contract assets and liabilities Refer to Notes 4.14, 4.26(d), 17 and 38 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The recognition of revenue on contracts is based on the percentage of completion method.</p> <p>The percentage of completion for construction contracts is based on the proportion of actual construction costs incurred for work performed to date to the estimated total construction costs. The recognition of revenue is therefore dependent on the Group's budgeted construction costs which includes estimates and judgements made by the management.</p> <p>This is a key audit matter as evaluating the accuracy of the budgeted construction costs and the determination of the percentage of completion of construction work require significant judgement and estimates.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Verified contracts secured and reviewed budgeted costs; • Assessed the estimated total contract costs to complete through enquiries with management; • Inspected documentation which supports cost estimates made including contract variations and cost contingencies; • Assessed reliability of contract budgets by comparing to actual incurred; • Performed verification on the actual progress billings issued and actual costs incurred for the financial year; and • Recomputed revenue recognised and checked calculation of the percentage of completion.

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Recoverability of trade receivables Refer to Notes 4.15(a), 14, 55.1(b)(iii) to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As at 30 June 2020, trade receivables that were past due and not impaired amounted to RM27.750 million. The details of the trade receivables and its credit risk are disclosed in Note 14 and Note 55.1(b)(iii) to the financial statements.</p> <p>The management recognised the allowance of impairment losses on trade receivables based on the following:-</p> <ol style="list-style-type: none"> 1. Customers' payment and credit history; and 2. Specific known facts or circumstances on customers' ability to pay. <p>We determined this to be a key audit matter due to the significant judgements and level of uncertainty involved in assessing the recoverability of trade receivables.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Reviewed the ageing analysis of receivables and tested its accuracy; • Reviewed subsequent collections for major receivables and overdue amounts; • Examined, where applicable, other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; and • Evaluated, where applicable, the reasonableness and tested the adequacy of the Group's impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.

Assessment of liquidated ascertained damages ("LAD") on construction contract Refer to Note 17(d) to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The determination of whether there is any exposure to LAD or otherwise involves significant management judgement based on available facts and circumstances including:</p> <ol style="list-style-type: none"> (i) extension of time submitted to contract customers due to circumstances that were beyond the control of the Group; and (ii) the likelihood of impact on the outcome of the negotiations with contract customers. 	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Enquired the Group's management on the progress of contracts to assess whether there are contracts which may not meet the contracted deadlines; • Reviewed and assessed the merits of applications for extension of time submitted to contract customers; • Reviewed and inspected relevant correspondences, including on-going negotiations with contract customers for the delivery of contract works; • Verified evidence of acceptance by contract customers of work performed by the Group to-date; and • Evaluated the basis and assessed the adequacy of the Group's provision for LAD.

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (Cont'd)

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (Cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

22 October 2020

Lee Kok Wai

02760/06/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 June 2020

	Note	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)	The Company 30.6.2020 RM'000	30.6.2019 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investment in subsidiaries	5	-	-	-	248,839	249,758
Investment in associates	6	4,767	4,164	1,352	20	20
Property, plant and equipment	7	36,543	52,553	43,541	-	3
Investment properties	8	44,129	44,081	44,081	-	-
Right-of-use assets	9	5,396	-	-	-	-
Investment securities	10	10,601	10,207	11,776	10,601	10,207
Intangible assets	11	216	218	214	-	-
Goodwill		7	7	7	-	-
Prepayments	12	13,543	14,181	17,888	-	-
Deferred tax assets	13	-	1,301	2,630	-	-
		115,202	126,712	121,489	259,460	259,988
CURRENT ASSETS						
Trade receivables	14	43,099	76,450	96,170	-	-
Other receivables, deposits and prepayments	12	22,894	24,816	47,765	344	20
Inventories	15	113,896	109,584	106,621	-	-
Contract costs	16	8,540	16,139	17,650	-	-
Contract assets	17	26,823	39,028	33,935	-	-
Amounts owing by subsidiaries	18	-	-	-	16,425	10,983
Amount owing by associates	19	30,791	31,293	37,320	3,303	4,202
Short-term investments	20	27,661	13,144	5,827	594	7,440
Fixed deposits with licensed banks	21	12,601	12,290	12,565	-	-
Cash and bank balances	22	36,044	26,547	40,489	3,606	124
Current tax assets		7,838	4,717	287	47	16
		330,187	354,008	398,629	24,319	22,785
TOTAL ASSETS		445,389	480,720	520,118	283,779	282,773

STATEMENTS OF FINANCIAL POSITION

At 30 June 2020 (Cont'd)

	Note	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)	The Company 30.6.2020 RM'000	30.6.2019 RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	23	194,303	194,275	194,275	194,303	194,275
Treasury shares	24	(1,655)	(1,141)	(1,141)	(1,655)	(1,141)
Warrant reserve	25	-	7,674	7,674	-	7,674
Other reserve	26	1,110	1,110	1,110	-	-
Employee share option reserve	27	-	2,628	2,628	-	2,628
Fair value reserve	28	(1,222)	(1,616)	(47)	(1,222)	(1,616)
Foreign exchange translation reserve	29	(714)	(716)	(715)	-	-
Retained profits		117,960	80,809	72,405	92,086	80,822
Equity attributable to the owners of the Company		309,782	283,023	276,189	283,512	282,642
Non-controlling interests	5	17,290	20,181	26,778	-	-
TOTAL EQUITY		327,072	303,204	302,967	283,512	282,642
NON-CURRENT LIABILITIES						
Deferred tax liabilities	13	7,774	7,769	7,393	-	-
Long-term borrowings	30	2,502	8,002	31,464	-	-
		10,276	15,771	38,857	-	-
CURRENT LIABILITIES						
Trade payables	34	36,151	53,427	53,346	-	-
Other payables and accruals	35	24,686	25,031	18,036	267	114
Contract liabilities	17	17,496	20,773	30,316	-	-
Short-term borrowings	36	29,707	54,808	71,604	-	-
Bank overdrafts	37	-	-	1,101	-	-
Current tax liabilities		1	7,706	3,891	-	17
		108,041	161,745	178,294	267	131
TOTAL LIABILITIES		118,317	177,516	217,151	267	131
TOTAL EQUITY AND LIABILITIES		445,389	480,720	520,118	283,779	282,773

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
REVENUE	38	234,607	333,299	7,381	20,290
COST OF FINISHED GOODS	39	(66,452)	(97,804)	-	-
OTHER INCOME	40	2,248	1,951	430	132
PROJECT EXPENSES		(104,173)	(135,099)	-	-
STAFF COSTS	41	(16,921)	(17,188)	(279)	(271)
DEPRECIATION	43	(1,165)	(1,293)	(3)	(4)
OTHER EXPENSES	44	(7,833)	(9,154)	(873)	(854)
PROFIT FROM OPERATIONS		40,311	74,712	6,656	19,293
FINANCE COSTS	45	(2,525)	(4,681)	-	-
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS AND CONTRACT ASSETS	46	(132)	(31,157)	-	-
		37,654	38,874	6,656	19,293
SHARE OF RESULT IN ASSOCIATES	6	603	2,812	-	-
PROFIT BEFORE TAXATION		38,257	41,686	6,656	19,293
INCOME TAX EXPENSE	47	(2,096)	(15,176)	(102)	(8)
PROFIT AFTER TAXATION		36,161	26,510	6,554	19,285
OTHER COMPREHENSIVE INCOME					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Fair value changes of equity instruments		394	(1,569)	394	(1,569)
Foreign currency translation		6	(2)	-	-
		400	(1,571)	394	(1,569)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		36,561	24,939	6,948	17,716

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2020 (cont'd)

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		32,441	13,996	6,554	19,285
Non-controlling interests		3,720	12,514	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		36,161	26,510	6,554	19,285
<hr/>					
TOTAL COMPREHENSIVE					
INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company		32,837	12,426	6,948	17,716
Non-controlling interests		3,724	12,513	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		36,561	24,939	6,948	17,716
<hr/>					
EARNINGS PER SHARE (SEN)					
- Basic	48	8.75	3.75		
- Diluted	48	8.75	3.75		
		<hr/>	<hr/>		

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020

Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	Other Reserve RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable To		Total Equity RM'000
									The Owners Company RM'000	Non-Controlling Interests RM'000	
The Group											
Balance at 1.7.2018 (as previously stated)	194,275	(1,141)	7,674	1,110	2,628	(47)	(715)	83,262	287,046	26,778	313,824
Prior year adjustments	-	-	-	-	-	-	-	(10,857)	(10,857)	-	(10,857)
Balance at 1.7.2018 (restated)	194,275	(1,141)	7,674	1,110	2,628	(47)	(715)	72,405	276,189	26,778	302,967
Profit after taxation for the financial year (restated)	-	-	-	-	-	-	-	13,996	13,996	12,514	26,510
Other comprehensive expenses for the financial year:											
- fair value changes of equity instruments	-	-	-	-	-	(1,569)	-	-	(1,569)	-	(1,569)
- foreign currency translation	-	-	-	-	-	-	(1)	-	(1)	(1)	(2)
Total comprehensive (expenses)/Income for the financial year	-	-	-	-	-	(1,569)	(1)	13,996	12,426	12,513	24,939
Contributions by and distribution to owners of the Company:											
- Dividends	-	-	-	-	-	-	-	(5,592)	(5,592)	-	(5,592)
- Dividends paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	(19,110)	(19,110)
Total transactions with owners	-	-	-	-	-	-	-	(5,592)	(5,592)	(19,110)	(24,702)
Balance at 30.6.2019	194,275	(1,141)	7,674	1,110	2,628	(1,616)	(716)	80,809	283,023	20,181	303,204

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020 (cont'd)

	Note	Share Capital		Treasury Shares	Warrant Reserve	Other Reserve	ESOS Reserve	Fair Value Reserve	Foreign Exchange Translation Reserve	Retained Profits	Attributable To The Owners Of The Company		Non-Controlling Interests	Total Equity
		RM'000	RM'000								RM'000	RM'000		
The Group														
Balance at 1.7.2019 (as previously stated)		194,275	(1,141)	(1,141)	7,674	1,110	2,628	(1,616)	(716)	92,085	294,299	20,181	314,480	
Prior year adjustments	58	-	-	-	-	-	-	-	-	(11,276)	(11,276)	-	(11,276)	
Balance at 1.7.2019 (restated)		194,275	(1,141)	(1,141)	7,674	1,110	2,628	(1,616)	(716)	80,809	283,023	20,181	303,204	
Profit after taxation for the financial year		-	-	-	-	-	-	-	-	32,441	32,441	3,720	36,161	
Other comprehensive income for the financial year:														
- fair value changes of equity instruments		-	-	-	-	-	-	394	-	-	394	-	394	
- foreign currency translation		-	-	-	-	-	-	-	2	-	2	4	6	
Total comprehensive income for the financial year		-	-	-	-	-	-	394	2	32,441	32,837	3,724	36,561	
Contributions by and distribution to owners of the Company:														
- Dividends	49	-	-	-	-	-	-	-	-	(5,592)	(5,592)	-	(5,592)	
- Warrants Exercised		28	-	-	-	-	-	-	-	-	28	-	28	
- Treasury shares purchased		-	(514)	-	-	-	-	-	-	-	(514)	-	(514)	
- Transfer upon expiry of warrants		-	-	-	(7,674)	-	-	-	-	7,674	-	-	-	
- Transfer upon expiry of ESOS		-	-	-	-	-	(2,628)	-	-	2,628	-	-	-	
- Dividends paid to non-controlling interests by a subsidiary		-	-	-	-	-	-	-	-	-	-	(6,615)	(6,615)	
Total transactions with owners		28	(514)	(7,674)	-	-	(2,628)	-	-	4,710	(6,078)	(6,615)	(12,693)	
Balance at 30.6.2020		194,303	(1,655)	-	-	1,110	-	(1,222)	(714)	117,960	309,782	17,290	327,072	

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020 (cont'd)

	Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
The Company								
Balance at 1.7.2018		194,275	(1,141)	7,674	2,628	(47)	67,129	270,518
Profit after taxation for the financial year		-	-	-	-	-	19,285	19,285
Other comprehensive expenses for the financial year: - fair value changes of equity instruments		-	-	-	-	(1,569)	-	(1,569)
Total comprehensive (expenses)/income for the financial year		-	-	-	-	(1,569)	19,285	17,716
Contributions by and distribution to owners of the Company:								
- Dividends	49	-	-	-	-	-	(5,592)	(5,592)
Total transactions with owners		-	-	-	-	-	(5,592)	(5,592)
Balance at 30.6.2019		194,275	(1,141)	7,674	2,628	(1,616)	80,822	282,642

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020 (cont'd)

	Note	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
The Company								
Balance at 1.7.2019		194,275	(1,141)	7,674	2,628	(1,616)	80,822	282,642
Profit after taxation for the financial year		-	-	-	-	-	6,554	6,554
Other comprehensive income for the financial year:		-	-	-	-	394	-	394
- fair value changes of equity instruments								
Total comprehensive income for the financial year		-	-	-	-	394	6,554	6,948
Contributions by and distribution to owners of the Company:								
- Dividends	49	-	-	-	-	-	(5,592)	(5,592)
- Warrants exercised		28	-	-	-	-	-	28
- Treasury shares purchased		-	(514)	-	-	-	-	(514)
- Transfer upon expiry of warrants		-	-	(7,674)	-	-	7,674	-
- Transfer upon expiry of ESOS		-	-	-	(2,628)	-	2,628	-
Total transactions with owners		28	(514)	(7,674)	(2,628)	-	4,710	(6,078)
Balance at 30.6.2020		194,303	(1,655)	-	-	(1,222)	92,086	283,512

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2020

	The Group		The Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	38,257	41,686	6,656	19,293
Adjustments for:-				
Amortisation of intangible assets	2	-	-	-
Bad debt written off	-	15	-	-
Depreciation on property, plant and equipment	12,198	12,240	3	4
Depreciation on right-of-use	1,784	-	-	-
Dividend income	-	(95)	(6,885)	(19,984)
Equipment written off	-	*	-	-
Interest expenses	2,525	4,681	-	-
Gain on disposal of property, plant and equipment, net	(14)	(26)	-	-
Interest income	(1,193)	(944)	(405)	(132)
Inventories written down	702	123	-	-
Impairment loss on trade receivables	216	21,413	-	-
Impairment loss on contract assets	-	9,744	-	-
Impairment loss on property, plant and equipment	915	-	-	-
Reversal of impairment loss on trade receivables	(84)	-	-	-
Share of result in associates	(603)	(2,812)	-	-
Unrealised (gain)/loss on foreign exchange	(398)	729	-	-
Operating profit/(loss) before working capital changes	54,307	86,754	(631)	(819)
Increase in inventories	(5,014)	(3,086)	-	-
Decrease/(Increase) in trade and other receivables	35,785	20,868	(324)	20
Decrease/(Increase) in contract assets and liabilities	8,928	(20,300)	-	-
Decrease in contract cost	7,599	1,511	-	-
Decrease/(Increase) in amounts owing by subsidiaries company	-	-	2,852	(1,297)
(Decrease)/Increase in trade and other payables	(17,627)	7,076	153	(35)
CASH FROM/(FOR) OPERATIONS	83,978	92,823	2,050	(2,131)
Income tax paid	(11,616)	(14,086)	(152)	(11)
Interest paid	(2,525)	(4,681)	-	-
Interest received	170	47	14	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCES CARRIED FORWARD	70,007	74,103	1,912	(2,142)

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2020 (cont'd)

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
BALANCES BROUGHT FORWARD		70,007	74,103	1,912	(2,142)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(7,901)	(9,460)
Additional in investment properties		(48)	-	-	-
Dividend received		-	95	6,885	19,984
Interest received		1,023	897	-	-
Investment in subsidiaries (Placement)/Withdrawal of deposits with licensed banks		(311)	275	-	(1,000)
Proceeds from disposal of property, plant and equipment		14	92	-	-
Additional to right-of-use assets	50(a)	(48)	-	-	-
Repayment from associates		900	5,298	899	5,298
Repurchase of treasury shares		(514)	-	(514)	-
Purchase of trademark		-	(4)	-	-
Purchase of property, plant and equipment	50(a)	(2,786)	(15,776)	-	-
Repayment from subsidiaries for share-based payments		-	-	919	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,770)	(9,123)	288	14,822
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of bankers' acceptances, net	50(b)	-	(7,386)	-	-
Net proceeds from warrant exercise		28	-	28	-
Drawdown/(Repayment) of revolving credit, net	50(b)	7,922	(12,922)	-	-
(Repayment)/Drawdown of invoice financing facility	50(b)	(1,399)	6,907	-	-
Repayment lease liabilities, net	50(b)	(1,887)	-	-	-
Repayment of hire purchase obligations, net	50(b)	-	(3,563)	-	-
Repayment of term loans	50(b)	(36,686)	(28,836)	-	-
Dividends paid	49	(5,592)	(5,592)	(5,592)	(5,592)
Dividends paid to non-controlling interests by a subsidiary		(6,615)	(19,110)	-	-
NET CASH FOR FINANCING ACTIVITIES		(44,229)	(70,502)	(5,564)	(5,592)
BALANCES CARRIED FORWARD		24,008	(5,522)	(3,364)	7,088

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2020 (cont'd)

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD		24,008	(5,522)	(3,364)	7,088
EFFECT OF EXCHANGE DIFFERENCES		6	(2)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		39,691	45,215	7,564	476
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	50(c)	63,705	39,691	4,200	7,564

*Amount less than RM500.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : No. 1 & 1A, 2nd Floor (Room 2),
Jalan Ipoh Kecil,
50350 Kuala Lumpur.

Principal place of business : No. 61 & 63,
Jalan SS6/12, Kelana Jaya,
47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 October 2020.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. There are new classification of plant and machinery and motor vehicles as right-of-use assets as disclosed in Note 9 to the financial statements. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 59 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023*
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions*	1 June 2020*
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023**
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

* The effective date has been deferred from annual reporting periods beginning on or after 1 January 2021 to 1 January 2023 pursuant to the amendments to MFRS 17 issued by the MASB, namely 'Amendments to MFRS 17 Insurance Contracts'.

** The effective date has been deferred from annual reporting periods beginning on or after 1 January 2022 to 1 January 2023 pursuant to the amendments to MFRS 101 issued by the MASB, namely 'Classification of Liabilities as Current or Non-current – Deferral of Effective Date'.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at reporting date are disclosed in Notes 7 and 9 to the financial statements.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amount of current tax assets and current tax liabilities as at the reporting date are as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax assets	7,838	4,717	47	16
Current tax liabilities	1	7,706	-	17

(c) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 7 and 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Investment Properties

The Group determines whether its investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 15 to the financial statements.

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 14 and 17 to the financial statements.

(g) Impairment of Non-trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables, amounts owing by subsidiaries and amount owing by associates as at the reporting date are disclosed in Notes 12, 18 and 19 to the financial statements.

(h) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(i) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 13 to the financial statements.

(j) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

Critical Judgements Made in Applying Accounting Policies

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

(a) Classification between Investment Properties and Owneroccupied Properties

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. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. 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 investment property.

(b) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

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

(c) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at 30 June 2020.

4.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

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

(c) Foreign Operations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

(b) Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(iii) Warrant reserve

Warrant reserve represents the amount allocated to warrants issued and outstanding at the reporting date. The warrant reserve will be transferred to the share capital account upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants, on expiry of the exercise period, shall remain in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

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

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

(f) Financial Guarantee Contract

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 June 2020. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 JOINT ARRANGEMENTS

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

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

4.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

The principal annual rates used for this purpose are:-

Buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 50%
Renovations	10% - 20%
Land development, expenditure, fish pond and equipment	10% - 20%
Telecommunication equipment	50%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

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

4.10 LEASES

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 LEASES (CONT'D)

Accounting Policies Applied Until 30 June 2019

(a) Finance Lease

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

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

(b) Operating Lease

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

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

4.11 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset held 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. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land and Investment property under construction are not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INTANGIBLE ASSETS

Intangible assets that are acquired by the Group are stated at cost less accumulated impairment losses, if any.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

4.13 CONTRACT COSTS

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.14 CONTRACT ASSET AND CONTRACT LIABILITY

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

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

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

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

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

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss immediately.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 ADVANCE PAYMENTS MADE FOR PURCHASE OF TIMBER LOGS

Advance payments made for purchase of timber logs are treated as prepayments. The costs of timber logs shall be deducted against prepayments on the basis of the volume of timber logs extracted during the financial year as a proportion of the total volume of timber logs extractable over the remaining period from the timber concession area.

4.17 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost and net realisable value are determined as below:-

(a) Property Development

(i) Properties Held for Future Development

The cost comprises specifically identified cost, including cost associated to the purchase of land and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the properties held for future development will be the best available measure of the net realisable value.

Properties held for future development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operation cycle is classified as non-current asset.

Properties held for future property development is transferred to 'properties under development for sale' category when development activities have commenced and are expected to be completed within the Group's normal operating cycle.

(ii) Property Under Development for Sale

The cost comprises specifically identified cost, including cost associated to the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

(iii) Completed Properties Held for Sale

The cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises cost associated with the acquisition of land, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary in selling the completed property.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INVENTORIES (CONT'D)

(b) Trading

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

4.19 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 INCOME TAXES (CONT'D)

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

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

4.20 CASH AND CASH EQUIVALENTS

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

4.21 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.22 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 EMPLOYEE BENEFITS (CONT'D)

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employees' share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

Upon expiry of the share option, the employees' share option reserve is transferred to retained profits.

When the share options are exercised, the employees' share option reserve is transferred to share capital account if new ordinary shares are issued.

Any recharge for the share options granted to a subsidiary's employees is to be offset against the expense recognised in the consolidated financial statements and the investments in subsidiaries in the Company's separate financial statements.

4.23 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefit is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.24 FAIR VALUE MEASUREMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 FAIR VALUE MEASUREMENTS (CONT'D)

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

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

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

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

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

4.25 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and shares options granted to employees and warrants.

4.26 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale of Goods

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

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

(b) Rendering of Services

Revenue from providing services is recognised at a point in time when the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Property Development Activities

Revenue is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. The Group recognise revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(d) Construction Services

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.27 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

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

(b) Interest Income

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

(c) Rental Income

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

(d) Management Fees

Management fees are recognised when services are rendered.

4.28 OPERATING SEGMENTS

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

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost		
At 1 July 2019/2018	251,586	250,586
Addition during the financial year	-	1,000
Repayment of ESOS during the financial year	(919)	-
At 30 June 2020/2019	250,667	251,586
Accumulated impairment losses	(1,828)	(1,828)
	248,839	249,758

There is an amount of RM3,400,000 relating to share options granted by the Company to the employees of subsidiaries which expired during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
<i>Subsidiaries of the Company</i>				
Fajarbaru Builder Sdn. Bhd.	Malaysia	100	100	General contractors in construction.
Fajarbaru Trading Sdn. Bhd.	Malaysia	100	100	Provision of trading of construction materials.
Fajarbaru Land (M) Sdn. Bhd. ("FLMSB")	Malaysia	100	100	Investment holding and provision of management services to its subsidiary.
Potential Region Sdn. Bhd.	Malaysia	100	100	Property development.
Billion Variety Sdn. Bhd. ("BVSB")	Malaysia	51	51	Logging and trading of timber.
Asiahub Trading Sdn. Bhd.	Malaysia	100	100	Provision of trading of construction materials.
Fajarbaru Logistics Sdn. Bhd.	Malaysia	100	100	Transportation and logistics service provider.
<i>Subsidiaries of the FLMSB</i>				
Wajatex Sdn. Bhd.	Malaysia	100	100	Property development.
Renowaja Sdn. Bhd.	Malaysia	100	100	Property development.
Fajarbaru Land Sdn. Bhd.	Malaysia	100	100	Property development.
Fajarbaru-Beulah (Melbourne) Pty. Ltd. ("FBM") @	Australia	51	51	Property development.
<i>Subsidiaries of the BVSB</i>				
Smooth Accomplishment Sdn. Bhd.	Malaysia	51	51	Logging and trading of timbers.

Note:

@ - Not required to be audited under the laws of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (a) In the previous financial year, the Company subscribed for an additional 1,000,000 ordinary shares in Fajarbaru Trading Sdn. Bhd., for cash.
- (b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM'000	2019 RM'000
BVSB Group	49	49	17,011	19,902
FBM	49	49	279	279
			<hr/>	<hr/>
			17,290	20,181

- (c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	BVSB Group	
	2020 RM'000	2019 RM'000
<u>At 30 June</u>		
Non-current assets	13,791	14,605
Current assets	23,089	30,519
Non-current liabilities	(21)	(56)
Current liabilities	(2,034)	(4,274)
	<hr/>	<hr/>
Net assets	34,825	40,794
<u>Financial Year Ended 30 June</u>		
Revenue	30,224	80,448
Profit for the financial year/Total comprehensive income	7,599	25,326
	<hr/>	<hr/>
Total comprehensive income attributable to non-controlling interests	3,724	12,410
Dividends paid to non-controlling interest	6,615	19,110
	<hr/>	<hr/>
Net cash from operating activities	13,429	38,197
Net cash from investing activities	60	146
Net cash for financing activities	(13,607)	(39,242)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

6. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	20	20	20	20
Share of post-acquisition profit	4,747	4,144	-	-
	4,767	4,164	20	20

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
<i>Associates of the Company</i>				
BFB Project Pty. Ltd. ("BFB") *	Australia	44	44	Property development.
Kerjaya Jutamas Sdn. Bhd. ("KJSB")	Malaysia	20	20	Logging and trading of timber.
320 Queen Street Project Pty. Ltd. (320-Q) *	Australia	50	50	Property development.

Note:-

* - Not required to be audited under the laws of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

6. INVESTMENT IN ASSOCIATES (CONT'D)

(a) The summarised financial information for each associate that is material to the Group is as follows:-

	BFB Group	
	2020 RM'000	2019 RM'000
<u>At 30 June</u>		
Non-current assets	7,656	52,559
Current assets	438,926	252,804
Non-current liabilities	-	(155,098)
Current liabilities	(437,981)	(152,172)
Net assets/(liabilities)	8,601	(1,907)
<u>Financial Year Ended 30 June</u>		
Revenue	-	-
Loss for the financial year/Total comprehensive expenses	(958)	(371)
Group share of loss for the financial year/Other comprehensive expenses	-	-
Carrying amount of the Group's interests in this associate	-	-
<u>At 30 June</u>		
Non-current assets	29,884	22,560
Current assets	11,135	21,635
Non-current liabilities	(241)	(156)
Current liabilities	(16,942)	(23,219)
Net assets	23,836	20,820
<u>Financial Year Ended 30 June</u>		
Revenue	15,925	47,942
Profit for the financial year/Total comprehensive income	3,016	14,058
Group share of profit for the financial year/Other comprehensive income	603	2,812
Carrying amount of the Group's interests in this associate	4,767	4,164

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

The Group	← ----- 1.7.2019 ----- →			Additions RM'000	Written off RM'000	Depreciation Charges RM'000	At 30.6.2020 RM'000
	As Previously Reported RM'000	Initial Application of MFRS16 RM'000	As Restated 1.7.2019 RM'000				
2020							
<i>Carrying Amount</i>							
Freehold land	4,921	-	4,921	-	(915)	-	4,006
Buildings	1,187	-	1,187	-	-	(31)	1,156
Plant and machinery	44,058	(4,255)	39,803	2,709	-	(11,698)	30,814
Motor vehicles	1,662	(1,428)	234	57	-	(82)	209
Furniture, fittings and office equipment	307	-	307	20	-	(174)	153
Renovations	412	-	412	-	-	(211)	201
Land development expenditure, fish pond and equipment	6	-	6	-	-	(2)	4
Telecommunication equipment	*	-	*	-	-	-	*
	52,553	(5,683)	46,870	2,786	(915)	(12,198)	36,543

The Group	At 1.7.2018 RM'000	Additions RM'000	Disposals/ Written off RM'000	Depreciation Charges RM'000	At 30.6.2019 RM'000
2019					
<i>Carrying Amount</i>					
Freehold land	4,921	-	-	-	4,921
Buildings	1,218	-	-	(31)	1,187
Plant and machinery	35,070	20,033	*	(11,045)	44,058
Motor vehicles	1,437	987	(21)	(741)	1,662
Furniture, fittings and office equipment	209	290	(3)	(189)	307
Renovations	678	-	(42)	(224)	412
Land development expenditure, fish pond and equipment	8	8	-	(10)	6
Telecommunication equipment	*	-	-	-	*
	43,541	21,318	(66)	(12,240)	52,553

Note:

* Amount less than RM500.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

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

The Company	At 1.7.2019 RM'000	Depreciation Charge RM'000	At 30.6.2020 RM'000
2020			
<i>Carrying Amount</i>			
Office equipment	3	(3)	-

2019	At 1.7.2018 RM'000	Depreciation Charge RM'000	At 30.6.2019 RM'000
<i>Carrying Amount</i>			
Office equipment	7	(4)	3

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment RM'000	Carrying Amount RM'000
2020				
Freehold land	6,230	-	(2,224)	4,006
Buildings	1,526	(370)	-	1,156
Plant and machinery	61,964	(31,150)	-	30,814
Motor vehicles	5,927	(5,718)	-	209
Furniture, fittings and office equipment	1,899	(1,746)	-	153
Renovations	1,458	(1,257)	-	201
Land development expenditure, fish pond and equipment	6,123	(1,402)	(4,717)	4
Telecommunication equipment	20	(20)	-	-
	85,147	(41,663)	(6,941)	36,543

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

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

	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment RM'000	Carrying Amount RM'000
The Group				
2019				
Freehold land	6,230	-	(1,309)	4,921
Buildings	1,526	(339)	-	1,187
Plant and machinery	64,624	(20,566)	-	44,058
Motor vehicles	8,762	(7,100)	-	1,662
Furniture, fittings and office equipment	1,879	(1,572)	-	307
Renovations	1,458	(1,046)	-	412
Land development expenditure, fish pond and equipment	6,123	(1,400)	(4,717)	6
Telecommunication equipment	20	(20)	-	-
	90,622	(32,043)	(6,026)	52,553
The Company				
2020				
Office equipment	8	(8)	-	-
2019				
Office equipment	8	(5)	-	3

(a) Included in the freehold land and buildings of the Group were certain land and buildings with a total carrying amount of RM2,124,000 (2019 - RM2,144,000) which have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 37.

(b) In the previous financial year, the following property, plant and equipment were acquired under hire purchase terms:-

	The Group 2019 RM'000
Motor vehicles	1,428
Plant and machinery	4,255
	5,683

These leased assets had been pledged as security for the related hire purchase payables of the Group as disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

8. INVESTMENT PROPERTIES

	The Group	
	2020	2019
	RM'000	RM'000
At cost:-		
At 1 July 2019/2018	44,693	44,693
Add: Additional Cost	48	-
Less: Accumulated impairment losses	(612)	(612)
	<hr/>	<hr/>
At 30 June 2020/2019	44,129	44,081
	<hr/>	<hr/>
Fair value	59,454	59,454

The investment properties comprise mainly freehold land which is not depreciated. Depreciation relating to leasehold land is insignificant.

The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

9. RIGHT-OF-USE ASSETS

	← ----- 1.7.2019 ----- →					
	As Previously Reported	Initial Application of MFRS16	As Restated 1.7.2019	Additions	Depreciation Charges	At 30.6.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group						
2020						
<i>Carrying Amount</i>						
Plant and machinery	-	4,255	4,255	1,497	(1,234)	4,518
Motor vehicles	-	1,428	1,428	-	(550)	878
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,683	5,683	1,497	(1,784)	5,396

Analysed by:-

Cost	10,137
Accumulated depreciation	(4,741)
	<hr/>
	5,396

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

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

The Group leases certain machines and motor vehicles of which the leasing activities are summarised below:-

- (i) Machines The Group has leased two machines for a period of 3 years.
- (ii) Motor vehicles The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

The Group also has leases with lease terms of 12 months or less and leases of equipment and machines with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

10. INVESTMENT SECURITIES

	The Group/The Company	
	2020	2019
	RM'000	RM'000
Quoted shares, at fair value	10,601	10,207

The Group and the Company has designated these equity instruments at fair value through other comprehensive income because the Group and the Company intend to hold for long-term strategic purposes.

11. INTANGIBLE ASSETS

	The Group	
	2020	2019
	RM'000	RM'000
Transferable club membership, at cost	208	208
Trademarks	10	10
	<hr/> 218	<hr/> 218
Accumulated amortisation:-		
At 1 July 2019/2018	-	-
Amortisation during the financial year	(2)	-
	<hr/> (2)	<hr/> -
At 30 June 2020/2019	216	218

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current portion:-					
Prepayments	(a)	13,543	14,181	-	-
Current portion:-					
Other receivables					
- Third parties		2,845	1,281	3	14
- Joint operation	(b)	8,930	8,930	-	-
- Goods and services tax recoverable		82	571	-	3
		11,857	10,782	3	17
Advances to subcontractors		1,337	2,996	-	-
Deposits		6,800	5,796	341	1
Prepayments	(a)	2,900	5,242	-	2
		22,894	24,816	344	20
		36,437	38,997	344	20

	The Group	
	2020 RM'000	2019 RM'000
Other receivables	16,200	15,125
Allowance for impairment losses	(4,343)	(4,343)
	11,857	10,782

- (a) Included in prepayments are advance payments of RM15,616,000 (2019 - RM18,565,000) made for the future supply of timber logs. The cost of timber logs extracted/supplied will be progressively set off against the advance payments.
- (b) The amount represents the share of result from the joint operation of the Group. Details of the joint operation of the Group are as follows:-

Name of a Joint Operation	Proportion of share held by the Group	
	2020 %	2019 %
Beulah Northcote Land Pty Ltd	49	49

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

13. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2020 RM'000	2019 RM'000
Deferred tax assets		
At 1 July 2019/2018	1,301	2,630
Recognised in profit or loss (Note 47)	(1,301)	(1,329)
As at 30 June 2020/2019	-	1,301
Deferred tax liabilities		
At 1 July 2019/2018	(7,769)	(7,393)
Recognised in profit or loss (Note 47)	-	(376)
Effect of foreign currency translation differences	(5)	-
As at 30 June 2020/2019	(7,774)	(7,769)

The components of the deferred tax assets and liabilities during the financial year are as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Deferred tax assets:-		
Unutilised tax losses	-	1,377
Others	-	(76)
	-	1,301
Deferred tax liabilities:-		
Investment properties	(5,007)	(5,002)
Accelerated capital allowances	(2,767)	(2,767)
	(7,774)	(7,769)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

14. TRADE RECEIVABLES

	The Group	
	2020 RM'000	2019 RM'000
Trade receivables	64,756	98,442
Allowance for impairment losses	(21,657)	(21,992)
	43,099	76,450
Allowance for impairment losses:-		
At 1 July 2019/2018	(21,992)	(579)
Addition during the financial year (Note 46)	(216)	(21,413)
Bad debts written off during the year	467	-
Reversal during the financial year (Note 46)	84	-
	(21,657)	(21,992)

The Group's normal trade credit terms range from 30 to 90 days (2019 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

15. INVENTORIES

	The Group	
	2020 RM'000	2019 RM'000 Restated
Trading of timber:		
- work-in-progress	1,111	2,435
- finished goods	530	2,319
Property development costs	109,841	102,037
Completed development units	-	851
Others	2,414	1,942
	113,896	109,584
Property development costs are analysed as follows:-		
Freehold land at cost	61,551	62,064
Development costs	48,290	39,973
	109,841	102,037
Recognised in profit or loss:-		
Inventories recognised as cost of sales	50,292	87,510
Inventories written down	702	123

The freehold land at cost with an aggregate carrying value of RM61,551,000 (2019 - RM62,064,000) had been pledged to financial institutions for credit facilities granted to the Group as disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

16. CONTRACT COSTS

	The Group	
	2020 RM'000	2019 RM'000
Incremental costs of obtaining a contract	1,310	2,546
Costs to fulfill a contract	7,230	13,593
	8,540	16,139

- (a) The incremental costs of obtaining a contract primarily comprise sales commission and other incremental costs paid to secure sales contracts for the Group's property development activities. The contract costs are recoverable and amortised over the period in which the related revenue is expected to be recognised.
- (b) The costs to fulfil a contract represent contract fulfilment costs which comprise land and related costs that are attributable to units sold. These costs are expected to be recoverable and are amortised to profit or loss when the related revenues are recognised.

17. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2020 RM'000	2019 RM'000
Contract Assets		
Contract assets in relation to:		
- property development	15,667	18,557
- construction	20,900	30,215
	36,567	48,772
Allowance for impairment losses	(9,744)	(9,744)
	26,823	39,028
Allowance for impairment losses:-		
At 1 July 2019/2018:	(9,744)	-
Addition during the financial year (Note 46)	-	(9,744)
	(9,744)	(9,744)
At 30 June 2020/2019	(9,744)	(9,744)
Contract Liabilities		
Contract liabilities in relation to:		
- construction	(17,496)	(20,773)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

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

- (a) The contract assets primarily relate to the Group's right to consideration for work performed but not yet billed as at the reporting date for its property development and construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.
- (b) The contract liabilities primarily relate to advance considerations received from customers, which revenue is recognised over time.
- (c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	The Group	
	2020	2019
	RM'000	RM'000
At 1 July 2019/2018	18,255	3,619
Revenue recognised in profit or loss during the financial year	189,860	242,775
Billings to customers during the financial year	(202,725)	(220,885)
Impairment loss on contract assets	-	(9,744)
Retention sum	3,937	(1,604)
Utilised of provision for liquidated ascertained damages	-	3,778
Utilised of provision for foreseeable loss	-	316
	<hr/>	<hr/>
At 30 June 2020/2019	9,327	18,255
	<hr/>	<hr/>
Represented by:-		
Contract assets	26,823	39,028
Contract liabilities	(17,496)	(20,773)
	<hr/>	<hr/>
	9,327	18,255
	<hr/>	<hr/>

- (d) The amount disclosed include provision for liquidated ascertained damages ("LAD") amounting to RM8,290,000 (2019 - RM8,290,000). LAD is recognised based on the terms of the applicable construction agreements for expected LAD to be claimed by contract customers in respect of construction projects undertaken by the Group.
- (e) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long term contracts is RM420,305,000 (2019 - RM647,746,000). These remaining performance obligations are expected to be recognised as below:-

	The Group	
	2020	2019
	RM'000	RM'000
Within 1 year	125,622	129,979
Between 2 and 5 years	240,567	378,426
	<hr/>	<hr/>
	366,189	508,405
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

18. AMOUNTS OWING BY SUBSIDIARIES

	The Company	
	2020 RM'000	2019 RM'000
Amount owing by:-		
Trade balances	1,941	1,259
Non-trade balances		
- Interest-bearing at 3.35% (2019 - 3.35%) per annum	14,070	9,592
- Interest-free	414	132
	<hr/>	<hr/>
	16,425	10,983

- (a) The trade balances are subject to the normal credit term of 60 (2019 - 60) days.
- (b) The non-trade balances are unsecured and repayable on demand.
- (c) The amounts owing are to be settled in cash.

19. AMOUNT OWING BY ASSOCIATES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

20. SHORT-TERM INVESTMENTS

	2020		2019	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
The Group				
Unit trusts in Malaysia, at fair value	27,661	27,661	13,144	13,144
The Company				
Unit trusts in Malaysia, at fair value	594	594	7,440	7,440

21. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.55% to 3.35% (2019 - 2.55% to 3.35%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2019 - 30 to 365) days.

Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM12,600,784 (2019 - RM12,290,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 31, 36 and 37.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

22. CASH AND BANK BALANCES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	34,444	22,296	3,606	124
Cash held under housing development accounts	1,600	4,251	-	-
	<u>36,044</u>	<u>26,547</u>	<u>3,606</u>	<u>124</u>

Cash held under housing development accounts are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are prohibited from being used in other operations.

23. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number Of Shares		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary shares				
At 1 July 2019/2018	373,843,028	373,843,028	194,275	194,275
New shares issued under:				
- Exercised of warrant	39,428	-	28	-
At 30 June 2020/2019	<u>373,882,456</u>	<u>373,843,028</u>	<u>194,303</u>	<u>194,275</u>

- (i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) During the financial year, the Company increased its issued share capital from RM373,843,028 to RM373,882,456 by the issuance of 39,428 new ordinary shares at RM0.70 each pursuant to the exercise of warrants granted on 25 September 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

24. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sales and issuance and distribution of treasury share dividend.

The shares repurchased are being held as treasury shares in accordance with Section 127(16) of the Companies Act 2016.

During the financial year, the Company purchased 2,005,600 of its issued ordinary shares from the open market at a weighted average price of RM0.26 per share. The total consideration paid for the purchase was RM513,882 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 June 2020, the Company held a total of 3,075,764 treasury shares out of the total of 373,882,456 issued and fully paid up ordinary shares. The treasury shares are held at a carrying amount of RM1,654,910.

25. WARRANT RESERVE

On 25 September 2014, the Company issued a renounceable rights issue of 109,628,288 new ordinary shares of RM0.50 each with 109,628,288 free detachable new warrants on the basis of one (1) rights share and one (1) warrant for every two (2) ordinary shares of RM0.50 each held in the Company at an issue price of RM0.50 per rights share. These warrants were listed on the Bursa Malaysia Securities Berhad on 2 October 2014.

The principal terms of the warrants are as follows:-

- (i) The exercise period commenced on the date of issue of the warrants (25 September 2014) and will expire five years from the date of issuance (24 September 2019). Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.
- (ii) The warrants are issued in registered form and constituted by a Deed Poll dated 15 August 2014.
- (iii) The exercise price will be RM0.70 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of the Company.

The details in the movement of the Company's warrants are as follows:

	Exercise price	At 1.7.2019	Exercise	Lapsed	At 30.6.2020
Warrant	RM0.70	109,628,288	(39,428)	(109,588,860)	-

26. OTHER RESERVE

Included in the other reserve is the reserve arising from discount on acquisition of non-controlling interests by the Group and waiver of debts due to non-controlling interests.

27. EMPLOYEE SHARE OPTION RESERVE ("ESOS")

In 1 December 2016, the Company granted 20,710,000 share options under the ESOS. These options expired on 16 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

27. EMPLOYEE SHARE OPTION RESERVE ("ESOS") (CONT'D)

The fair values of the share options granted were estimated using a Black Scholes Model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	The Group/The Company
Fair value of share options at the grant date (RM)	0.0866
Weighted average ordinary share price (RM)	0.56
Exercise price of share option (RM)	0.60
Expected volatility (%)	26.62
Expected life (years)	3.04
Risk free rate (%)	3.39
Expected dividend yield (%)	2.50

The expenses recognised for employee services received during the financial year are as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expenses arising from equity-settled share-based payment transaction	-	-	43	-

The option prices and the details in the movement of the option granted are as follows:-

Date of Offer	Exercise Price	Remaining Contractual Life of Options	Number of Options over Ordinary Shares			
			At	Granted	Lapsed	At
			1.7.2019			30.6.2020
December 2016	0.60	1 year	9,600,000	-	(9,600,000)	-

28. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

29. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiary and the Group's share of an associate's foreign currency translation differences whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

30. LONG-TERM BORROWINGS

	The Group	
	2020 RM'000	2019 RM'000
Term loans (Note 31)	-	4,500
Lease liabilities (Note 32)	2,502	-
Hire purchase payables (Note 33)	-	3,502
	<hr/>	<hr/>
	2,502	8,002
	<hr/>	<hr/>

31. TERM LOANS

	The Group	
	2020 RM'000	2019 RM'000
Current liabilities (Note 36)	2,000	34,186
Non-current liabilities (Note 30)	-	4,500
	<hr/>	<hr/>
	2,000	38,686
	<hr/>	<hr/>

- (a) The term loans are secured by:-
- (i) legal charges over the freehold land of the Group as disclosed in Note 15;
 - (ii) a corporate guarantee of the Company; and
 - (iii) a fixed deposit with a licensed bank amounting to RM2,220,609 (2019 - RM2,168,000) as disclosed in Note 21.
- (b) The term loans of the Group at the end of the reporting period bore interest rates at 5.36% (2019 - 3.68% to 5.61%) per annum.
- (c) The term loans have been partially hedged by interest rate swap as disclosed in Note 55.1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

32. LEASE LIABILITIES

	The Group 2020 RM'000
As 1 July 2019	
- As previously reported	-
- Initial application of MFRS 16	5,139
	<hr/>
As restated	5,139
Addition	1,449
Interest expenses recognised in profit or loss	304
Repayment of principal	(1,887)
Repayment of interest expense	(304)
	<hr/>
At 30 June 2020	4,701
	<hr/>
Analysed by:-	
Current liabilities (Note 36)	2,199
Non-current liabilities (Note 30)	2,502
	<hr/>
	4,701
	<hr/>

- (a) The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.
- (b) The lease liabilities of the Group are secured by the Group's motor vehicles and machinery under the hire purchase arrangements as disclosed in Note 9 to the financial statements, with lease term ranging from 3 to 4 years and bear effective interest rates ranging from 4.88% to 6.57%.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

33. HIRE PURCHASE PAYABLES

	The Group 2019 RM'000
Minimum hire purchase payments:-	
- not later than one year	1,913
- later than one year and not later than five years	3,773
	<hr/>
	5,686
Less: Future finance charges	(547)
	<hr/>
Present value of hire purchase payables	5,139
	<hr/>
Analysed by:-	
Current liabilities (Note 36)	1,637
Non-current liabilities (Note 30)	3,502
	<hr/>
	5,139
	<hr/>

The hire purchase payables have been represented as 'lease liabilities' as shown in Note 32 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

In the previous financial year, the hire purchase payables of the Group are secured by:-

- (i) the Group's motor vehicles and plant and machinery under finance lease as disclosed in Note 7(b);
- (ii) a corporate guarantee of the Company; and
- (iii) a personal guarantee of a former director of a subsidiary.

In the previous financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.85% to 6.57%. The interest rates are fixed at the inception of the hire purchase agreements.

34. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2019 - 30 to 90) days.

Included in the trade payables of the Group at the end of the reporting period is an amount of RM13,377,000 (2019 - RM17,663,000) being project retention sums to be settled in accordance with the terms of the respective contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

35. OTHER PAYABLES AND ACCRUALS

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables from third parties		4,837	2,962	156	9
Accruals		19,016	20,486	111	105
Deposits received from subcontractors	(a)	158	158	-	-
Advances received from customers	(b)	675	1,425	-	-
		<u>24,686</u>	<u>25,031</u>	<u>267</u>	<u>114</u>

(a) These deposits have been received from the subcontractors engaged by the Group to carry out the constructions.

(b) These amounts have been advanced by the project owners to a subsidiary of the Group, Fajarbaru Builder Sdn. Bhd. to be used for mobilisation of the construction works.

36. SHORT-TERM BORROWINGS

	The Group	
	2020 RM'000	2019 RM'000
Term loans (Note 31)	2,000	34,186
Leased liabilities (Note 32)	2,199	-
Hire purchase payables (Note 33)	-	1,637
Invoice financing facility	5,508	6,907
Revolving credit	20,000	12,078
	<u>29,707</u>	<u>54,808</u>

(a) The invoice financing facility and revolving credit are secured by:-

(i) fixed deposits with licensed banks amounting to RM2,671,000 (2019 – RM2,608,000) as disclosed in Note 21; and

(ii) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

36. SHORT-TERM BORROWINGS (CONT'D)

(b) The short-term borrowings of the Group at the end of the reporting period bore interest rates as below:-

	The Group	
	2020	2019
	%	%
Term loans	5.36	3.68 - 5.61
Lease liabilities	4.88 - 6.57	-
Hire purchase payables	-	4.85 - 6.57
Revolving credit	4.21	5.18
Invoice financing facility	3.45 - 4.01	4.68 - 5.00

37. BANK OVERDRAFTS

The bank overdrafts of the Group are secured by:-

- (i) a first party first legal charge over the freehold land and buildings of a subsidiary as disclosed in Note 7(a);
- (ii) fixed deposits with licensed banks amounting to RM7,709,000 (2019 - RM7,514,000) as disclosed in Note 21; and
- (iii) a corporate guarantee of the Company.

38. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Contracts with customers:				
- Constructions	146,323	168,370	-	-
- Development properties	43,537	74,405	-	-
- Completed properties	1,320	1,405	-	-
Trading	42,044	87,467	-	-
Management fee	33	20	319	258
Services	1,173	1,489	-	-
Investment fund income	177	48	177	48
Dividend income	-	95	6,885	19,984
	234,607	333,299	7,381	20,290

39. COST OF FINISHED GOODS

Costs of finished goods comprise original costs of purchase plus the costs incurred in bringing the goods to the present location.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

40. OTHER INCOME

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Forfeited deposit	176	216	-	-
Gain on foreign exchange:				
- realised	4	*	4	-
- unrealised	398	-	-	-
Interest income:				
- licensed banks	461	561	-	-
- short-term highly liquid investment bank	63	128	-	-
- short-term investments	499	208	13	-
- subsidiaries	-	-	392	132
- overdue interest	170	47	-	-
Gain on disposal of property, plant and equipment	14	38	-	-
Management fees	120	120	-	-
Gain on investment funds:				
- realised	11	-	11	-
- unrealised	20	9	10	-
Others	312	624	*	*
	2,248	1,951	430	132

* Amount less than RM500.

41. STAFF COSTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, wages, bonus and allowances	24,976	25,339	240	240
Defined contribution plan	2,759	2,845	-	-
Other staff related expenses	1,505	1,458	39	31
	29,240	29,642	279	271
Less: Amount classified as:				
- cost of sales	(1,907)	(2,478)	-	-
- project expenses	(10,412)	(9,976)	-	-
	16,921	17,188	279	271

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM1,178,000 (2019 - RM1,169,000) and RM240,000 (2019 - RM240,000) respectively as disclosed in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

42. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive:-				
Non-fee emoluments:				
- salaries, wages, bonus and allowances	630	726	-	-
- defined contribution plan	79	87	-	-
- other emoluments	1	1	-	-
	710	814	-	-
Non-executive:-				
Fees	364	355	240	240
	1,074	1,169	240	240

43. DEPRECIATION

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation of PPE	12,198	12,240	3	4
Depreciation of ROU	1,784	-	-	-
Less: Amount classified as project expenses	(12,817)	(10,947)	-	-
	1,165	1,293	3	4

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

44. OTHER EXPENSES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in other expenses are:				
Auditors' remuneration:				
- audit fee:				
- Crowe Malaysia PLT				
- statutory audit for the financial year	241	243	79	75
- underprovision in the previous financial year	7	9	5	4
- non-audit fee:				
- Crowe Malaysia PLT	5	5	5	5
Bad debt written off	-	15	-	-
Impairment on property, plant and equipment	915	-	-	-
Inventories written down	702	123	-	-
Loss on disposal of equipment	-	12	-	-
Fair value loss in financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	-	7	-	-
Rental of premises	36	103	-	-
Unrealised loss on foreign exchange	-	729	-	-

45. FINANCE COSTS

	The Group	
	2020 RM'000	2019 RM'000 (Restated)
Interest expenses on:		
- bank overdrafts	-	231
- bankers' acceptances	-	8
- invoice financing	344	68
- term loans	993	3,297
- revolving credit	792	577
- lease liabilities	254	-
- hire purchase	-	334
- others	142	166
	2,525	4,681

46. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2020 RM'000	2019 RM'000
Impairment losses during the financial year:		
- Additions under MFRS 9:		
- trade receivables (Note 14)	(216)	(21,413)
- contract assets (Note 17)	-	(9,744)
Reversal of impairment losses (Note 14)	84	-
	(132)	(31,157)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

47. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense:				
- for the financial year	4,458	13,257	73	17
- (over)/underprovision in the previous financial year	(3,663)	214	29	(9)
	795	13,471	102	8
Deferred tax expense (Note 13):				
- relating to originating and recognition of temporary differences	1,301	1,705	-	-
	2,096	15,176	102	8

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

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation	38,257	41,686	6,655	19,293
Tax at the statutory tax rate of:-				
- Malaysia 24%	9,184	9,936	1,597	4,630
- Australia 30%	(2)	86	-	-
Tax effects of:-				
Share of result in associates	(149)	(679)	-	-
Non-deductible expenses	2,956	3,170	128	203
Non-taxable gains	(14)	(163)	(1,652)	(4,773)
Reversal of deferred tax assets recognised	1,301	1,313	-	-
Deferred tax assets not recognised during the financial year	-	1,392	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(7,517)	(93)	-	(43)
(Over)/Underprovision of current tax in the previous financial year	(3,663)	214	29	(9)
Income tax expense for the financial year	2,096	15,176	102	8

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

47. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

The temporary differences attributable to the deferred tax assets and deferred tax liability which are not recognised in the financial statements are as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets:				
- unutilised tax losses	8,620	15,219	-	-
- unabsorbed capital allowances	459	24,701	-	-
- provision for LAD	8,290	8,290	-	-
- depreciation in excess of capital allowance	444	495	-	-
- others	2,871	3,059	-	-
	20,684	51,764	-	-
Deferred tax liability:				
- accelerated capital allowances	(10,665)	(10,424)	-	-
	10,019	41,340	-	-

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

48. EARNINGS PER SHARE

	The Group	
	2020	2019
Basic earnings per share		
Profit attributable to owners of the Company (RM'000)	32,441	13,996
Number of shares in issue as of 1 July 2019/2018	373,843,028	373,843,028
Effects through:		
- warrant exercised	39,428	-
- treasury shares	(3,075,764)	(1,070,164)
Weighted average number of ordinary shares in issue for basic earnings per share	370,806,692	372,772,864
Shares deemed to be issued for no consideration:		
- employee share options in issue	-	*
- warrants	-	*
Weighted average number of ordinary shares in issue for diluted earnings per share*	370,806,692	372,772,864
Basic earnings per ordinary share attributable to owners of the Company (sen)	8.75	3.75
Diluted earnings per ordinary share attributable to owners of the Company (sen)	8.75	3.75

* The potential conversion of warrants and Employee Share Option Reserve are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of warrants and Employee Share Option Reserve have been ignored in the calculation of dilutive earnings per share.

49. DIVIDENDS

	The Group/The Company	
	2020	2019
	RM'000	RM'000
Paid:-		
- interim single-tier dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2019	-	5,592
- interim single-tier dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2020	5,592	-
	5,592	5,592

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

50. CASH FLOW INFORMATION

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

	The Group	
	2020 RM'000	2019 RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased	2,786	21,318
Amount financed through hire purchase (Note (b) below)	-	(5,542)
	2,786	15,776
Right-of-use assets		
Cost of right-of-use assets acquired	1,497	-
Less: Addition of new lease liabilities (Note (b) below)	(1,449)	-
	48	-

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

The Group	Revolving Credit RM'000	Invoice Financing RM'000	Term Loans RM'000	Lease Liabilities RM'000	Hire Purchase RM'000	Total RM'000
2020						
At 1 July 2019, as previously reported	12,078	6,907	38,686	-	5,139	62,810
Effects on adoption of MFRS 16	-	-	-	5,139	(5,139)	-
At 1 July 2019, as restated	12,078	6,907	38,686	5,139	-	62,810
<u>Changes in Financing Cash Flows</u>						
Drawdown of revolving credit	7,922	-	-	-	-	7,922
Repayment of invoice financing facility	-	(1,399)	-	-	-	(1,399)
Repayment of term loans	-	-	(36,686)	-	-	(36,686)
Repayment of lease obligation	-	-	-	(1,887)	-	(1,887)
	7,922	(1,399)	(36,686)	(1,887)	-	(32,050)
<u>Non-cash Changes</u>						
Acquisition of new leases (Note (a) above)	-	-	-	1,449	-	1,449
At 30 June 2020	20,000	5,508	2,000	4,701	-	32,209

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

50. CASH FLOW INFORMATION (CONT'D)

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

The Group	Bankers' Acceptances RM'000	Revolving Credit RM'000	Invoice Financing RM'000	Term Loans RM'000	Hire Purchase RM'000	Total RM'000
2019						
At 1 July 2018	7,386	25,000	-	67,522	3,160	103,068
<u>Changes in Financing Cash Flows</u>						
Repayment of bankers' acceptances	(7,386)	-	-	-	-	(7,386)
Repayment of revolving credit	-	(12,922)	-	-	-	(12,922)
Drawdown of invoice financing facility	-	-	6,907	-	-	6,907
Repayment of term loans	-	-	-	(28,836)	-	(28,836)
Net repayment of hire purchase obligation	-	-	-	-	(3,563)	(3,563)
	(7,386)	(12,922)	6,907	(28,836)	(3,563)	(45,800)
<u>Non-cash Changes</u>						
New hire purchase (Note (a) above)	-	-	-	-	5,542	5,542
At 30 June 2019	-	12,078	6,907	38,686	5,139	62,810

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

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits with licensed banks (Note 21)	12,601	12,290	-	-
Cash and bank balances (Note 22)	36,044	26,547	3,606	124
Short-term investments (Note 20)	27,661	13,144	594	7,440
	73,606	51,981	4,200	7,564
Less: Fixed deposits pledged to licensed banks (Note 21)	(12,601)	(12,290)	-	-
	63,705	39,691	4,200	7,564

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

51. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Related Party Transactions and Balances

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

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subsidiaries:				
- advances given	-	-	8,301	9,600
- management fees received	-	-	286	238
- dividend received	-	-	6,885	19,890
- management fees paid	-	-	313	288
Associate:				
- advances from	900	5,300	900	5,300
- management fees received	33	20	33	20

The outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key Management Personnel Compensation

	The Group	
	2020 RM'000	2019 RM'000
<i>Key management personnel</i>		
<i>Directors</i>		
Salaries, wages, allowances and bonus	630	726
Defined contribution plan	79	87
Others	1	1
	<hr/>	<hr/>
	710	814

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

51. RELATED PARTY DISCLOSURES (CONT'D)

(c) Key Management Personnel Compensation (Cont'd)

	The Group	
	2020 RM'000	2019 RM'000
<i>Other key management personnel</i>		
Salaries, wages, allowances and bonus	2,356	2,287
Defined contribution plan	267	261
Others	34	4
	2,657	2,552

52. OPERATING SEGMENTS

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services. The operating segment reporting are organised and managed separately according to the nature of the services provided, with each segment representing a business unit that serves different markets.

(b) Business segments

The Group Executive Director (the chief operating decision maker) review internal management report at least on a quarterly basis.

The Group is organised into 6 main business segments as follows:-

- (i) Investment holding - involved in group-level corporate services.
- (ii) Construction - involved as general contractors in the construction industry.
- (iii) Property development - involved in development of commercial and residential properties.
- (iv) Trading - involved in trading of construction materials.
- (v) Logging and trading of timber - involved in the extraction and trading of timber.
- (vi) Services - involved as transportation and logistics service provider.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

(c) Allocation basis and transfer pricing

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The directors are of the opinion that transfer prices between business segments are based on negotiated prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	The Group RM'000
2020							
Revenue							
External sales	46,668	146,323	11,820	210	30,224	1,173	236,418
Inter-segment sales	-	32,417	10,497	9,925	-	-	52,839
Total revenue	46,668	178,740	22,317	10,135	30,224	1,173	289,257
Consolidation adjustments							(54,650)
Consolidated revenue							234,607

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	The Group RM'000
2020							
Represented by:- Revenue <u>recognised at a point of time</u>							
- Trading	-	-	22,317	-	30,224	-	52,541
- Services	-	-	-	3,250	-	1,173	4,423
- Dividend income	-	-	-	6,885	-	-	6,885
Revenue <u>recognised over time</u>							
- Construction services	-	178,740	-	-	-	-	178,740
- Property development	46,668	-	-	-	-	-	46,668
	46,668	178,740	22,317	10,135	30,224	1,173	289,257
Consolidation adjustments							(54,650)
							234,607

	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	The Group RM'000
2020							
Results							
Segment profit	3,438	29,045	(268)	127	8,666	167	41,175
Depreciation	(163)	(518)	-	(9)	(176)	(295)	(1,165)
Other non-cash income	-	14	70	398	14	- (a)	496
Other non-cash expenses	-	-	-	-	(918)	- (b)	(918)
Interest income	167	809	141	14	63	-	1,194
Interest expense	(416)	(2,042)	(14)	-	(14)	(39)	(2,525)
Consolidated profit before taxation							38,257
Income tax expense							(2,096)
Consolidated profit after taxation							36,161

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	Adjustments and eliminations RM'000	The Group RM'000
2020								
Assets								
Additions to non-current assets	133	4,150	-	-	-	-	- (c)	4,283
Segment assets	195,451	170,114	8,722	430,319	36,644	1,125	(396,986) (d)	445,389
Liabilities								
Segment liabilities	44,400	103,833	4,859	14,141	2,060	1,050	(52,026) (e)	118,317

	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	The Group RM'000
2019							
Revenue							
External sales	78,277	168,370	7,020	162	80,448	1,490	335,767
Inter-segment sales	-	56,422	23,681	21,658	-	-	101,761
Total revenue	78,277	224,792	30,701	21,820	80,448	1,490	437,528
Consolidation adjustments							(104,229)
Consolidated revenue							333,299

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

	Property development RM'000	Construction RM'000	Trading RM'000	Investment holding RM'000	Logging and trading of timber RM'000	Services RM'000	Adjustments and eliminations RM'000	The Group RM'000
2019								
Assets								
Additions to non-current assets	-	20,382	-	9	27	900	- (c)	21,318
Segment assets	209,400	193,002	9,317	424,730	46,120	1,279	(403,128) (d)	480,720
Liabilities								
Segment liabilities	55,690	152,291	5,398	7,035	765	1,027	(44,690) (e)	177,516

(a) Non-cash income consist of the following:-

	The Group	
	2020 RM'000	2019 RM'000
Gain on disposal of equipment	14	38
Reversal of impairment loss on trade receivables	84	-
Unrealised gain on foreign exchange	398	-
	496	38

(b) Non-cash expenses consist of the following:-

	The Group	
	2020 RM'000	2019 RM'000
Equipment written off	-	*
Impairment loss on trade receivables	216	21,413
Impairment loss on contract assets	-	9,744
Unrealised loss on foreign exchange	-	729
Inventory written down	702	123
	918	32,009

* Amount less than RM500.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

- (c) Additions to non-current assets consist of the following:-

	The Group	
	2020	2019
	RM'000	RM'000
Plant and machinery	2,709	20,033
Motor vehicles	57	987
Furniture, fittings and office equipment	20	290
Equipment	-	8
Right-of-use assets	1,497	-
	4,283	21,318

- (d) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	The Group	
	2020	2019
	RM'000	RM'000
Inter-segment balances	(404,824)	(409,146)
Deferred tax assets	-	1,301
Current tax assets	7,838	4,717
	(396,986)	(403,128)

- (e) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	The Group	
	2020	2019
	RM'000	RM'000
Inter-segment balances	(59,801)	(60,165)
Deferred tax liabilities	7,774	7,769
Current tax liabilities	1	7,706
	(52,026)	(44,690)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

52. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

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

	Revenue	
	2020 RM'000	2019 RM'000
Malaysia	233,287	331,894
Australia	1,320	1,405
	<hr/>	<hr/>
	234,607	333,299

The information by geographical segment for non-current assets is not presented as the non-current assets relating to Australia is immaterial to the Group.

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group revenue:-

	Revenue		Segment
	2020 RM'000	2019 RM'000	
Customer A	67,774	68,960	Construction
Customer B	63,086	33,782	Construction

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53. CAPITAL COMMITMENT

	The Group	
	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	2,506	-

54. CONTINGENT LIABILITY

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2020 RM'000	2019 RM'000
Performance and tender bond granted to contract customers	54,963	50,655

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS

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

55.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk is primarily Australian Dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

Foreign Currency Exposure

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

	AUD RM'000
The Group 2020	
<u>Financial Assets</u>	
Other receivables	9,870
Amount owing by associate	27,488
Cash and bank balances	11
	<hr/> 37,369
Net financial assets	37,369
Less: Net financial assets denominated in the Company's functional currency	(951)
	<hr/> 36,418

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	AUD RM'000
The Group 2019	
<u>Financial Assets</u>	
Other receivables	9,116
Amount owing by associate	27,091
Cash and bank balances	7
	<hr/> 36,214
<u>Financial Liability</u>	
Other payables and accruals	393
	<hr/>
Net financial assets	35,821
Less: Net financial assets denominated in the Company's functional currency	(154)
	<hr/>
Currency exposure	35,667
	<hr/>

Any reasonably possible change in the foreign exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit after taxation and other comprehensive income of the Group and the Company and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

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

The Group's fixed deposits with licensed banks, lease liabilities and hire purchase payables are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to the interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 36(b) to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

It is the Group's policy to enter into interest rate swap to achieve an appropriate mix of fixed and floating interest rate exposure. Information of the interest rate swap entered by the Group is disclosed in Note 55.1(c) to the financial statements.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk (Cont'd)

Equity Price Risk Sensitivity Analysis

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

	The Group	
	2020 RM'000	2019 RM'000
Effects on Profit After Taxation		
Increase of 10%	3,826	1,760
Decrease of 10%	(3,826)	(1,760)

(b) Credit Risk

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

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the trade receivables at the end of the reporting period is as follows:-

	2020	2019
Major concentration of credit risk	56%	43%
Number of customers	4	2

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets and debt instruments at fair value through other comprehensive income are credit impaired.

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

Trade Receivables and Contract Assets

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

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

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 180 days, are deemed credit impaired.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk.

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

The Group	Gross Amount RM'000	Collective Impairment RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2020				
Not past due	15,349	-	-	15,349
Past due:				
- less than 3 months	8,716	-	-	8,716
- 3 to 6 months	6,893	-	-	6,893
- over 6 months	2,080	-	(1,053)	1,027
- more than 1 year	31,718	(238)	(20,366)	11,114
	49,407	(238)	(21,419)	27,750
Trade receivables	64,756	(238)	(21,419)	43,099
Contract assets	36,567	(135)	(9,609)	26,823
	101,323	(373)	(31,028)	69,922

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

The Group	Gross Amount RM'000	Collective Impairment RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2019				
Not past due	30,221	-	-	30,221
Past due:				
- less than 3 months	14,335	-	(458)	13,877
- 3 to 6 months	1,219	-	(459)	760
- over 6 months	23,879	(16)	(20,257)	3,606
- more than 1 year	28,788	(222)	(580)	27,986
	68,221	(238)	(21,754)	46,229
Trade receivables	98,442	(238)	(21,754)	76,450
Contract assets	48,772	(135)	(9,609)	39,028
	147,214	(373)	(31,363)	115,478

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 14 and 17 to the financial statements respectively.

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because they are subsidiaries with positive financial position.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Fixed Deposits with Licensed Banks, Cash and Bank Balances

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

Amount Owning By Related Parties

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

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

At the end of the reporting period, there was no indication that the amount owing are not recoverable.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

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

	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	2 - 5 Years RM'000
The Group				
2020				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	36,151	36,151	36,151	-
Other payables and accruals	23,853	23,853	23,853	-
Term loans	2,000	2,029	2,029	-
Leased liabilities	4,701	4,898	2,416	2,482
Invoice financing facility	5,508	5,508	5,508	-
Revolving credit	20,000	20,000	20,000	-
	92,213	92,439	89,957	2,482
2019				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	53,427	53,427	53,427	-
Other payables and accruals	23,448	23,448	23,448	-
Term loans	38,686	39,485	34,959	4,526
Hire purchase payables	5,139	5,686	1,913	3,773
Invoice financing facility	6,907	6,907	6,907	-
Revolving credit	12,078	12,078	12,078	-
	139,685	141,031	132,732	8,299

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

In the previous financial year, the group has entered into an interest rate swap to hedge the cash flow risk in relation to the floating interest rate of a term loan as disclosed in Note 31 to the financial statements. The interest rate swap has the same nominal value of USD15,000,000 and was settled by month, consistent with the interest repayment schedule of the term loan.

The following table indicates the periods in which the cash flows associated with the interest rate swap are expected to occur and affect profit or loss:-

	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	2 - 5 Years RM'000
The Group 2019				
Interest rate swap *	27,186	27,537	27,537	-

* - The derivative asset/liability relating to interest rate swap is not recognised in the financial statements as it is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
The Company			
2020			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	267	267	267
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	66,478	66,478
	267	66,745	66,745
2019			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	114	114	114
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	106,706	106,706
	114	106,820	106,820

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.2 CAPITAL RISK MANAGEMENT

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

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

	The Group	
	2020 RM'000	2019 RM'000
Term loans	2,000	38,686
Leased liabilities	4,701	-
Hire purchase payables	-	5,139
Invoice financing facility	5,508	6,907
Revolving credit	20,000	12,078
	<hr/>	<hr/>
	32,209	62,810
Less: Cash and cash equivalent (Note 50(c))	(63,705)	(39,691)
	<hr/>	<hr/>
Net debt	(31,496)	23,119
	<hr/>	<hr/>
Total equity attributable to the owners of the Company	309,782	283,023
	<hr/>	<hr/>
Debt-to-equity ratio	N/A	0.10
	<hr/>	<hr/>

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with this requirement. There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020	
	The Group RM'000	The Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments	27,661	594
<hr/>		
<u>Mandatorily at Fair Value Through Other Comprehensive Income</u>		
Investment securities	10,601	10,601
<hr/>		
<u>Amortised Cost</u>		
Trade receivables	43,099	-
Other receivables	11,775	3
Amount owing by subsidiaries	-	16,425
Amount owing by associates	30,791	3,303
Fixed deposits with licensed banks	12,601	-
Cash and bank balances	36,044	3,606
<hr/>		
	134,310	23,337
<hr/>		
Financial Liability		
<u>Amortised Cost</u>		
Trade payables	36,151	-
Other payables and accruals	23,853	267
Term loans	2,000	-
Lease liabilities	4,701	-
Revolving credit	20,000	-
Invoice financing facility	5,508	-
<hr/>		
	92,213	267
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2019	
	The Group RM'000	The Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments	13,144	7,440
<u>Mandatorily at Fair Value Through Other Comprehensive Income</u>		
Investment securities	10,207	10,207
<u>Amortised Cost</u>		
Trade receivables	76,450	-
Other receivables	10,211	14
Amount owing by subsidiaries	-	10,983
Amount owing by associates	31,293	4,202
Fixed deposits with licensed banks	12,290	-
Cash and bank balances	26,547	124
	156,791	15,323
Financial Liability		
<u>Amortised Cost</u>		
Trade payables	53,427	-
Other payables and accruals	23,448	114
Term loans	38,686	-
Hire purchase payables	5,139	-
Revolving credit	12,078	-
Invoice financing facility	6,907	-
	139,685	114

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.4 GAINS OR (LOSSES) ARISING FROM FINANCIAL INSTRUMENTS

	2020	
	The Group RM'000	The Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Dividend income	177	177
Interest income	499	13
Fair value gain in financial assets measured at fair value through profit or loss	31	20
	<hr/>	<hr/>
<u>Mandatorily at Fair Value Through Other Comprehensive Income</u>		
Fair value changes on equity instruments	394	394
	<hr/>	<hr/>
<u>Amortised Cost</u>		
Impairment losses on trade receivables	(132)	-
Interest income	694	(392)
Gain on foreign exchange - realised	4	4
Loss on foreign exchange - unrealised	(398)	-
	<hr/>	<hr/>
Financial Liability		
<u>Amortised Cost</u>		
Interest expenses	(2,525)	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.4 GAINS OR (LOSSES) ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

	2019	
	The Group	The Company
	RM'000	RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Dividend income	95	95
Interest income	208	-
Investment fund income	48	48
Fair value gain/(loss) in financial assets measured at fair value through profit or loss	2	(4)
	<hr/>	<hr/>
<u>Mandatorily at Fair Value Through Other Comprehensive Income</u>		
Fair value on equity instruments	(1,569)	(1,569)
	<hr/>	<hr/>
<u>Amortised Cost</u>		
Bad debt written off	(15)	-
Impairment losses on trade receivables	(21,413)	-
Interest income	736	132
Loss on foreign exchange - unrealised	(729)	-
	<hr/>	<hr/>
Financial Liability		
<u>Amortised Cost</u>		
Interest expenses	(4,681)	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.5 FAIR VALUE INFORMATION

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

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2020								
<u>Financial Assets</u>								
Investment securities	10,601	-	-	-	-	-	10,601	10,601
Short-term investments	27,661	-	-	-	-	-	27,661	27,661
<hr/>								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	2,000	-	2,000	2,000
<hr/>								
2019								
<u>Financial Assets</u>								
Investment securities	10,207	-	-	-	-	-	10,207	10,207
Short-term investments	13,144	-	-	-	-	-	13,144	13,144
<hr/>								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	38,686	-	38,686	38,686
Hire purchase payables	-	-	-	-	5,130	-	5,130	5,139
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

55. FINANCIAL INSTRUMENTS (CONT'D)

55.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020								
<u>Financial Assets</u>								
Investment securities	10,601	-	-	-	-	-	10,601	10,601
Short-term investments	594	-	-	-	-	-	594	594
2019								
<u>Financial Assets</u>								
Investment securities	10,207	-	-	-	-	-	10,207	10,207
Short-term investments	7,440	-	-	-	-	-	7,440	7,440

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

- (i) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting period.
- (ii) In the previous financial year, the fair values of hire purchase payables that carry fixed interest rates were determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows were in the range of 4.42% to 6.76%.

56. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirement which impacted businesses, our customers and the Group's operations directly and indirectly. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, it is challenging to determine the duration of the impact on the business and to measure the potential impact on the financial statements of the Group. The Group continues to closely monitor the situation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

57. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (i) A wholly-owned subsidiary Fajarbaru Trading Sdn Bhd ("FTSB") has on 21 August 2020 obtained a Moneylender License issued under the Moneylenders Act 1951 and the Moneylenders (Control and Licensing) Regulations 2003 ("the License") by the Ministry of Housing and Local Government ("the Ministry").
- (ii) On 25 August 2020, the Company incorporated a wholly-owned subsidiary company, Fajarbaru Plantation Sdn Bhd with a share capital of RM1 comprising 1 ordinary share. Fajarbaru Plantation Sdn Bhd intended to be utilised for the Group's plantation activities.

58. PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATION

The prior year adjustments and reclassification has been restated to reflect the effect of:

- (i) The Group has early adopted the IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs with effect from the financial period beginning 1 July 2019.

During the financial year, the Group had expensed off the borrowing costs which were previously capitalised in inventories - property development cost. Under the IFRIC Agenda Decision, the cumulative effects of initial application of MFRS 123 are adjusted as a prior year adjustment to the opening balances in the financial statements.

- (ii) The Group has reclassified the net cash for investing activities to conform with the current year's presentation.

The prior year adjustments and reclassification has been restated arising from the 58 (i) and (ii):

	As previously reported RM'000	Prior year adjustments 58 (i) RM'000	Reclassification 58 (ii) RM'000	As restated RM'000
Group				
Statement of financial position				
As at 30 June 2019				
Inventory	120,860	(11,276)	-	109,584
Non-current assets	126,712	-	-	126,712
Other current assets	244,424	-	-	244,424
Total assets	491,996	(11,276)	-	480,720
Share capital	194,275	-	-	194,275
Treasury shares	(1,141)	-	-	(1,141)
Reserves	9,080	-	-	9,080
Retained earnings profits	92,085	(11,276)	-	80,809
	294,299	(11,276)	-	283,023
Non-controlling interest	20,181	-	-	20,181
Total equity	314,480	(11,276)	-	303,204
Non-current liabilities	15,771	-	-	15,771
Current liabilities	161,745	-	-	161,745
Total equity and liabilities	491,996	(11,276)	-	480,720

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

58. PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATION (CONT'D)

The prior year adjustments and reclassification has been restated arising from the 58 (i) and (ii): (Cont'd)

	As previously reported RM'000	Prior year adjustments 58 (i) RM'000	Reclassification 58 (ii) RM'000	As restated RM'000
The Group				
Statement of financial position				
As at 30 June 2019 (cont'd)				
Inventory	117,478	(10,857)	-	106,621
Non-current assets	121,489	-	-	121,489
Other current assets	292,008	-	-	292,008
Total assets	530,975	(10,857)	-	520,118
Share capital	194,275	-	-	194,275
Treasury shares	(1,141)	-	-	(1,141)
Reserves	10,650	-	-	10,650
Retained earnings profits	83,262	(10,857)	-	72,405
Non-controlling interest	287,046	(10,857)	-	276,189
	26,778	-	-	26,778
Total equity	313,824	(10,857)	-	302,967
Non-current liabilities	38,857	-	-	38,857
Current liabilities	178,294	-	-	178,294
Total equity and liabilities	530,975	(10,857)	-	520,118

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

58. PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATION (CONT'D)

The prior year adjustments and reclassification has been restated arising from the 58 (i) and (ii): (Cont'd)

	As previously reported RM'000	Prior year adjustments 58 (i) RM'000	Reclassification 58 (ii) RM'000	As restated RM'000
The Group				
Statement of profit or loss and other comprehensive income				
For the financial year ended 30 June 2019				
Revenue	333,299	-	-	333,299
Cost of finished Goods	(99,094)	1,290	-	(97,804)
Other income	1,951	-	-	1,951
Project expenses	(135,099)	-	-	(135,099)
Staff costs	(17,188)	-	-	(17,188)
Depreciation	(1,293)	-	-	(1,293)
Other expenses	(9,154)	-	-	(9,154)
Profit from operation	73,422	1,290	-	74,712
Finance cost	(2,972)	(1,709)	-	(4,681)
Net impairment (loss)/gain on financial assets and contract assets	(31,157)	-	-	(31,157)
Shares of result in associates	2,812	-	-	2,812
Profit before taxation	42,105	(419)	-	41,686
Income tax expense	(15,176)	-	-	(15,176)
Profit attributable to owners of the company	26,929	(419)	-	26,510
Statement of cash flows				
For the financial year ended 30 June 2019				
Profit before taxation	42,105	(419)	-	41,686
Adjustment for non-cash items	43,359	1,709	-	45,068
Increase in inventories	(2,549)	(537)	-	(3,086)
Net changes in working capital	9,155	-	-	9,155
Other operating activities	(17,967)	(753)	-	(18,720)
Net cash flow from/(for) operating activities	74,103	-	-	74,103
Net cash for investing activities	(9,208)	-	85	(9,123)
Net cash for financing activities	(70,502)	-	-	(70,502)
Effect of exchange differences	(2)	-	-	(2)
Cash and cash equivalents at beginning of the financial year	39,596	-	5,619	45,215
Cash and cash equivalents at end of the financial year	33,987	-	5,704	39,691

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2020 (cont'd)

59. INITIAL APPLICATION OF MFRS 16

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

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

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

LIST OF PROPERTIES

30 June 2020

Owned by:	Location	Tenure Existing Use	Age of Building (Years)	Description	Land Area (Square Meters)	Net Book Value RM'000
Fajarbaru Builder Sdn Bhd	Lot 7496, Mukim Labu, Seremban, Negeri Sembilan.	Freehold	N/A	Vacant Land - (acquired in May 1995)	2,227	360
	Lot 7695, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land - (acquired in Feb 2010)	984	297
	Lot 7716, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land - (acquired in Feb 2010)	446	134
	Lot 7406, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land - (acquired in Feb 2010)	353	84
	Lot 7426, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land - (acquired in Feb 2010)	372	88
	Lot 7357, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land - (acquired in Feb 2010)	280	66
	Lot 7715, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land - (acquired in Dec 2010)	446	134
	61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Freehold	20	4 Storey Shop Lot - (acquired in Oct 2005)	374	2,125
	59, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Freehold	20	4 Storey Shop Lot - (acquired in Oct 2013)	187	1,322

LIST OF PROPERTIES
30 June 2020 (cont'd)

Owned by:	Location	Tenure Existing Use	Age of Building (Years)	Description	Land Area (Square Meters)	Net Book Value RM'000
Potential Region Sdn Bhd	*PD Orchard Homestead Resort, Off Jalan Si-Rusa-Sunggal, Port Dickson, Negeri Sembilan Darul Khusus	Freehold	N/A	75 orchard homestead lots -(acquired in June 1994)	344,670	11,237
		Freehold	N/A	109 Bungalow Lots -(acquired in June 1994)	127,367	18,506
		Freehold	N/A	1 lot 4.33 acres commercial land PT3223 -(acquired in June 1994)	17,500	3,391
		99 years leasehold expiring 30.05.2096	N/A	1 lot 10 acres agriculture Land PT3386 -(acquired in June 1994)	40,469	871
		Freehold	N/A	1 orchard homestead lot PT 3261 -(acquired in Feb 2003)	4241	251
		Freehold	N/A	1 orchard homestead lot PT3256 -(acquired in Apr 2003)	6,857	406
		Freehold	N/A	1 orchard homestead lot PT3204 -(acquired in Jul 2003)	4,101	243

LIST OF PROPERTIES

30 June 2020 (cont'd)

Owned by:	Location	Tenure Existing Use	Age of Building (Years)	Description	Land Area (Square Meters)	Net Book Value RM'000
Renowaja Sdn Bhd	HM 57019 (Lot 10697), Pulau Melaka Town Area XLIII, District of Melaka Tengah, State of Melaka.	99 years leasehold expiring 15.04. 2113	N/A	Vacant Land for development - (acquired in Sept 2010)	4,321	4,485
	HM 57014, 57020 (Lot 10698-10699), Pulau Melaka Town Area XLIII, District of Melaka Tengah, State of Melaka.	99 years leasehold expiring 15.04. 2113	N/A	Vacant Land for development - (acquired in Sept 2010)	8,721	9,053
Wajatex Sdn Bhd	Geran 79468-79469, Lot 20000-20001, Seksyen 76, Bandar Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan	Freehold	N/A	Under development - (acquired in Nov 2011)	8,775	24,266
Fajarbaru Land Sdn Bhd	GM1408, Lot 796, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	Freehold	N/A	Vacant Land for development - (acquired in Oct 2012)	27,490	41,857

ORCHARD HOMESTEAD LOTS

- HSD 34235-34239 (PT 6117-6121), Geran 103178 – 103188 (Lot 7929 -7939), Geran 103190 – 103195 (Lot 7941 – 7946), Geran 103197 – 103199 (Lot 7948 – 7950), Geran 103201 (Lot 7952), Geran 103204 – 103213 (Lot 7955 – 7964), Geran 103215 (Lot 7967), Geran 103220 (Lot 7972), Geran 103229 – 103230 (Lot 7981 – 7982), Geran 103238 – 103241 (Lot 7990 – 7993), Geran 103243 (Lot 7995), Geran 103245 (Lot 7997), Geran 103252 (Lot 8004), Geran (103257 (Lot 8009), Geran 103260 (Lot 8012), Geran 103265 – 103266 (Lot 8017 - 8018), Geran 103273 (Lot 8025), Geran 103277-103278 (Lot 8029 - 8030), Geran 103280 - 103285 (8032-8037), Geran 103287 (Lot 8039), Geran 103290 – 103291 (Lot 8042 - 8043), Geran 103293 – 103296 (Lot 8045 - 8048), Geran 103305 -103308 (Lot 8057 - 8060), Geran 103310 (Lot 8062), Geran 103311-103312 (Lot 8063 - 8064), Geran 169498 (Lot 9175).

BUNGALOW LOTS

- HM247654 – 254015 (Lot 20134 – 20125)

ANALYSIS OF SHAREHOLDINGS

as at 30 SEPTEMBER 2020

LIST OF DIRECTORS' SHAREHOLDINGS

(as per Record of Register of Directors' Shareholdings)

Directors	No. of Shares		No. of Shares		
	(Direct)	%	(Indirect)		%
Dato' Ir. Low Keng Kok	7,297	0.00	-		-
Dato' Sri Kuan Khian Leng	-	-	33,576,300	(a)	9.06
Dato' Ismail Bin Haji Omar	17,269	0.00			
Dato' Lim Siew Mei	3,661,380	0.99	1,479,400	(b)	0.40
Foong Kuan Ming	302,857	0.08	-		-
Ooi Leng Chooi	16,900	0.00	-		-

LIST OF SUBSTANTIAL SHARHOLDERS

(as per Record of Register of Substantial Shareholders)

Directors	No. of Shares		No. of Shares		
	(Direct)	%	(Indirect)		%
Tan Sri Dato' Sri Ir. Kuan Peng Ching @ Kuan Peng Soon	25,994,700	7.01	7,581,600	(c)	2.04
Tan Sri Datuk Ta Kin Yan	30,897,000	8.33	-		-

Notes:-

- (a) Deemed interest by virtue of Sections 8 and 197 of the Companies Act, 2016 through Unique Bay Sdn. Bhd. and his father, Tan Sri Dato' Sri Ir. Kuan Peng Ching @ Kuan Peng Soon.
- (b) Deemed interest by virtue of Section 197 of the Companies Act, 2016 through her siblings, Dato' Lim Siew Chee and Dato' Lim Siew Mun.
- (c) Deemed interest by virtue of Section 8 of the Companies Act, 2016 through Unique Bay Sdn. Bhd.

ANALYSIS OF SIZE OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2020

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share held
Less than 100	996	17.02	44,429	0.01
100 – 1,000	600	10.25	208,907	0.06
1,001 – 10,000	2,246	38.38	12,029,449	3.24
10,001 – 100,000	1,679	28.69	52,207,006	14.08
100,001 to less than 5% of issued shares	329	5.62	259,425,201	69.96
5% and above of issued shares	2	0.04	46,891,700	12.65
TOTAL	5,852	100.00	370,806,692	100.00

LIST OF THIRTY (30) LARGEST ACCOUNTHOLDERS

as at 30 SEPTEMBER 2020

No.	Names	Shareholdings	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KUAN PENG CHING @ KUAN PENG SOON (PB)	25,994,700	7.01
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	20,897,000	5.64
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MODERN DISCOVERY SDN BHD (PB)	18,321,678	4.94
4.	CHANG MEI YUN	15,153,100	4.09
5.	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR IMPROVE PERFORMANCE INVESTMENTS LIMITED (418541)	14,604,113	3.94
6.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	11,664,100	3.15
7.	LAI HONG MUN	10,895,450	2.94
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN (7000778)	10,000,000	2.70
9.	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	8,656,227	2.33
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UNIQUE BAY SDN. BHD. (PB)	7,581,600	2.04
11.	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR GRAND CONTINENTAL WORLDWIDE LIMITED (417921)	6,151,904	1.66
12.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KUANG (D)	4,812,452	1.30
13.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	4,708,100	1.27
14.	TOP FUTURE HOLDINGS SDN BHD	4,656,600	1.26

LIST OF THIRTY (30) LARGEST ACCOUNTHOLDERS
as at 30 SEPTEMBER 2020 (cont'd)

No.	Names	Shareholdings	%
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	4,233,150	1.14
16.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	3,867,100	1.04
17.	LAU FOY HANG @ LAU FAY HANG	3,483,000	0.94
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH CHEE LEONG (E-BCG)	3,481,200	0.94
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM SIEW MEI (PB)	3,261,380	0.88
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG WAI YEE (E-TCS)	3,017,243	0.81
21.	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR LONG RETURN INVESTMENTS LIMITED (418847)	2,841,607	0.77
22.	LAU KUAN KAM	2,605,453	0.70
23.	LEE BENG SENG	2,377,000	0.64
24.	CHOONG YEAN YAW	2,292,200	0.62
25.	KOH LOK KIANG WILLIAM	2,091,190	0.56
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KHOON LAN (E-SJA/SAM)	1,957,000	0.53
27.	LAM SANG	1,822,600	0.49
28.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (MY3272)	1,760,000	0.47
29.	LAI HONG LEONG	1,716,300	0.46
30.	CHAI KIM CHONG	1,606,300	0.43

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No. of Shares held	
CDS No.	

Form Of Proxy

I/We _____
(Full name in block letters)

of _____

being a member of **FAJARBARU BUILDER GROUP BHD**, hereby appoint _____
(Full name in block letters)

of _____
(Address)

or failing him _____
(Full name in block letters)

of _____
(Address)

as my / our proxy to vote for me / us and on my / our behalf at the **TWENTY-SIXTH ANNUAL GENERAL MEETING** of the Company to be held at Dewan Perdana, 1st Floor Sport Complex, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 3 December 2020 at 10.00 a.m. and at any adjournment thereof.

My/ our proxy is to vote as indicated hereunder.

Resolution		For	Against
Resolution 1	To re-elect Dato' Sri Kuan Khian Leng		
Resolution 2	To re-elect Dato' Lim Siew Mei		
Resolution 3	To approve Directors' Fees and other benefits of RM240,000.00		
Resolution 4	To re-appoint Messrs Crowe Malaysia PLT as Auditors		
Resolution 5	To approve the Continuation of office as Independent Director – Mr. Foong Kuan Ming		
Resolution 6	To approve the Continuation of office as Independent Director – Dato' Ismail Bin Haji Omar		
Resolution 7	To approve the Authority to Issue Shares		
Resolution 8	To approve the Proposed Renewal of Share Buy-back Authority		

Dated this _____ day of _____, 2020.

Signature

Notes :

1. A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him/her at a general meeting who shall represent all the shares held by such member, and where a member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy to attend and vote instead of him/her at the same meeting. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. A proxy may but need not be a member of the Company.
4. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
5. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified true copy thereof shall be deposited at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the meeting.
6. Depositor whose name appears on the Record of Depositors as at 26 November 2020 shall be regarded as member of the Company and entitled to attend and vote at the meeting or to appoint proxy(ies) to attend and vote at meeting.



Affix
Stamp
here

The Company Registrar
FAJARBARU BUILDER GROUP BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.



The theme for this year's annual report focuses on the concept of forming a new understanding of our vision and commitment as a Group as we embrace the path of adjusting to the 'new normal' with great fortitude. The cover features a 'start' button that is symbolic to heralding a journey of great opportunities to endeavor upon, one that will inspire and propel us toward greater heights across all participating sectors in the region.



FAJARBARU BUILDER GROUP BHD. 199301026907 (281645-U)

No. 61 & 63, Jalan SS6/12, Kelana Jaya,

47301 Petaling Jaya,

Selangor Darul Ehsan, Malaysia.

Tel: 603-7804 9698 (Hunting Line)

Fax: 603-7804 3698 / 7804 4849

Scan the QR Code below to follow us on our social media

