

FAJARBARU BUILDER GROUP BHD

Company No. 281645-U

ANNUAL REPORT 2017

The logo for Riza Residence, featuring the name in a stylized, white, cursive font. The background of the entire page is a photograph of a modern, multi-story residential building at dusk, with interior lights glowing and a few people walking on the street in the foreground.

CONTENTS

2	<i>NOTICE OF ANNUAL GENERAL MEETING</i>	47	<i>DIRECTORS' REPORT</i>
6	<i>STATEMENT ACCOMPANYING NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING</i>	53	<i>STATEMENT BY DIRECTORS</i>
8	<i>CORPORATE INFORMATION</i>	53	<i>STATUTORY DECLARATION</i>
9	<i>PERFORMANCE ANALYSIS</i>	54	<i>INDEPENDENT AUDITORS' REPORT</i>
10	<i>CHAIRMAN'S STATEMENT</i>	59	<i>STATEMENTS OF FINANCIAL POSITION</i>
16	<i>CORPORATE STRUCTURE</i>	61	<i>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</i>
17	<i>MANAGEMENT DISCUSSION AND ANALYSIS</i>	63	<i>STATEMENTS OF CHANGES IN EQUITY</i>
21	<i>BOARD OF DIRECTORS</i>	67	<i>STATEMENTS OF CASH FLOWS</i>
25	<i>SENIOR MANAGEMENT TEAM</i>	70	<i>NOTES TO THE FINANCIAL STATEMENTS</i>
29	<i>ADDITIONAL COMPLIANCE INFORMATION</i>	149	<i>LIST OF PROPERTIES</i>
31	<i>STATEMENT ON CORPORATE GOVERNANCE</i>	152	<i>ANALYSIS OF SHAREHOLDINGS</i>
39	<i>CORPORATE SOCIAL RESPONSIBILITY</i>	153	<i>LIST OF THIRTY (30) LARGEST ACCOUNTHOLDERS</i>
40	<i>STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL</i>	154	<i>STATISTICS ON WARRANT HOLDINGS</i>
43	<i>DIRECTORS' RESPONSIBILITY STATEMENT</i>	155	<i>LIST OF THIRTY (30) LARGEST WARRANT HOLDERS</i>
44	<i>REPORT OF THE AUDIT COMMITTEE</i>		<i>FORM OF PROXY</i>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third 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, 30 November 2017 at 10.00 a.m.

AGENDA

- | | | |
|----|--|--------------------------------|
| 1) | To receive the Audited Financial Statements for the year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. | (Refer to Explanatory Notes i) |
| 2) | To re-appoint Dato' Ismail Bin Haji Omar, who retires at the conclusion of Twenty-Third Annual General Meeting of the Company, as Director of the Company. | Resolution 1 |
| 3) | To re-elect Mr. Wong Chee Heng who retires in accordance with Article 87 of the Company's Articles of Association. | Resolution 2 |
| 4) | To re-elect Mr. Kuan Khian Leng who retires in accordance with Article 94 of the Company's Articles of Association. | Resolution 3 |
| 5) | To approve the payment of Directors' fees of RM276,000 for the year ended 30 June 2017. | Resolution 4 |
| 6) | To re-appoint Auditors to hold office for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 5 |

Special Business

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

- | | | |
|----|---|---------------------|
| 7) | Ordinary Resolution 1 - Continuation in office as Independent Director

"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 6 |
| 8) | Ordinary Resolution 2 - Continuation in office as Independent Director

"THAT approval be and is hereby given to Mr. Wong Chee Heng, 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 7 |
| 9) | Ordinary Resolution 3 - Authority to Issue Share

"THAT pursuant to Section 75 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 allotment and issue." | Resolution 8 |

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

10) **Ordinary Resolution 4 - Proposed Renewal of Share Buy-Back Authority**

“THAT subject to the Companies Act, 2016, the provisions of the Company’s Memorandum and Articles of Association, 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;

Resolution 9

whichever is the earliest.”

11) **Ordinary Resolution 5 - Proposed Allocation of Options to Mr. Kuan Khian Leng**

“THAT subject to the approvals of all relevant authorities, if applicable, the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant to Mr. Kuan Khian Leng, Executive Director of the Company, options to subscribe for up to the maximum entitlement of new ordinary shares in the Company, provided that not more than fifty percent (50%) of the Company’s new shares available under the Scheme should be allocated in aggregate to the Directors and senior management of the Group, and that not more than ten percent (10%) of the new Shares available under the Scheme should be allocated to any individual director or employee, who either singly or collectively through persons connected with the Director or employee, holds twenty percent (20%) or more of the issued and paid-up capital of the Company (excluding treasury shares), and also subject always to other terms and conditions and/or any adjustment that may be made in accordance with the provisions of the By-Laws of the Scheme.”

Resolution 10

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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

BY ORDER OF THE BOARD

TAN KOK AUN (MACS 01564)
WONG WAI YIN (MAICSA 7003000)
Company Secretaries

Kuala Lumpur,
30 October 2017

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 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 at the same meeting. Where a member appoints more than (1) proxy, he shall specify the proportion of his 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 not less than 48 hours before the time set for the Meeting.*
6. *Depositor whose name appears on the Record of Depositors as at 23 November 2017 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 ON SPECIAL BUSINESS

- 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 6 in item 7 is to seek shareholders' approval to retain Mr. Foong Kuan Ming as an Independent Director which he has served in that capacity since November 1998.

The Board has assessed the independence of Mr. Foong Kuan Ming and recommended that he continues to act as Independent Director of the Company based on the following justification:

- Mr. Foong fulfilled the criteria under the definition of "Independent Director" as stated in the Listing Requirements.
- Mr. Foong has 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 does not have any conflict of interest as throughout his tenure of office as an Independent Director of the Company, he has not entered into and is not expected to enter into any contracts which will give rise to any related party transactions with the Company and its subsidiaries.
- Mr. Foong remains objective and independent in expressing his views and participated in active deliberations and decision making process of the Board and Board Committees in which he is a member. His length of service on the Board and Board Committees does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

iii. Continuation in office as Independent Non-Executive Director

The proposed Resolution 7 in item 8 is to seek shareholders' approval to retain Mr. Wong Chee Heng as an Independent Director which he has served in that capacity since January 2008.

The Board has assessed the independence of Mr. Wong Chee Heng and recommended that he continues to act as Independent Director of the Company based on the following justification:

- Mr. Wong fulfilled the criteria under the definition of "Independent Director" as stated in the Listing Requirements.
- Mr. Wong has 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. Wong does not have any conflict of interest as throughout his tenure of office as an Independent Director of the Company, he has not entered into and is not expected to enter into any contracts which will give rise to any related party transactions with the Company and its subsidiaries.
- Mr. Wong remains objective and independent in expressing his views and participated in active deliberations and decision making process of the Board and Board Committees in which he is a member. His length of service on the Board and Board Committees does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company.

iv. Authority to Directors to Issue Shares

The proposed Resolution 8 in item 9 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.

v. Proposed Renewal of Share Buy-back Authority

The proposed Resolution 9 in item 10 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 2017, which is dispatched together with the Company's Annual Report 2017.

vi. Proposed Allocation of Options to Mr. Kuan Khian Leng

The proposed Resolution 10 in item 11 is made pursuant to the Employees' Share Option Scheme ("ESOS") which was approved by the shareholders at the Extraordinary General Meeting held on 28 October 2009. The ESOS is expiring on 16 December 2019.

Mr. Kuan Khian Leng has joined the Group since November 2014 and later was appointed as Executive Director of the Company on 22 June 2017. The Proposed Allocation is to recognise his contribution and commitment, dedication and loyalty to the Group as well as to provide him with opportunity to participate in the equity of the Company.

Mr. Kuan has abstained from Board deliberation and voting pertaining to the Proposed Allocation of Options and he will abstain from voting in respect of his direct and/or indirect shareholdings in the Company on the Proposed Allocation of Options at the Twenty-Third Annual General Meeting. Mr. Kuan undertakes to ensure that any person(s) connected to him, if any, will abstain from voting on the Proposed Allocation of Options at the said meeting.



STATEMENT ACCOMPANYING NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

DETAILS OF MEETING

Twenty-Third 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, 30 November 2017 at 10.00 a.m.

RE-ELECTION OF DIRECTORS

Directors who are standing for re-election in accordance with Article 87 and 94 of the Company's Articles of Association:

- i) Mr. Wong Chee Heng
- ii) Mr. Kuan Khian Leng

Directors who are standing for re-appointment:

- i) Dato' Ismail Bin Haji Omar

Further details of the Directors standing for re-election and re-appointment are set out in the Directors' Profile appearing on page 21 to 23 of this Annual Report.

ATTENDANCE OF BOARD MEETING

Details of the attendance of directors at board meetings are stated on page 24 of this Annual Report.





CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Low Keng Kok
Kuan Khian Leng
Ooi Leng Chooi
Dato' Ismail Bin Haji Omar
Foong Kuan Ming
Wong Chee Heng

(Independent Non-Executive Chairman)
(Executive Director)
(Non-Independent Non-Executive Director)
(Independent Non-Executive Director)
(Independent Non-Executive Director)
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman - Foong Kuan Ming
Members - Ooi Leng Chooi
- Wong Chee Heng

NOMINATING COMMITTEE

Chairman - Foong Kuan Ming
Members - Dato' Ismail Bin Haji Omar
- Wong Chee Heng

REMUNERATION COMMITTEE

Chairman - Wong Chee Heng
Members - Kuan Khian Leng
- Foong Kuan Ming

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)
RHB Bank Berhad (6171-M)
United Overseas Bank (Malaysia) Bhd (271809K)
CIMB Bank Berhad (13491-P)

SOLICITOR

Messrs. B B Teh.

COMPANY SECRETARIES

Tan Kok Aun (MACS 01564)
Wong Wai Yin (MAICSA No. 7003000)

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 Horwath, 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 - 2788 9998

REGISTRAR

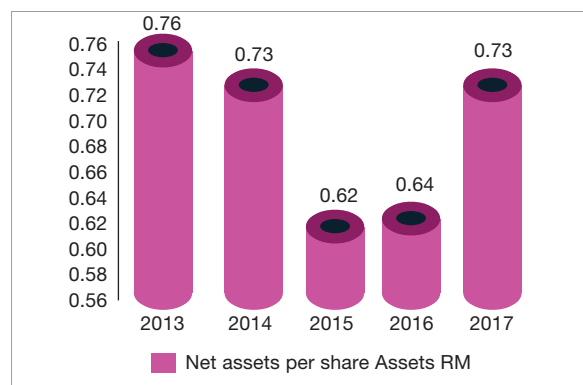
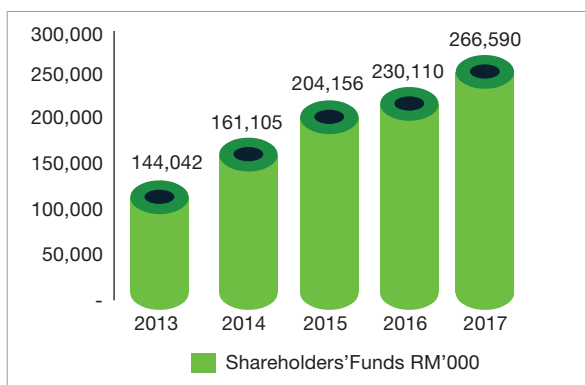
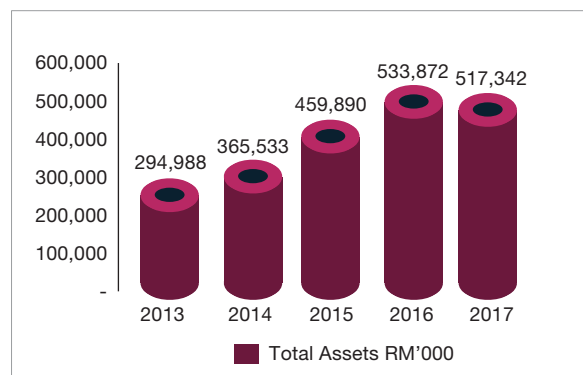
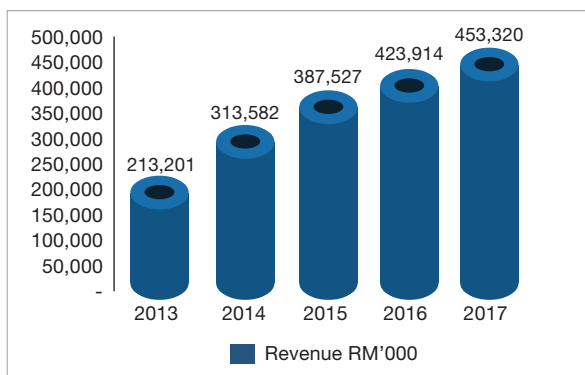
Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.
Tel : +603 - 2783 9299
Fax : +603 - 2783 9222

STOCK EXCHANGE LISTING

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

PERFORMANCE ANALYSIS

		2013	2014	2015	2016	2017
Revenue	RM'000	213,201	313,582	387,527	423,914	453,320
Profit before tax	RM'000	5,693	4,794	5,157	49,010	107,234
Profit/(Loss) after tax	RM'000	4,176	2,930	(95)	31,561	79,640
Issued Share Capital	RM'000	95,846	110,152	164,967	181,367	189,677
Shareholders' Funds	RM'000	144,042	161,105	204,156	230,110	266,590
Total Assets	RM'000	294,988	365,533	459,890	533,872	517,342
Earnings per share	Sen	2.22	1.35	(0.84)	3.21	10.71
Net Assets per share	RM	0.76	0.73	0.62	0.64	0.73



CHAIRMAN'S STATEMENT

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 2017.

INDUSTRY TRENDS

Year 2016 was indeed a challenging year that impacted the global economic landscape in more than one way. We witnessed major political developments amidst low commodity prices and a downturn in the oil and gas industry. The continued slow-down of China's economy, political uncertainty following the presidential elections in the United States of America, the unprecedented Brexit in Europe and elections in other European countries contributed to the high volatility in financial markets. The Malaysian economy itself was not spared from these uncertainties either, as weakened domestic demand and consumer spending led the nation to experience GDP growth at a slower pace of 4.2%.

Nevertheless, there are bright prospects ahead for the construction sector. According to a report by the Construction Industry Development Board ("CIDB"), in 2016, the volume of construction has increased to RM166 billion. In 2017, the construction sector is projected to grow by 8%, mainly boosted by the numerous mega infrastructure projects in the country. These projects include the Refinery and Petrochemical Integrated Development project in Johor, Mass Rapid Transit (MRT) Line 2 and Light Rail Transit (LRT) Line 3 in the Klang Valley, East Coast Rail Link, Gemas – Johor Bahru Electrified Double Track Rail as well as the Pan Borneo Highway connecting Sabah and Sarawak. These projects, in total, will equate to investments of more than RM200 billion. The recently concluded Memorandum of Understanding between Malaysia and Singapore for the High Speed Rail (HSR) project is projected to cost between RM50-60 billion.

The expansion in the Malaysian construction industry growth, supported by the Government's plan to improve the country's transport network which include airport, road and railway. Additionally, the Government's efforts to address the country's housing shortage will help the industry continue its growth over the coming years.

On the property segment, the Group expects overall property market conditions to continue to be challenging, with bank lending rules remaining tight and oversupply persisting in certain sub-sectors. However, we anticipate that the demand for our development project – Rica Residence @ Sentul will remain strong, given to its strategic location in Kuala Lumpur with close proximity to urban public transportation systems.

Malaysia's timber sector generates steady export earnings. The industry enjoys the support of the Government through various incentive programmes and national R&D efforts. The last two decades have seen the industry progress in leaps and bounds. From the primary focus on sawn timber and plywood, the timber industry has diversified into producing value-added end user products. In recent years, Malaysia has been ranked among the world's top exporters of logs, plywood and sawn timber.

FINANCIAL PERFORMANCE

During the financial year 2017, the Group recorded a revenue of RM453.3 million, an increase of 7% as compared to a revenue of RM423.9 million in the financial year 2016. The Group achieved an increment of 152% in the profit after tax of RM79.6 million during the financial year 2017 as compared to RM31.6 million in the financial year 2016.

The increased in our Group's revenue was mainly attributed to revenue recognition from the Property Development Segment and the improved performance of the Logging and Timber Trading Segment. For Property Development Segment, the Group has completed its maiden project, the Gardenhill in Melbourne, Australia and has recognised a revenue of RM193.0 million during the third and fourth quarter of the financial year 2017. The remaining revenue of the said project will be recognised in the next financial year.

Building on the success of our maiden property development project in Malaysia, we have launched the Rica Residence @ Sentul and achieved 70% sales. The Logging and Timber Trading Segment has its revenue of RM124.4 million in the financial year 2017. Meanwhile, the Construction Segment contributed a lower revenue of RM120.2 million in the financial year 2017, due to less construction activities as the newly awarded projects were at the initial stages of execution during the year.

OUTLOOK & PROSPECTS

The Malaysian economy registered a robust growth of 5.7% in the first half of 2017, driven by domestic demand and export growth. The global economy is also expected to improve mildly in 2017 and 2018, supported by an increase in trade, industrial production and manufacturing, accompanied by firming commodity prices.

Nevertheless, our construction business will continue to expand through financial year 2018, driven by our current orderbook of approximately RM400.0 million. Besides that, we believe that we are in good position to be awarded some of the rail construction jobs, after having completed various rail-related projects, such as Double-Track (Seremban-Gemas), LRT stations and Depot. In addition, our Group has invested into the latest trackwork machineries which are capable of constructing and maintaining railway tracks and such services are only provided by a limited number of companies.

On the property development landscape, the Malaysian property market is expected to remain challenging with a modest domestic economic growth and stringent financial lending conditions. However, the property market should be sustained due to various property-related incentives and accommodative monetary policy of the Government. Going forward, the Group will focus on promoting our Rica Residence @ Sentul and Paragon – Australia's first high-rise indoor forest development in Melbourne. Our Rica Residence @ Kinrara, a 5 blocks condominium comprising of between 14 storeys to 32 storeys each and located in Puchong which is serviced by LRT, LDP and KESAS highway. The Group plans to launch the project by 2018.



Furthermore, we have a total of approximately 145 acres of landbank. The demand for residential property in urban and strategically located areas will be sustained, in light of the upcoming developments of public transportation systems as well as the construction of new highways. The Group will continue to focus on developing residential properties for the middle and upper-middle income market in urban and well-connected areas.

For timber industry, backed by the positive outlook in global production, increased consumer confidence and improved economies in Asia, the prospects is indeed bright. With the stable average prices of timber products, the logging and timber trading segment will continue to generate significant revenue to the Group.

CORPORATE GOVERNANCE

The Board recognises the importance of practicing high standards of corporate governance, as well as ethical business conduct and values within the Group, as essential responsibilities to enhance shareholders' values, in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

Fajarbaru's corporate governance framework is prudently managed in terms of maintaining and ensuring transparency, accountability, and integrity in all our business activities, practices and operations, which in turn protects our shareholders' interests. We are committed to the clear framework of good corporate governance for business sustainability and long-term shareholders' value for the Group.



CHAIRMAN'S STATEMENT (cont'd)

CORPORATE DEVELOPMENTS

On 8 August 2016, the Group received a Letter of Acceptance from the East Coast Economic Region Development Council (“ECERDC”) for the Appointment of a Contractor for the Proposed Construction and Completion of the KPC Port Link Road in Kuantan Port City, Pahang. The contract value stands at RM20.96 million with a period of 78 weeks until 18 February 2018.

On 23 August 2016, the Group entered into a Sale and Purchase of Share Agreement to acquire 20,000 ordinary shares of RM1.00 each in Kerjaya Jutamas Sdn. Bhd., representing 20% of its total issued and paid up capital for a total cash consideration of RM20,000.00. The acquisition was completed on 24 August 2016.

On 28 October 2016 and 9 November 2016, two associate companies namely BFB Project Pty Ltd and 320 Queen Street Project Pty Ltd were registered in Australia respectively with intended principal activity of property development. On 16 November 2016, 320 Queen Street Project Pty Ltd acquired a piece of land in Melbourne, Victoria, Australia (676 sq m) at consideration equivalent to RM84.13 million.

On 1 December 2016, the Group offered a total of 20.71 million share options at the option price of RM0.60 per share to eligible employees and directors of Fajarbaru.

On 22 April 2017, the Group launched its second oversea property development project in Australia, Paragon, which has a GDV of approximately AUD190 million, comprising a 48-storey tower with 227 serviced residential units.

On 9 May 2017, the Group accepted an Extension of Contract from Malaysia Airports (Sepang) Sdn Bhd for “The Comprehensive Operation and Maintenance for Visual Docking Guidance System at KLIA2, KLIA” with a contract value that stands at RM5.5 million, until 30 April 2018.

On 22 May 2017, the Group received a Letter of Acceptance from Pos Aviation Sdn Bhd for the “Proposed Renovation and Refurbishment of Tenancy Area at KLIA Air Cargo Terminal 1 (KACT 1) for Pos Aviation Sdn Bhd”. The contract value stands at RM29.52 million, for a period of 32 weeks until 29 December 2017.

On 16 June 2017, the Group accepted the Letter of Award from Petronas Dagangan Berhad in respect of the “EPCC of Phase 2 Jet-A1 Underground Pipeline Foundation and Associated Works at KLIA2 Q Even Aircraft Parking Bay for KAFS”. The contract value stands at RM12.8 million for a period of 34 weeks commencing from 16 June 2017.

On 26 July 2017, the Group received a Letter of Acceptance from TYL Land & Development Sdn. Bhd., in respect to the “Proposed Commercial Development in Semenyih, Selangor Darul Ehsan”. The contract value stands at RM101.3 million for a period of 27 months from the date of commencement.

On 26 July 2017, the Group accepted a Letter of Award from Malaysia Airports (Sepang) Sdn. Bhd. in respect of the “Proposed Apron Line Marking, Access Road Connection, and Associated Works at KLIA Air Cargo Terminal 1 (KACT 1), KL International Airport, Sepang, Selangor”. The contract value stands at RM705,000 with a period of 120 days commencing from 1 August 2017 to 28 November 2017.

On 3 August 2017, the Group launched its first maiden property development project in Malaysia, Rica Residence @ Sentul, which has a GDV of approximately RM280 million, comprising a 39-storey tower with 472 serviced residential units.

DIVIDENDS

In recognition of the continued support and loyalty of shareholders, the Board of Directors has declared an interim single tier dividend of 2.5% for the financial year ended 30 June 2017 wherein RM4,520,777.94 was paid to shareholders on 29 December 2016.

APPRECIATION

On behalf of the Board, I would like to extend my deepest appreciation to the Board of Directors, our management, staff, and business associates for their staunch faith and commitment that has kept Fajarbaru going and progressing to where it is today. I would also like to express my appreciation to our valued shareholders for their unwavering support. Without a doubt, thank you to my Board members, for your constant support and utmost service to the Board throughout these challenging periods.

We will continue to explore new opportunities and enhance our existing businesses to deliver greater shareholders' value for all in the years ahead.

Besides, the Board and I would like to record our sincere appreciation and gratitude to En. Zahedi bin Mohd Zain, who resigned as Independent Non-Executive Director of the Company on 1 June 2017 for his invaluable services to the Group. I also wish to take this opportunity to welcome Mr. Kuan Khian Leng as Executive Director effectively 22 June 2017.

MOVING FORWARD

We constantly ensure that our business operations remain prudently managed. It is our priority to strive for growth and diversify our businesses sustainably, to ensure the viability of a business development that will create better value for our shareholders.

Going forward, we expect our construction division to play a vital role in our growth trajectory and are poised to position ourselves as a reputable and reliable rail player. We are determined to continue the bidding of potential construction and maintenance jobs for rail-related infrastructure projects. With our state-of-the-art trackwork machineries and expertise, we believe that we are in a strong position when it comes to railway maintenance for the community in Malaysia.

We also wish to capitalise on development opportunities with our existing landbank, remaining steadfast in our strategy on our logging and timber division, as well as seizing new opportunities as they arise.

Dato' Ir Low Keng Kok
Chairman

Rica Residence

SENTUL, KL

“EXCELLENT
CONNECTIVITY
TO THE CITY
AND BEYOND”



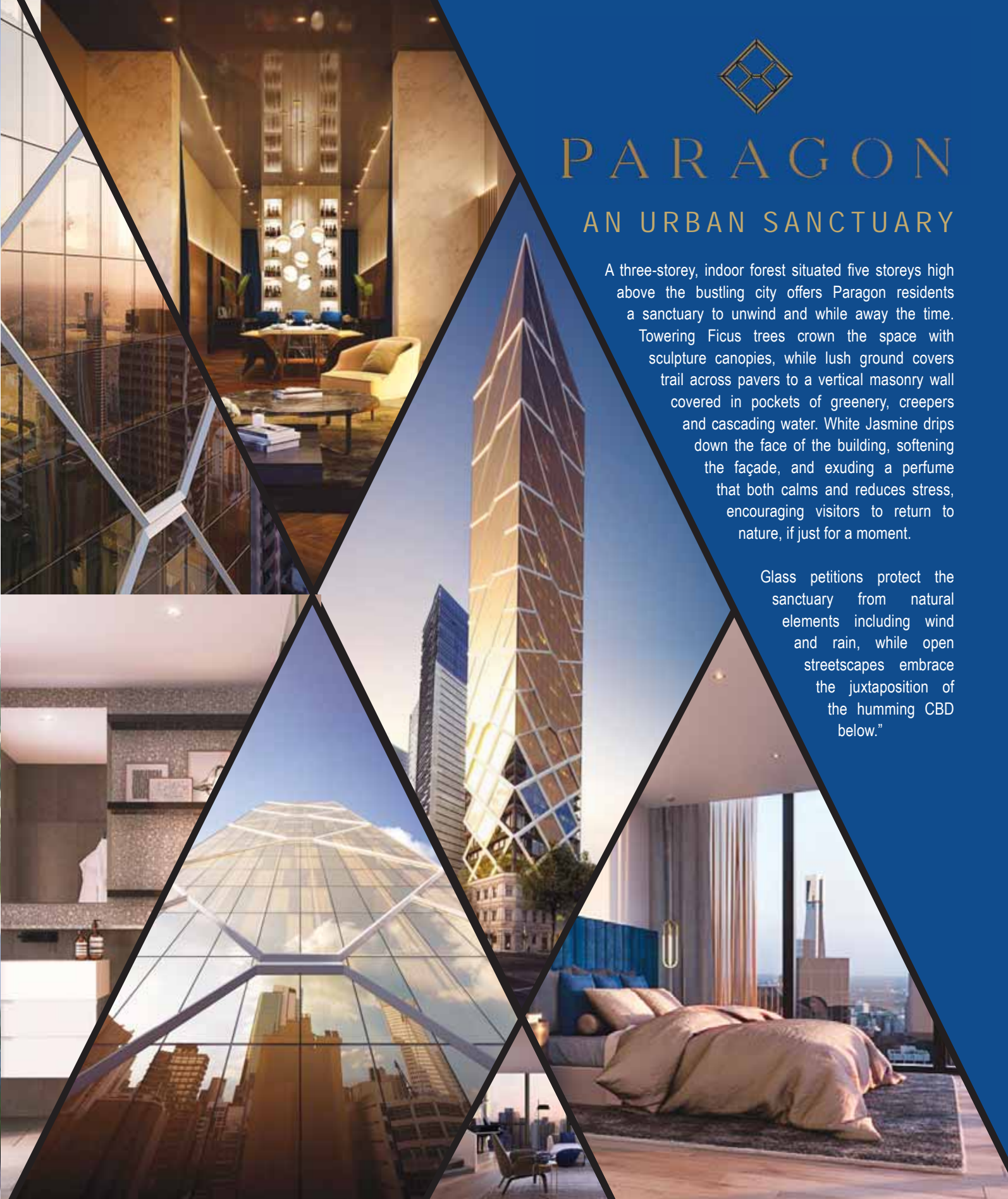


PARAGON

AN URBAN SANCTUARY

A three-storey, indoor forest situated five storeys high above the bustling city offers Paragon residents a sanctuary to unwind and while away the time. Towering Ficus trees crown the space with sculpture canopies, while lush ground covers trail across pavers to a vertical masonry wall covered in pockets of greenery, creepers and cascading water. White Jasmine drips down the face of the building, softening the façade, and exuding a perfume that both calms and reduces stress, encouraging visitors to return to nature, if just for a moment.

Glass petitions protect the sanctuary from natural elements including wind and rain, while open streetscapes embrace the juxtaposition of the humming CBD below."



CORPORATE STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) is to provide shareholders and investors with an overview and assessment of the financial and operational performance of Fajarbaru Builder Group Bhd (“Fajarbaru” or “the Group”) for the financial year ended 30 June 2017. The information in this MD&A should be read in conjunction with the Group’s consolidated financial statements and the notes related thereto.

ECONOMY AND INDUSTRY OUTLOOK

The Malaysian economy grew by 4.2% in year 2016 despite of all challenges and uncertainties of the global economy. Notwithstanding the challenges and uncertainties in the global economic and financial environment, Bank Negara Malaysia has forecast a GDP growth between 4.3% and 4.8% in year 2017. The domestic demand, which is led by private consumption, continued to be the main driver of the growth.

The construction sector remained resilient with a growth rate of 7.4% in year 2016. This sector continues to grow in year 2017 with the development of public mega infrastructure projects such as the extension of urban rail networks (Mass Rapid Transit (“MRT”) Line 2 and Light Rail Transit (“LRT”) Line 3), Sungai Besi-Ulu Kelang Elevated Expressway (“SUKE”) and Damansara-Shah Alam Elevated Expressway (“DASH”) in the Klang Valley, the West Coast Expressway, the East Klang Valley Expressway (“EKVE”), the Pan Borneo Highway connecting Sabah and Sarawak, the East Coast Rail Link (“ECRL”), and Gemas-Johor Bahru Electrified Double Tracking Rail project, which are major impetuses to the growth of the construction industry and the country.

The Malaysian property market continued its softening streak in 2017 owing to on-going concerns of the volatile Ringgit, tighten lending standard by banks, and cautious buyer sentiment in the property market. According to the National Property Information Centre (“NAPIC”), Property Market Report 2016, the year 2016 recorded 320,425 transactions worth RM145.4 billion, indicating a decline of 11.5% in volume and 3.0% in value. Property transactions continued to be driven by the residential sub-sector with 203,064 transactions worth RM65.6 billion, a decline of 13.9% in volume and 10.7% in value as compared to 2015. In addition, the number of new launches declined to 52,713 units, which was a 9.8% reduction compared to 58,411 units recorded in 2015.

On the other hand, the Australian property market experienced a period of subdued residential construction activity relative to population growth during the mid-to-late 2000s leading to a state of pent-up demand in the housing market, as the ratio of property completions to population change fell to record lows. Housing prices have grown briskly in Sydney and Melbourne over the past year. According to Department of the Treasury (Australia), in its Budget Strategy and Outlook 2017-18, after a decade of lacklustre growth in housing construction, there has been a strong rise in property investment since 2012. A significant proportion of this investment has been in the medium-to-high density segment of the market, particularly in four-or-more storey apartments.

OPERATIONS REVIEW

The core business activities of the Group is in civil engineering and construction. The Group is optimistic that the continuous awarding and implementation of mega projects in the public and private sectors will once again spearhead the growth of the construction sector in year 2017/18. The Group’s success in completing five (5) LRT stations and a depot is a testimony of the Group’s capabilities in undertaking medium and large scale public and private projects in the future.

The Group has aspires to become a serious contender for a slew of rail-related jobs. The Group’s construction-arm has recently invested RM50 million worth of trackwork machineries for the rehabilitation of track between Jerantut, Pahang to Gua Musang railway station, Kelantan. This gives the Group a strong foothold to vie for future maintenance contracts of railway tracks throughout Malaysia.

Moving forward, the Group will leverage on its experience to tender for public and private projects to replenish its current order book and enhance the value of its shareholders. With more than 40 years of experience in the construction industry coupled with a strong and professional management team, the Group is in good position to secure and undertake new major projects in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

The construction segment's strategy for the upcoming year (Financial Year 2018) is to explore the possibilities of forming strategic alliances with more business partners to increase its chances of winning tenders. The segment plans to do this by being more competitive in the market, in terms of pricing and value creation. In addition, the segment intends to capitalise on the current ongoing projects by its in-house property segment.

The construction segment needs to focus on continuous business development and diversification as well as efficient project costing and continuous tendering to increase its chances of winning new projects.

The Group also principally engaged in two (2) other business segments i.e., property development and logging and timber trading.

Under the property development segment, it is expected to bring more contribution to the Group. The Group's maiden project in Malaysia, Rica Residence @ Sentul, a 39- storey serviced apartment project with a Gross Development Value ("GDV") of RM280 million is located in Jalan Kovil Hilir, Sentul, Kuala Lumpur. The project is within walking distance to the KTM Sentul Station and Sentul West Station of the future Mass Rapid Transit Line 2 linking Sungai Buloh and Putrajaya. In view of the strategic location, the response from the public is encouraging and 70% of the units have been taken up as of to-date.

The Group has adopted robust marketing efforts through improved products, widened sales networks to ensure that all potential markets are tapped into, as well as optimising opportunities for growth. Rica Residence @ Sentul, has been officially launched on 3 August 2017. The Group's other property development projects in Puchong and Malacca will be launched upon improvement of the market situation.

During the year under review, the Group has successfully completed its oversea property development project, namely Gardenhill, Australia, and were fully sold subsequently with a GDV of AUD77 million.

The Group has launched its second oversea project called Paragon, Melbourne. The Paragon, with its prime location in the heart of Melbourne's Central Business District has received overwhelming response from the public, achieving 85% take up rate as of to-date.

The Group's diversification into logging and timber trading business via the acquired subsidiary companies, Billion Variety Sdn Bhd and Smooth Accomplishment Sdn Bhd, will contribute significantly to the Group revenue in the immediate term. We are grateful to all our shareholders for their confidence and support in approving the Group's plans to diversify into logging and timber trading business. With the approval of the shareholders, the Group had re-classified its core business to include logging and timber trading business. Malaysia being one of the world largest exporters of medium density fibreboards and furniture in Asia presents an immense opportunity to the Group to further develop its logging and timber trading business.

Other activities of the Group are investment holding, logistics and trading segments.

GROUP FINANCIAL REVIEW

For the financial year ended 30 June 2017, the Group reported a higher consolidated revenue by 6.9% to RM453.3 million, with the property development and logging and timber trading segments being the major revenue contributors for the year as compared to RM423.9 million in the previous year. This was boosted by the physical completion of the Australia property development, the Gardenhill and increased in production of timber logs.

Correspondingly, the Group's profit before tax ("PBT") in financial year under review was RM107.2 million, an increase of 119% from RM49.01 million in the preceding year mainly due to recognition of earnings from the Gardenhill project.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

The Group's cash position improved from RM54.9 million as at 30 June 2016 to RM62.4 million as at 30 June 2017. During the financial year under review, the net cash generated from operating activities was RM83.2 million, RM29.7 million was invested in capital expenditure for new projects, RM51.3 million was utilised for repayment of term loan and RM4.5 million was paid-out as dividend to our shareholders. As at 30 June 2017, the earnings per share is 10.7 sen and P/E ratio of 9.2 times. Year-on-year, the Group's net assets per share has increased by 9.2 sen (+14.5%) from 63.6 sen in the financial year 2016 to 72.8 sen in the financial year 2017.

Fajarbaru 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 was an interim single-tier dividend of 1.25 sen per share (2.5%) paid out on 29 December 2016.

The performance of the Group's three (3) major segments are detailed as follows:-

Construction Segment

The construction segment recorded a lower revenue of RM120.2 million in the financial year 2017 as compared to the preceding year of RM295.9 million. The lower revenue in the current year was due to lower construction activities as the newly awarded projects are at their initial stages of execution. The loss before tax is RM4.3 million in the financial year 2017 as compared to a loss before tax of RM9.2 million in the financial year 2016.

Property Development Segment

The property development segment has started to recognise a revenue of RM202.7 million in the financial year 2017 of which major contributor is from Australia project, the Gardenhill. The profit before tax is RM50.0 million in the financial year 2017 as compared to loss before tax of RM5.3 million in the financial year 2016.

Logging and Timber Trading Segment

The logging and timber trading segment has contributed a higher revenue of RM124.4 million in the financial year 2017 as compared to the preceding year of RM122.3 million. This was mainly due to increase in demand during the current year as compared to the previous corresponding year. The profit before tax is RM56.8 million in the financial year 2017 as compared to a profit before tax of RM64.3 million in the financial year 2016.

ANTICIPATED OR KNOWN RISK

The management regularly evaluates financial and operational risks for the Group and sets in place measures to avoid or mitigate such risks. There are several risks that the Group is exposed to in the course of executing its business during the financial year under review. The Group has taken necessary steps to monitor and mitigate these risks.

Construction industry is a very competitive industry. We face significant competition from the other construction companies in all aspects of our business.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

In recent years, the Construction segment has been facing several key risks due to the current economic situation and nature of the construction industry in Malaysia. Where the construction market had previously focused on infrastructure and building projects, the focus has recently included the railway related projects.

Another anticipated key risk is meeting the project completion timeline. A Liquidated and Ascertained Damages (“LAD”) clause can turn a project from a profitable venture into a loss-making one and tarnish the reputation of the Group. The segment is mitigating this risk by close monitoring of project plans and effective project supervision by onsite project managers.

In the context of the property market slowdown, we strive to identify and keep pace with changing market trends, regulatory and other stakeholder requirements. The property market is cyclical in nature and is somewhat correlated to the general economic conditions of Malaysia. Adverse developments in political, regulatory and economic conditions in Malaysia could materially affect the property industry in Malaysia. In mitigating such risk, the Group reviews its business development strategies in response to the changes in political, regulatory and economic conditions.

CURRENT YEAR PROSPECTS

The outlook on the construction industry is expected to remain positive over the next year with potential projects in the pipeline. The Board supports the proactive steps taken by management to ensure that the Group is able to deliver on its strategy to aggressively rebase its costs and ensure long-term sustainability of the business, thereby protecting and enhancing the value for its shareholders. It is expected to secure new contracts and generate reasonable profit margin in future. In addition to the current order book, the Group is actively involved in tendering of external contracts and aims to win the tender so as to raise the Group’s profile in civil engineering and construction industry. Thus, the Group is expecting a positive contribution to the performance of this segment for the coming years.

Going forward, we anticipate a stronger year for the Group in 2017/18 as more income shall be realised from our construction segment, particularly the rehabilitation of track project coupled with implementation of new projects secured, such as Link Road in Kuantan Port City, Refurbishment of Tenancy Area at KLIA Air Cargo Terminal 1, Underground Pipeline Foundation and Associated Works at KLIA2 Q Even Aircraft Parking Bay, Proposed Commercial Development in Semenyih, and Proposed Apron Line Marking, Access Road Connection, and Associated Works at KLIA. Thus far, we have tendered for several major contracts and, given our past experienced over the years, we are optimistic of continuing to shore up the order book in the financial year ending 30 June 2018.

On the property industry, the Property Development segment is expected to bring more contribution to the Group boosted by its aggressive marketing plans. The Group will continue to strive for excellence with an emphasis on delivering excellent customer services. The successful launch of the Group’s Rica Residence @ Sentul is a testament that there are demand for properties in prime locations with established amenities, connectivity and affordability priced.

On the overseas development, the Group has launched its second project called Paragon, Melbourne. The Paragon, with its prime location in the heart of the Melbourne Central Business District (“CBD”) has received overwhelming response from the public, as the Group is looking at achieving 90% take up rate by end of 2017. The revenue is expected to be generated by 2020.

Another segment which has generated significant revenue to the Group is the logging and timber trading segment. This segment will continue to generate significant contribution to the Group’s revenue, on the back of stable average prices of timber products.

Moving forward, the Group will continue to explore more business opportunities and is committed to continue capitalizing on its strengths to generate sustainable revenue from its existing and new businesses.

BOARD OF DIRECTORS

Dato' Ir. Low Keng Kok

(Independent Non-Executive Chairman)

Dato' Ir. Low, aged 63, male, a Malaysian, was appointed to the Board on 1 August 2007. Dato' Ir. Low 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). Dato' Ir. Low has more than 39 years of experience in management of building, infrastructural and privatization projects. Dato' Ir. Low is also a Director of Fitters Diversified Berhad, a Director of Universiti Teknologi Malaysia (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.

Kuan Khian Leng

(Executive Director)

Mr. Kuan Khian Leng, aged 41, 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 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. He 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). Mr. Kuan has more than 17 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. Mr. Kuan is also a Director of Spritzer Bhd.

Mr. 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.

Mr. Kuan is a member of the Remuneration Committee of the Company.

BOARD OF DIRECTORS (cont'd)

Ooi Leng Chooi

(Non-Independent Non-Executive Director)

Mr. Ooi Leng Chooi A.C.M.A. C.A (M), aged 51, 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. Mr. Ooi was re-designated as Non-Independent Non-Executive Director on 24 February 2016. He has more than 18 years of working experience in handling corporate finance and general management with two (2) listed companies prior in joining FBG.

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.

Dato' Ismail Bin Haji Omar

(Independent Non-Executive Director)

Dato' Ismail Bin Haji Omar, aged 78, 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. Dato' Ismail 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 Nominating Committee.

Foong Kuan Ming

(Independent Non-Executive Director)

Mr. Foong Kuan Ming, aged 62, 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. Mr. Foong is also an Accredited Mediator with the Malaysian Mediation Centre of the Bar Council of Malaysia. Mr. Foong 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, Foong & Co., and is principally engaged in banking, corporate and property legal matters. Mr. Fong 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 Nominating Committee and a member of the Remuneration Committee.

Wong Chee Heng

(Independent Non-Executive Director)

Mr. Wong Chee Heng, aged 59, male, a Malaysian, is a Chartered Management Accountant and a member of the Malaysian Institute of Accountants (MIA). He was appointed to the Board of Directors of FBG on 1 January 2008. He started his career with Asia Automobile Industries Sdn. Bhd., the assembler for Mazda and Peugeot vehicles in 1979. He left in 1980 to join Kadin-Duetz Sdn. Bhd., a company trading in heavy equipment. He joined Machinery & Industrial Supplies Sdn. Bhd. in 1984 and was seconded to Hirotako Acoustics Sdn. Bhd. in 1995. He has more than 22 years of experience in accounting, corporate finance and general management.

Mr. Wong 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. Wong is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating 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 Seven (7) Board Meetings held during the financial year ended 30 June 2017. 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	7/7
Kuan Khian Leng*	Executive Director	1/1
Dato' Ismail Bin Haji Omar	Independent Non-Executive Director	5/7
Ooi Leng Chooi	Non-Independent Non-Executive Director	6/7
Foong Kuan Ming	Independent Non-Executive Director	7/7
Wong Chee Heng	Independent Non-Executive Director	6/7

*Appointed on 22 June 2017

DATE, TIME AND VENUE OF BOARD MEETINGS

All Board Meetings for the financial year ended 30 June 2017 were held in FBG Conference Room, 61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor, except for meeting on 1 December 2016 which was held at Berjaya Room, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur.

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

DATE	TIME
23 August, 2016 (Tuesday)	11.00 a.m.
19 October, 2016 (Wednesday)	3.45 p.m.
24 November, 2016 (Thursday)	11.30 a.m.
1 December, 2016 (Thursday)	12.15 p.m.
23 February, 2017 (Thursday)	12.00 p.m.
30 May, 2017 (Tuesday)	12.00 p.m.
22 June, 2017 (Thursday)	11.40 a.m.

SENIOR MANAGEMENT TEAM

Kuan Khian Leng

Age 41, Male, Malaysian
(Group Executive Director)

Dato' Lim Siew Mei

Age 35, Female, Malaysian
(Director - Logging
& Trading of Timber)

Chan Jiaheng

Age 30, Male, Malaysian
(Director - Property)

Toh Teong Hock

Age 56, Male, Malaysian
(Chief Operating Officer of
Construction – Infrastructure & Civil)

Wong Wee Keong

Age 51, Male, Malaysian
(Director of Contract & Trading)

Ir. Kong Kam Loong

Age 40, Male, Malaysian
(Director of Construction – Building)

Yau Tuck Wai

Age 50, Male, Malaysian
(Director of Property)

Charles Tan Ting Lih

Age 41, Male, Malaysian
(Finance Director)

Khor Mee Khiang

Age 59, Male, Malaysian
(Deputy General Manager -
Construction)

Lye Yee Shin

Age 48, Male, Malaysian
(Deputy Project Director -
Construction)

Lee Yee Ming

Age 45, Male, Malaysian
(Senior Contract Manager)

Aslam Hapidz Lee Bin Adullah @

Lee Seng Hing
Age 48, Male, Malaysian
(Senior Project Manager)

Khoo Nee Beng

Age 53, Male, Malaysian
(Senior Project Manager)

Teoh Hock Khee

Age 39, Male, Malaysian
(Senior Project Manager)

Ng Kok Wai

Age 54, Male, Malaysian
(Operation Manager – Logging
& Trading of Timber)

Yee Chu Wah

Age 61, Male, Malaysian
(Senior Accounts Manager)

CK Chan

Age 39, Female, Malaysian
(Senior Manager – HR/Administration)

Teong Chee Eng

Age 40, Male, Malaysian
(Senior Manager - Internal Audit)

Abdul Rahman Bin Samion

Age 54, Male, Malaysian
(Senior QA/QC Manager)

Wong Ah Chai

Age 63, Male, Malaysian
(Senior Manager – Property Project)

SENIOR MANAGEMENT TEAM (cont'd)

Dato' Lim Siew Mei

(Director - Logging & Trading of Timber)

Dato' Lim Siew Mei has been with the company since February 2014. 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 9 years of experience in the timber and logging industry. She is primarily responsible for the day-to-day business operations and management decisions of the timber and logging division.

Chan Jiaheng

(Director - Property)

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 6 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 Fajarbaru-Beulah (Melbourne) Pty Ltd.

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 31 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 31 years of experience in the construction industry. His responsibility involve overseeing, supervision and coordinate the operations of the contract and purchasing departments.

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 14 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.

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 24 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 13 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.

Khor Mee Khiang
(Deputy General Manager - Construction)

Mr. Khor Mee Khiang has been with the company since 2013. He graduated from Massey University of New Zealand with a Degree in Bachelor of Science in Civil Engineering. He has more than 33 years of experience in the construction industry. He is primarily responsible for project management of the construction division.

Lye Yee Shin
(Deputy Project Director - Construction)

Mr. Lye Yee Shin has been with the company since 2017. He graduated from Universiti Teknologi Malaysia with a Degree in Bachelor of Civil Engineering. He has more than 26 years of experience in the construction industry. He is primarily responsible for project management of the construction division.

Lee Yee Ming
(Senior Contract Manager)

Mr. Lee Yit Meng has been with the company since April 2016. He graduated with an Msc in Construction Management and Economics. He has more than 21 years of experience in the construction industry. His roles include carrying out tender exercise; preparing cost estimation and project budget; and attend all contractual matters in relation with projects.

Aslam Hapidz Lee
(Senior Project Manager)

En. Aslam Hapidz Lee has been with the company since August 2015. He graduated from University Sains Malaysia with a Degree in Bachelor of Civil Engineering (Hons). He has more than 19 years of experience in the construction industry. He is responsible for project management of the construction division.

Khoo Nee Beng
(Senior Project Manager)

Mr. Khoo Nee Beng has been with the company since May 2007. He holds a Degree of Bachelor of Science in Civil Engineering from University of Southwestern Louisiana. He has more than 22 years of experience in the construction industry. He is responsible for project management of the construction division.

Teoh Hock Khee
(Senior Project Manager)

Mr. Teoh Hock Khee has been with the company since 2017. He graduated from University of Plymouth United Kingdom with a Degree in Bachelor of Engineering in Civil Engineering. He has more than 17 years of experience in the construction industry. He is primarily responsible for project management of the construction division.

Ng Kok Wai
(Operation Manager - Logging & Trading of Timber)

Mr. Ng Kok Wai joined the Company in May 2014. He has over 33 years of corporate experience in Public Relations, Issues Management and Marketing. He started as a journalist for Nanyang Siang Pau in the 1980's for 12 years before heading Media and Marketing of Genting Malaysia Berhad (formerly Resorts World Bhd) for 10 years. He was appointed Press Secretary to the Minister of Transport between 2007 & 2008. He is responsible for the day-to-day business operations of the timber and logging division.

SENIOR MANAGEMENT TEAM (cont'd)

Yee Chu Wah

(Senior Accounts Manager)

Mr. Yee Chu Wah has been with the company since August 1996. He is a professional member of the Chartered Institute of Management Accountants (CIMA) and a member of the Malaysian Institute of Accountants (MIA). He has more than 35 years of experience in the accounting, tax and audit fields. His responsibilities include preparing Group's accounts; verifying sub-contractors claims and liaise with External Auditors, tax agents, etc.

CK Chan

(Senior Manager – HR/Administration)

Ms. CK Chan has been with the company since March 2010. She graduated with an MBA from Victoria University, Australia. She has more than 14 years of experience in the administrations management and human resources fields. Her responsibilities include providing support in manpower planning, recruitment and selection processes; respond to inquiries regarding policies, procedures and programmes and to plan and implement training programmes.

Teong Chee Eng

(Senior Manager - Internal Audit)

Mr. Teong Chee Eng has been with the company since March 2012. He is a professional member of the Association of Chartered Certified Accountants (ACCA), the Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM). He has more than 11 years of experience in the accounting, audit and finance field. He is primarily responsible for evaluate and improve the effectiveness of governance, risk management and control processes.

Abdul Rahman Bin Samion

(Senior QA/QC Manager)

En. Abdul Rahman Bin Samion has been with the company since 2012. He graduated from University of Technology Malaysia with a Degree in Bachelor of Urban and Regional Planning. He has more than 12 years of experience in the QAQC. He is primarily responsible for QAQC of the construction division.

Wong Ah Chai

(Senior Manager – Property Project)

Mr. Wong Ah Chai has been with the company since 2012. He graduated from National Taiwan University with a Degree in Bachelor of Science in Civil Engineering. He has more than 38 years of experience in the construction and project management industry. He is primarily responsible for project management of the property division.

Note:-

Save as disclosed, none of the above Senior Management Team 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 from the issue of the Employees' Share Option Scheme

(a) Employees' Share Option Scheme

Utilisation	Amount (RM'000)
1. Working Capital	2,648
2. Expenses for the Issue	-
<hr/>	
Total Proceeds from the Issue:	2,648

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

	The Group		The Company		
	2017 (RM'000)	2016 (RM'000)	2017 (RM'000)	2016 (RM'000)	
1. Audit Fee	211.4	163.9	80.0	49.0	
2. Non-Audit Fee	8.1	8.1	8.1	8.1	
<hr/>		<hr/>		<hr/>	
Total fee payable to external auditors	219.5	172.0	88.1	57.1	

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 Directors 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 2017, the total number of options granted, exercised and outstanding under the Employee Share Scheme are as set out in the table below:

Description	Number of Options			
	Grand Total		Directors and Chief Executive	
	2017	2016	2017	2016
(a) Granted	20,710,000*	-	7,150,000	-
(b) Exercised	4,413,000	-	250,000	-
(c) Outstanding	16,297,000*	-	6,900,000	-

* Including forfeited options

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

- ii. Percentage of options applicable to Directors and Senior Management under the Employees' Share Option Scheme:

Directors and Senior Management	During the financial year ended 30 June 2017	Since commencement up to 30 June 2017
(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))	1.95%	4.70%

- 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 an Employees' Share Option Scheme in respect of the financial year ended 30 June 2017 as follows:

Name of Director	Amount of Options Offered	Amount of Options Exercised
Dato' Ir Low Keng Kok	300,000	-
Dato' Ismail Bin Haji Omar	200,000	-
Ooi Leng Chooi	200,000	-
Foong Kuan Ming	200,000	-
Wong Chee Heng	200,000	-
Total	1,100,000	-

The Company has not issued warrants or convertible securities during the financial year ended 30 June 2017, other than the exercise of Employees' Share Option Scheme of up to 4,413,000 options.

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 2017.

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 2017.

7. **Revaluation Policy**

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

STATEMENT ON CORPORATE GOVERNANCE

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 2017:-

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 is 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’s 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 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 seven (7) times during the financial year ended 30 June 2017 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 24 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 and senior management.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The activities of the Nominating and Remuneration Committees includes:-

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

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 41 of this Annual Report.

Two (2) Nominating Committee meetings 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, review performance of the audit committee members, recommendation on appointment of additional director and committee members, 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.

Directors have access to the advices and services of the Company Secretary who is responsible for ensuring the Board procedures are followed.

The appointment of the Company Secretary is based on the capability and proficiency determined by the Board. All Directors have access to the advice and services of the 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 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 26 years of experience as a corporate secretary.

Ms Wong Wai Yin is a member of The Malaysian Institute of Chartered Secretaries and Administrators. She has more than 31 years of experience in corporate secretarial practice.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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.

Re-election of the Directors

In accordance with the Company's Articles of Association, 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 Articles of Association 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

During financial year 2017, 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.

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">• Digitalisation of Company, Personal Information and Data in General with reference to Personal Data Protection Act of 2010• ASEAN Ministers Workshop 2017 – Navigating the Headwinds of Sustainable Development in ASEAN
Kuan Khian Leng	<ul style="list-style-type: none">• Digitalisation of Company, Personal Information and Data in General with reference to Personal Data Protection Act of 2010• Economic Business Outlook 2017• Modern Construction Technologies
Ooi Leng Chooi	<ul style="list-style-type: none">• Digitalisation of Company, Personal Information and Data in General with reference to Personal Data Protection Act of 2010• Wealth Management
Dato' Ismail Bin Haji Omar	<ul style="list-style-type: none">• Digitalisation of Company, Personal Information and Data in General with reference to Personal Data Protection Act of 2010
Foong Kuan Ming	<ul style="list-style-type: none">• Digitalisation of Company, Personal Information and Data in General with reference to Personal Data Protection Act of 2010• Effective Board evaluations• The Interplay between Corporate Governance, Non-Financial Information (NFI) and Investment Decision• Pre-Trial Preparation for Civil Trial
Wong Chee Heng	<ul style="list-style-type: none">• Digitalisation of Company, Personal Information and Data in General with reference to Personal Data Protection Act of 2010• The Companies Act 2016 – Challenges for Directors and Officers

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.

STATEMENT ON CORPORATE GOVERNANCE (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 where port 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.

Sustainability of Business

The Board is mindful of the importance of business sustainability and its growing impact to the Group, whilst no less emphasis has been put into managing the social and environmental impact of its business operations. The Group also embraces sustainability through collaboration and partnership with its suppliers, customers and other stakeholders. The Group is committed to the continuous efforts in maintaining a delicate balance between its sustainability agenda and the shareholders' interests.

The Group strives to achieve a sustainable long term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts in this regard have been included in the Corporate Social Responsibility Statement as set out in this Annual Report.

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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Disclosure

The aggregate remuneration of Directors for the financial year ended 30 June 2017 is as follows:-

Group	Fees RM '000	Salaries RM '000	Bonus RM '000	BIK RM '000	EPF RM '000	Socso RM '000	Share- based Payment RM '000	Total RM '000
Executive Directors	-	480	123	-	72	1	-	676
Non-Executive Directors	-	-	-	-	-	-	-	-
Company								
Executive Directors	-	-	-	-	-	-	-	-
Non-Executive Directors	276	-	-	-	-	-	95	371
			Executive Directors		Non-Executive Directors			
Below RM 50,000			-				5	
RM 50,001 to RM 100,000			-				1	
RM 600,001 to RM 650,000			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.

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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Boards aims 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 41 to 42 of this Annual Report.

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 page 44 to 46 of this 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.

CORPORATE SOCIAL RESPONSIBILITY

Fajarbaru Builder Group Bhd. (FBG) is fully committed to ensuring the interests of its clients, employees, shareholders and society, through practical practices of Corporate Social Responsibility (CSR). We therefore address and monitor all aspects of CSR that are relevant to our business which include concern for employee welfare, care for the environment and community involvement. The Group believes in the principles of Sustainable Development and is always keen on basing its decisions on the social consequences of its activities.

Shareholders

The interest of the shareholders is always of paramount importance to us. We have placed great emphasis in generating good profits and ensuring that our shareholders enjoy a fair return on their investment. We also ensure that shareholders and the public are always kept abreast of developments in the company. All important decisions concerning the Group are disseminated immediately via announcements to Bursa Malaysia. Shareholders are also encouraged to attend our Annual General Meeting (AGM) to have effective dialogue with the Board.

Customers

FBG have always maintained a good relationship with customers. The provision of timely, good quality products at the right cost is a given in the Group. Being in the construction industry, health and safety are the key responsibilities of the Group. As such, various standards, policies, best practices and procedures on quality, health and safety, good corporate governance and stakeholder engagement have been adopted.

Employees

FBG as a Group have always recognised the important role played by the employees. Our main assets are the talents and skills of the people we employ. The employees' welfare is usually at the top of any agenda in the organization. The Group aims to attract, retain and motivate the highest caliber of employees and encourages their contribution and development. An environment that fosters innovation and collaboration is critical to the Company's success. Appropriate career paths and internal recognition programmes are developed for both technical and non-technical staff. Employees are provided with numerous learning and development opportunities to fulfill their potential. These development opportunities are structured to align with our organisational objectives and to help employees in furthering their career aspirations.

General Community

The Company conducted specialised CSR activities with local communities and these CSR programmes became a platform where the Company engaged with the communities to share any concern that they may have with regards to our operations, to allay any doubt or fear and built rapport with stakeholders.

Good environmental practise and the impact that our operations have on the environment are of great importance to FBG. Provision of these services is our way of contributing to the environment, by ensuring respect for the earth, as the Nation progresses. Where possible, business units monitor energy consumption and all business units continue to take positive steps to reduce energy consumption, such as better space utilisation and more efficient running of equipment and machinery.

In line with the adverse economic climate, the Group's social responsibility focus for the period shifted to the direct benefit of employees. For the period under review, the frequency of internal social activities increased with the objective of inculcating a balanced work life with emphasis on fostering better relationship among one another and building a happy family at home.

The Group has contributed to the Rumah Anak Yatim Berkat Kasih and Tabung Kaseh Kanser OKB to help the poor and needy on necessity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' interest and the Group's assets. This statement is prepared in accordance with paragraph 15.26 (b) of the Main Market Listing Requirements ("LR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibilities for maintaining a sound risk management and internal control systems to ensure the reliability, adequacy and effectiveness of financial, operational and compliance controls so as to safeguard shareholders' interests and protecting the Group's assets.

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 recognises 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.

The Group had implemented a formal approach towards identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and is an ongoing process.

RISK MANAGEMENT FRAMEWORK

The Board recognised 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.

Risk management of the Group's operations is delegated to the Risk Management Committee ("the Committee") chaired by an Independent Director and its members consist of Executive Directors and the Management team. The Committee 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.

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

The Committee 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

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

The objectives of risk management framework are to:

- (i) Provide a systematic approach to the early identification and management of risks;
- (ii) Provide consistent risk assessment criteria;
- (iii) Make available accurate and concise risk information that informs decision making including business direction;
- (iv) Adopt risk treatment strategies that are cost effective and efficient in reducing risk to an acceptable level; and
- (v) 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 Committee met two (2) times during the financial year ended 30 June 2017 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 organisation 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.

REVIEW OF EFFECTIVENESS

The Board has received assurance from the Group Executive Director that the system of risk management and internal control for the financial year under review is operating adequately and effectively. 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.

This statement has been duly reviewed by the external auditors and is made in accordance with a resolution of the Board of Directors dated 23 October 2017 pursuant to paragraph 15.26 (b) of the LR of Bursa Securities.

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 2017 have:

- used appropriate accounting policies and apply them consistently;
- made judgements and estimates that are reasonable and prudent; and
- 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 2017.

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the directors listed below. During the year ended 30 June 2017, 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
Wong Chee Heng (Member)	Independent Non-Executive Director	5 / 6
Ooi Leng Chooi (Member)*	Non Independent Non-Executive Director	-/-

* Appointed on 22 June 2017

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

1. Reviewed the audited financial statements for the year ended 30 June 2017 and unaudited quarterly financial results announcement of the Group, prior to the Board's approval.
2. Reviewed with the External Auditors the scope of work and results of their examination together with the actions taken thereon.
3. Reviewed 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. Reviewed any related party transaction that may arise within the Group of the Company.
5. 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.
6. Recommended re-appointment of external auditors.
7. Discussed on Audit Planning Memorandum 2017 with external auditors.
8. Discussed with external auditors in the absence of executive staff pertaining to any report pursuant to International Standard on Auditing.

TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

The Committee shall be appointed by the Board from among their numbers 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 if 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(1)(c) 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)(a) 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 annually 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;
10. any such other functions as may be agreed to by the Committee and the Board; and
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 setting 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.

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO ESOS ALLOCATION

During the financial year, the Committee administered the Employee Share Option Scheme ("ESOS"). Shares options had been offered and granted to eligible employees of the Group pursuant to the criteria as set out in the by-laws of the Company's ESOS. The Audit Committee had reviewed the allocation of the share options granted and noted that they were made in compliance with the by-laws of the Company's ESOS.

REPORT OF THE AUDIT COMMITTEE (cont'd)

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 RM196,159. 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
7. 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.

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 2017.

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	The Company RM
Profit after taxation for the financial year	79,639,769	11,337,050
Attributable to:-		
Owners of the Company	38,791,476	11,337,050
Non-controlling interests	40,848,293	-
	79,639,769	11,337,050

DIVIDENDS

The Company paid an interim single tier dividend of approximately 2.5% per ordinary share of RM0.50 each amounting to RM4,520,778 in respect of the financial year ended 30 June 2017 on 29 December 2016.

The directors do not recommend the payment of 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) the Company increased its issued share capital from RM181,366,514 to RM184,396,839 by the issuance of 4,413,000 new ordinary shares of RM0.60 each pursuant to the exercise of share options under Employees' Share Option Scheme ("ESOS"). The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

The shares purchased are being held as treasury shares in accordance with Section 127(16) of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT (cont'd)

TREASURY SHARES (CONT'D)

During the financial year, the Company purchased 5,000 of its issued ordinary shares from the open market at a weighted average price of approximately RM0.57 per share. The total consideration paid for the purchase including transaction costs amounted to RM2,859.

As at 30 June 2017, the Company held a total of 1,070,164 treasury shares out of the total 367,146,028 issued ordinary shares. The treasury shares are held at a carrying amount of RM1,141,028.

The details on the treasury shares are disclosed in Note 24 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 ESOS below.

RIGHTS ISSUE AND WARRANTS

On 24 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, no warrants were exercised.

The details on the rights issue and warrants are disclosed in Note 25 to the financial statements.

ESOS

- (a) 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.

ESOS (CONT'D)

The main features of the ESOS are as follows (cont'd):-

- (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 ESOS will be expiring on 16 December 2019.

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

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 there are no known bad debts 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 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.

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.

DIRECTORS' REPORT (cont'd)

CONTINGENT AND OTHER LIABILITIES

Other than the contingent liability as disclosed in Note 56 to the financial statements, 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

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

Dato' Ir. Low Keng Kok
Ooi Leng Chooi
Dato' Ismail bin Haji Omar
Foong Kuan Ming
Wong Chee Heng
Kuan Khian Leng (Appointed on 22.6.2017)
Zahedi bin Mohd Zain (Resigned on 1.6.2017)

DIRECTORS' REPORT (cont'd)

DIRECTORS (CONT'D)

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
 Datuk Seri Lau Kuan Kam
 Dato' Chua Tiong Moon
 Dato' Lim Siew Mei
 Toh Teong Hock
 Wong Wee Keong
 Yau Tuck Wai
 Kong Kam Loong
 Tan Ting Lih
 Chan Jiaheng
 Kong Yew Foong

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 30.6.2017
	At 1.7.2016	Bought	Sold	
<i>Direct Interests In The Company</i>				
Dato' Ir. Low Keng Kok	7,297	-	-	7,297
Ooi Leng Chooi	16,900	-	(10,000)	6,900
Dato' Ismail bin Haji Omar	17,269	-	-	17,269
Foong Kuan Ming	102,857	-	(100,000)	2,857
Wong Chee Heng	84,000	-	-	84,000
<i>Indirect Interest In The Company</i>				
Kuan Khian Leng*	32,626,300	-	-	32,626,300

	Number Of Warrants Over Ordinary Shares			At 30.6.2017
	At 1.7.2016	Granted	Exercised	
<i>Direct Interests In The Company</i>				
Dato' Ir Low Keng Kok	2,432	-	-	2,432
Wong Chee Heng	31,200	-	-	31,200
<i>Indirect Interest In The Company</i>				
Kuan Khian Leng*	11,828,294	-	-	11,828,294

* Deemed interest by virtue of Section 8(4)(c) 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.

The other director holding office at the end of the financial year had no interest in shares and options over shares of the Company or its related corporations during the financial year.

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.

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 is no indemnity given to or professional indemnity affected 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 EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 58 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 59 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

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

Signed in accordance with a resolution of the directors dated 23 October 2017.

Dato' Ir. Low Keng Kok

Kuan Khian Leng

STATEMENT BY DIRECTORS

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

We, Dato' Ir. Low Keng Kok and 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 59 to 147 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 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 61, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 23 October 2017.

Dato' Ir. Low Keng Kok

Kuan Khian Leng

STATUTORY DECLARATION

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

I, Tan Ting Lih, I/C No. 761030-08-5911, 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 59 to 148 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Tan Ting Lih, I/C No. 761030-08-5911,
at Kuala Lumpur in the Federal Territory
on this 23 October 2017

Tan Ting Lih

Before me
Lai Din (No. W-668)
Commissioner for Oaths

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 2017 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 59 to 147.

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 2017, 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

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 amounts owing by/(to) contract customers Refer to Notes 15 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. The determination of the percentage of completion requires the management to exercise significant judgement in estimating the total costs to complete the contracts.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Reviewing the contract value secured and projected budgeted costs. • Assessing the estimated total costs to complete through inquiries with the operational and finance personnel of the Group. • Inspecting documentation to support cost estimates made including contract variations and cost contingencies. • Assessing the reliability of contract budgets by compared contract budgets to actual outcomes. • Performing verification on the actual progress billings issued and actual costs incurred for the financial year. • Checking on the subsequent billings of amount owing by contract customers. • Performing recomputation on the profit recognised and checked calculation of the percentage of completion.
Recoverability of trade receivables Refer to Note 13 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The balance of trade receivables amounted to RM85,423,907 of which RM34,788,574 exceeded the credit terms.</p> <p>Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay.</p> <p>The determination of whether trade receivables are recoverable involves significant management judgement.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Reviewing the ageing analysis of receivables and testing its reliability. • Reviewing subsequent cash collections for major receivables and overdue amounts. • Examining other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules. • Evaluating the reasonableness and testing the adequacy of the Group's impairment losses on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.

INDEPENDENT AUDITORS' REPORT

To the members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (cont'd)

Key Audit Matters (cont'd)

Assessment of liquidated and ascertained damages ("LAD") on construction contract Refer to Note 35 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> <p>(i) extension of time submitted to contract customers due to circumstances that were beyond the control of the Group; and</p> <p>(ii) the likelihood of impact on the outcome of the negotiations with contract customers.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none">• Inquiring in-house operational and finance personnel of the Group to assess the merits of the extension of time submitted to the contract customers.• Inspecting relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works.• Verifying the evidences of acceptance by contract customers of the work performed by the Group to-date.• Evaluating the reasonableness and testing the adequacy of the Group's LAD provided by assessing the relevant assumptions and contract terms.

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.

INDEPENDENT AUDITORS' REPORT

To the members of Fajarbaru Builder Group Bhd. (Incorporated in Malaysia) (cont'd)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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.

As a 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 skepticism 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.

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)

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

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

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

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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 61 on page 148 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 Horwath
Firm No: AF 1018
Chartered Accountants

Cheong Tze Yuan
Approval No: 3034/04/18 (J)
Chartered Accountant

23 October 2017
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

At 30 June 2017

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	113,757,862	110,058,037
Investment in associates	6	-	-	20,000	-
Property, plant and equipment	7	40,347,956	10,288,525	-	-
Investment properties	8	44,081,111	44,081,111	-	-
Investment securities	9	5,519,031	6,701,681	5,519,031	6,701,681
Intangible assets	10	208,202	208,202	-	-
Goodwill		7,497	7,497	-	-
Prepayments	11	25,409,155	33,200,368	-	-
Deferred tax assets	12	2,759,509	2,614,029	-	-
		118,332,461	97,101,413	119,296,893	116,759,718
CURRENT ASSETS					
Trade receivables	13	85,423,907	84,735,659	-	-
Other receivables, deposits and prepayments	11	35,910,599	29,229,479	2,000	2,367
Inventories	14	158,868,640	212,617,130	-	-
Amount owing by contract customers	15	21,785,175	20,591,151	-	-
Amount owing by subsidiaries	16	-	-	90,526,219	92,519,820
Amount owing by associates	17	14,913,479	-	11,000,000	-
Short-term investments	18	5,431,690	17,388,303	-	-
Fixed deposits with licensed banks	19	11,070,391	18,584,722	-	-
Cash and bank balances	20	65,388,619	53,536,124	1,165,178	2,606,791
Current tax assets		105,887	88,446	5,734	5,734
Derivative assets	21	111,178	-	-	-
		399,009,565	436,771,014	102,699,131	95,134,712
TOTAL ASSETS		517,342,026	533,872,427	221,996,024	211,894,430

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

STATEMENTS OF FINANCIAL POSITION

At 30 June 2017 (cont'd)

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	189,676,838	181,366,514	189,676,838	181,366,514
Share premium	23	-	5,279,999	-	5,279,999
Treasury shares	24	(1,141,028)	(1,138,169)	(1,141,028)	(1,138,169)
Warrant reserve	25	7,673,980	7,673,980	7,673,980	7,673,980
Other reserve	26	1,110,407	1,110,407	-	-
Employees' share option reserve	27	1,412,649	-	1,412,649	-
Fair value reserve	28	(2,387,577)	(1,204,927)	(2,387,577)	(1,204,927)
Foreign exchange translation reserve	29	(1,095,082)	(47,357)	-	-
Retained profits		71,340,033	37,069,335	26,661,568	19,845,296
Equity attributable to the owners of the Company		266,590,220	230,109,782	221,896,430	211,822,693
Non-controlling interests	5	52,132,273	25,702,000	-	-
TOTAL EQUITY		318,722,493	255,811,782	221,896,430	211,822,693
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	7,392,792	7,392,792	-	-
Long-term borrowings	30	33,790,860	56,407,788	-	-
		41,183,652	63,800,580	-	-
CURRENT LIABILITIES					
Amount owing to contract customers	15	11,181,861	29,361,442	-	-
Trade payables	33	58,351,770	73,144,915	-	-
Other payables and accruals	34	39,845,737	70,837,762	97,719	69,862
Amount owing to a subsidiary	16	-	-	1,875	1,875
Provision	35	12,327,425	7,663,618	-	-
Short-term borrowings	36	18,226,190	26,938,899	-	-
Bank overdrafts	37	2,939,747	-	-	-
Current tax liabilities		14,563,151	6,313,429	-	-
		157,435,881	214,260,065	99,594	71,737
TOTAL LIABILITIES		198,619,533	278,060,645	99,594	71,737
TOTAL EQUITY AND LIABILITIES		517,342,026	533,872,427	221,996,024	211,894,430

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 2017

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
REVENUE	38	453,319,706	423,914,434	12,086,700	491,000
COST OF FINISHED GOODS	39	(191,348,240)	(69,246,153)	-	-
OTHER INCOME	40	10,853,625	2,424,142	111	91
PROJECT EXPENSES		(121,291,835)	(277,539,064)	-	-
STAFF COSTS	41	(13,955,576)	(10,637,177)	(371,349)	(491,000)
DEPRECIATION	43	(1,449,897)	(1,525,624)	-	-
OTHER EXPENSES	44	(22,905,315)	(17,097,599)	(378,412)	(2,084,542)
PROFIT/(LOSS) FROM OPERATIONS		113,222,468	50,292,959	11,337,050	(2,084,451)
FINANCE COSTS	45	(5,968,231)	(1,282,581)	-	-
		107,254,237	49,010,378	11,337,050	(2,084,451)
SHARE OF RESULT IN ASSOCIATES, NET OF TAX	6	(20,640)	-	-	-
PROFIT/(LOSS) BEFORE TAXATION		107,233,597	49,010,378	11,337,050	(2,084,451)
INCOME TAX EXPENSE	46	(27,593,828)	(17,449,303)	-	(591)
PROFIT/(LOSS) AFTER TAXATION		79,639,769	31,561,075	11,337,050	(2,085,042)
OTHER COMPREHENSIVE (EXPENSES)/INCOME:-					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Fair value changes of available- for-sale financial assets		(1,182,650)	1,576,867	(1,182,650)	1,576,867
Foreign currency translation		(2,054,362)	(11,705)	-	-
		(3,237,012)	1,565,162	(1,182,650)	1,576,867
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		76,402,757	33,126,237	10,154,400	(508,175)

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 2017 (cont'd)

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
PROFIT/(LOSS) AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		38,791,476	10,742,492	11,337,050	(2,085,042)
Non-controlling interests		40,848,293	20,818,583	-	-
		<u>79,639,769</u>	<u>31,561,075</u>	<u>11,337,050</u>	<u>(2,085,042)</u>
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		36,561,101	12,313,389	10,154,400	(508,175)
Non-controlling interests		39,841,656	20,812,848	-	-
		<u>76,402,757</u>	<u>33,126,237</u>	<u>10,154,400</u>	<u>(508,175)</u>
EARNINGS PER SHARE (SEN)					
- Basic	47	10.71	3.21		
- Diluted	47	10.69	3.21		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2017

	Share Capital RM	Treasury Shares RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Fair Value Translation Reserve RM	Foreign Exchange		Retained Profits RM	Attributable To The Owners Of The Company		Non-Controlling Interests RM	Total Equity RM
							RM	RM		RM	RM		
The Group													
Balance at 1.7.2015	164,966,514 (1,134,428)	3,924,623	7,673,980	1,110,407	(2,781,794)	(41,387)	30,437,708	204,155,623	4,889,152	209,044,775			
Profit after taxation for the financial year	-	-	-	-	-	-	10,742,492	10,742,492	20,818,583	31,561,075			
Other comprehensive income/ (expenses) for the financial year:													
- fair value changes for available-for-sale financial assets	-	-	-	-	1,576,867	-	-	1,576,867	-	1,576,867		1,576,867	
- foreign currency translation	-	-	-	-	-	(5,970)	-	(5,970)	(5,735)	(11,705)		(11,705)	
Total comprehensive income for the financial year	-	-	-	-	1,576,867	(5,970)	10,742,492	12,313,389	20,812,848	33,126,237			
Contributions by and distribution to owners of the Company:													
- Purchase of treasury shares	-	(3,741)	-	-	-	-	-	(3,741)	-	(3,741)		(3,741)	
- New shares issued under private placement	16,400,000	-	1,476,000	-	-	-	-	17,876,000	-	17,876,000		17,876,000	
- Dividends	-	-	-	-	-	-	(4,110,865)	(4,110,865)	-	(4,110,865)		(4,110,865)	
- Expenses related to private placement	-	-	(120,624)	-	-	-	-	(120,624)	-	(120,624)		(120,624)	
Total transactions with owners	16,400,000	(3,741)	1,355,376	-	-	-	(4,110,865)	13,640,770	-	13,640,770		13,640,770	
Balance at 30.6.2016	181,366,514 (1,138,169)	5,279,999	7,673,980	1,110,407	(1,204,927)	(47,357)	37,069,335	230,109,782	25,702,000	255,811,782			

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2017 (cont'd)

	Share Capital	Treasury Shares	Share Premium	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	RM		RM	RM		
The Group														
Balance at 1.7.2016	181,366,514	(1,138,169)	5,279,999	7,673,980	1,110,407	-	(1,204,927)	(47,357)	37,069,335	230,109,782	25,702,000	255,811,782		
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	38,791,476	38,791,476	40,848,293	79,639,769		
Other comprehensive income/(expenses) for the financial year:														
- fair value changes for available-for-sale financial assets	-	-	-	-	-	-	(1,182,650)	-	-	-	(1,182,650)	-	(1,182,650)	
- foreign currency translation	-	-	-	-	-	-	-	(1,047,725)	-	-	(1,047,725)	(1,006,637)	(2,054,362)	
Total comprehensive income for the financial year	-	-	-	-	-	-	(1,182,650)	(1,047,725)	38,791,476	36,561,101	39,841,656	76,402,757		
Contributions by and distribution to owners of the Company:														
- Purchase of treasury shares	-	(2,859)	-	-	-	-	-	-	-	-	(2,859)	-	(2,859)	
- ESOS reserve	-	-	-	-	-	(1,795,174)	-	-	-	-	1,795,174	-	1,795,174	
- New shares issued under employees' share options exercised	3,030,325	-	-	-	-	(382,525)	-	-	-	-	2,647,800	-	2,647,800	
- Dividends	-	-	-	-	-	-	-	(4,520,778)	-	(4,520,778)	-	-	(4,520,778)	
- Dividends paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	-	-	(11,270,000)	-	(11,270,000)	
- Transition to no-par value	5,279,999	-	(5,279,999)	-	-	-	-	-	-	-	-	-	-	
- Reduction of issued share by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(2,141,383)	(2,141,383)	
Total transactions with owners	8,310,329	(2,859)	(5,279,999)	-	-	(1,412,649)	-	(4,520,778)	(80,663)	(13,411,383)	(13,492,046)			
Balance at 30.6.2017	189,676,838	(1,141,028)	-	7,673,980	1,110,407	1,412,649	(2,387,577)	(1,085,082)	71,340,033	266,590,220	52,132,273	318,722,493		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2017 (cont'd)

	Share Capital RM	Treasury Shares RM	Share Premium RM	Warrant Reserve RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
The Company							
Balance at 1.7.2015	164,966,514	(1,134,428)	3,924,623	7,673,980	(2,781,794)	26,041,203	198,690,098
Loss after taxation for the financial year	-	-	-	-	-	(2,085,042)	(2,085,042)
Other comprehensive income for the financial year: - fair value changes for available-for-sale financial assets	-	-	-	-	1,576,867	-	1,576,867
Total comprehensive expenses for the financial year	-	-	-	-	1,576,867	(2,085,042)	(508,175)
Contributions by and distribution to owners of the Company:							
- Purchase of treasury shares	-	(3,741)	-	-	-	-	(3,741)
- New shares issued under private placement	16,400,000	-	1,476,000	-	-	-	17,876,000
- Expenses related to private placement	-	-	(120,624)	-	-	-	(120,624)
- Dividends	-	-	-	-	-	(4,110,865)	(4,110,865)
Total transactions with owners	16,400,000	(3,741)	1,355,376	-	-	(4,110,865)	13,640,770
Balance at 30.6.2016	181,366,514	(1,138,169)	5,279,999	7,673,980	(1,204,927)	19,845,296	211,822,693

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2017 (cont'd)

	Share Capital RM	Treasury Shares RM	Share Premium RM	Warrant Reserve RM	ESOS Reserve RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
The Company								
Balance at 1.7.2016	181,366,514	(1,138,169)	5,279,999	7,673,980	-	(1,204,927)	19,845,296	211,822,693
Loss after taxation for the financial year	-	-	-	-	-	-	11,337,050	11,337,050
Other comprehensive income for the financial year:								
- fair value changes for available-for-sale financial assets	-	-	-	-	-	(1,182,650)	-	(1,182,650)
Total comprehensive expenses for the financial year	-	-	-	-	-	(1,182,650)	11,337,050	10,154,400
Contributions by and distribution to owners of the Company:								
- Purchase of treasury shares	-	(2,859)	-	-	-	-	-	(2,859)
- ESOS reserve	-	-	-	-	1,795,174	-	-	1,795,174
- New shares issued under employees' share options exercised	3,030,325	-	-	-	(382,525)	-	-	2,647,800
- Dividends	-	-	-	-	-	-	(4,520,778)	(4,520,778)
- Transition to no-par-value	5,279,999	-	(5,279,999)	-	-	-	-	-
Total transactions with owners	8,310,324	(2,859)	(5,279,999)	-	1,412,649	-	(4,520,778)	(80,663)
Balance at 30.6.2017	189,676,838	(1,141,028)	-	7,673,980	1,412,649	(2,387,577)	26,661,568	221,896,430

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2017

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	107,233,597	49,010,378	11,337,050	(2,084,451)
Adjustments for:-				
Depreciation on property, plant and equipment	1,888,277	1,525,624	-	-
Dividend income	-	-	(11,730,000)	-
Equipment written off	64,972	2,233	-	-
Gain on derivative financial instruments	(111,178)	-	-	-
Impairment loss on investment in subsidiaries	-	-	-	1,828,241
Interest expenses	4,445,832	1,282,581	-	-
(Gain)/Loss on disposal of property, plant and equipment	(1,510)	12,629	-	-
Interest income	(1,877,322)	(1,484,667)	(111)	(91)
Inventories written down	632,462	-	-	-
Impairment loss on trade receivables	470,242	5,328,499	-	-
Provision for foreseeable losses	-	448,664	-	-
Provision for liquidated ascertained damages	4,852,908	3,374,663	-	-
Reversal of impairment loss on trade receivables	(2,000,000)	-	-	-
Reversal of imputed interest on trade payables	1,522,399	-	-	-
Reversal of imputed interest on trade receivables	(1,414,549)	-	-	-
Reversal of provision of foreseeable loss	(189,099)	-	-	-
Share of result in associates, net of tax	20,640	-	-	-
Share-based payments	1,795,174	-	95,349	-
Unrealised gain on foreign exchange	(2,344,179)	(439,427)	-	-
Operating profit/(loss) before working capital changes	114,988,666	59,061,177	(297,712)	(256,301)
Decrease/(Increase) in inventories	54,449,609	(63,560,326)	-	-
Decrease/(Increase) in trade and other receivables	5,736,373	14,078,048	367	(1,367)
(Increase)/Decrease in amounts owing by/to contract customers	(19,373,605)	16,745,451	-	-
(Decrease)/Increase in trade and other payables	(47,307,571)	(18,106,024)	27,857	(79,395)
CASH FROM/(FOR) OPERATIONS	108,493,472	8,218,326	(269,488)	(337,063)
Income tax paid	(19,507,027)	(13,617,952)	-	(591)
Interest paid	(5,779,413)	(3,228,427)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCES CARRIED FORWARD	83,207,032	(8,628,053)	(269,488)	(337,654)

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2017 (cont'd)

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
BALANCES BROUGHT FORWARD		83,207,032	(8,628,053)	(269,488)	(337,654)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	1,993,601	(5,352,485)
Dividend received		-	-	11,730,000	-
Interest received		1,851,280	1,434,469	111	91
Investment in subsidiaries		-	-	(2,000,000)	(1,299,996)
Investment in an associate		(20,640)	-	(20,000)	-
Withdrawal/(Placement) of deposits with licensed banks		6,110,793	(3,119,915)	-	-
Proceeds from disposal of property, plant and equipment		27,753	162,962	-	-
Redemption/(Purchase) of short-term investments		11,956,613	(8,157,029)	-	-
Advances to associates		(14,913,479)	-	(11,000,000)	-
Purchase of property, plant and equipment	50	(29,692,959)	(1,484,076)	-	-
Reduction in issued share capital by a subsidiary		(2,141,383)	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(26,822,022)	(11,163,589)	703,712	(6,652,390)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment to a director		-	(2)	-	(2)
Drawdown of bankers' acceptances		3,298,000	-	-	-
Repayment of trust receipts		(105,009)	(512,361)	-	-
Repayment of invoice financing facility		(7,110,099)	(158,122)	-	-
Proceeds from exercise of Employee Share Option Scheme		2,647,800	-	2,647,800	-
Repayment of hire purchase obligations, net		(440,652)	(182,807)	-	-
Drawdown of term loans		22,010,539	40,098,374	-	-
Repayment of term loans		(51,328,056)	(6,771,430)	-	-
Net proceeds from issuance of shares via private placement		-	17,755,376	-	17,755,376
Purchase of treasury shares		(2,859)	(3,741)	(2,859)	(3,741)
Dividends paid	49	(4,520,778)	(8,221,793)	(4,520,778)	(8,221,793)
Dividends paid to non-controlling interests by a subsidiary		(11,270,000)	-	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(46,821,114)	42,003,494	(1,875,837)	9,529,840
BALANCES CARRIED FORWARD		9,563,896	22,211,852	(1,441,613)	2,539,796

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2017 (cont'd)

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD		9,563,896	22,211,852	(1,441,613)	2,539,796
EFFECT OF EXCHANGE DIFFERENCES		(2,054,686)	(11,811)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		54,939,662	32,739,621	2,606,791	66,995
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	48	62,448,872	54,939,662	1,165,178	2,606,791

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017

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 23 October 2017.

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 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (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 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
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 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2015) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.
- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impact of MFRS 15 until the Group performs a detailed review.
- (c) The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment 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 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.

(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.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Classification between Investment Properties and Owner-occupied Properties

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

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.

(g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(i) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(j) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(k) Construction Contracts

The Group recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract cost.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the projects. In making the judgement, the Group evaluates based on past experience.

The Group assesses at each reporting date on the contract revenue and costs. The revised contract revenue and costs are recognised in profit or loss accordingly.

(l) 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 estimation 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.

(m) Deferred Tax Assets

The Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and unused tax credits can be utilised. This involves estimation regarding the future financial performance of the particular entity in which the deferred tax assets has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(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 139 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 as a gain in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (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.

(b) 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 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 are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling 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 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 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 2017 (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. 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

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

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

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(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. Derivatives are also classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

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

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(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 sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iii) Warrant reserve

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

(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.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is categorised as at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the host contract.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or 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 best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 2017. 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 interest 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.

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 139. 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.

4.8 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use. 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%

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.

4.9 LEASED ASSETS

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASED ASSETS (CONT'D)

(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.

4.10 INVESTMENT PROPERTIES

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

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

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. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

4.11 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 CONSTRUCTION CONTRACTS

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

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

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

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract cost includes direct materials, labour and applicable overheads.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(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. 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.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INVENTORIES

i) Property Development Costs

Inventories are stated at the lower of cost and net realisable value. Inventories comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Revenue is recognised only when it is probable that the economic benefits associated with the inventories will flow to the Group which is upon the Group transferring to the purchaser the control, significant risks and rewards of ownership of the completed development project units.

The inventories of the completed development project units whose revenue is recognised, is then recognised in the profit or loss simultaneously as cost of sales in the profit or loss.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as liability and will only be expensed off upon the recognition of the revenue of the development project.

The billings to purchasers are classified as third party receivables within trade receivables.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sales.

ii) Trading

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis 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.

4.16 BORROWING COSTS

Borrowing costs, 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. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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 are recognised using the liability method for temporary differences other than those that arise 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.

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.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 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.

4.19 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 unwinding of the discount is recognised as interest expense in profit or loss.

4.20 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits 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.

(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 (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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 EMPLOYEE BENEFITS (CONT'D)

(c) Share-based Payment Transactions (Cont'd)

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.

4.21 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 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. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.23 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.

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 assets 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.

4.24 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 REVENUE AND OTHER INCOME

(a) Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonable ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

(b) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns, cash and trade discounts.

(c) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(d) Management Fees

Management fees are recognised when services are rendered.

(e) Interest Income

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

(f) Dividend Income

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

(g) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 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	
	2017 RM	2016 RM
Unquoted shares, at cost		
At 1 July 2016/2015	111,886,278	110,586,282
Addition during the financial year	2,000,000	1,299,996
Movement of ESOS during the financial year	1,699,825	-
At 30 June 2017/2016	115,586,103	111,886,278
Accumulated impairment losses:-		
At 1 July 2016/2015	(1,828,241)	-
Addition during the financial year	-	(1,828,241)
At 30 June 2017/2016	(1,828,241)	(1,828,241)
	113,757,862	110,058,037

Included in the investments in subsidiaries is an amount of RM1,699,825 (2016 - Nil) relating to the share options granted by the Company to the employees of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2017 %	2016 %	
<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 Properties Sdn. Bhd. ("FPSB")	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	-	Provision of trading of construction materials.
Fajarbaru Logistics Sdn. Bhd.	Malaysia	100	100	Transportation and logistics service provider.
<i>Subsidiaries of the FPSB</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:-

@ - This subsidiary was audited by other firms of chartered accountants.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

In the previous financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment loss of RM1,828,241, representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income. This subsidiary belonged to the Group's property development reportable segment.

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2017 %	2016 %	2017 RM	2016 RM
BVSB Group	49	49	37,828,737	28,506,770
FBM	49	49	14,303,536	(2,804,770)
			<u>52,132,273</u>	<u>25,702,000</u>

(b) 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	
	2017 RM	2016 RM
At 30 June		
Non-current assets	26,411,905	34,284,300
Current assets	58,118,790	53,748,400
Non-current liabilities	(433,352)	(541,546)
Current liabilities	(6,895,839)	(29,314,072)
Net assets	<u>77,201,504</u>	<u>58,177,082</u>
Financial Year Ended 30 June		
Profit for the financial year attributable to non-controlling interests	<u>20,591,967</u>	<u>22,982,620</u>
Net cash from operating activities	63,826,162	60,385,735
Net cash for investing activities	(19,171,565)	(13,725,696)
Net cash for financing activities	<u>(36,786,347)</u>	<u>(41,093,102)</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (b) 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:- (Cont'd)

	FBM	
	2017 RM	2016 RM
At 30 June		
Non-current assets	146,260	3,065
Current assets	74,696,400	89,960,575
Non-current liabilities	-	(40,098,374)
Current liabilities	(45,651,770)	(55,589,274)
Net assets/(liabilities)	29,190,890	(5,724,008)
Financial Year Ended 30 June		
Profit/(Loss) for the financial year attributable to non-controlling interests	20,256,326	(2,164,037)
Net cash from/(for) operating activities	99,056,869	(52,858,732)
Net cash for investing activities	(3,457,390)	(395,507)
Net cash (for)/from financing activities	(56,953,548)	51,191,969

6. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unquoted shares, at cost:-				
At 1 July	-	-	-	-
Additional during the financial year	20,640	-	20,000	-
Share of post acquisition loss	20,640	-	20,000	-
	(20,640)	-	-	-
At 30 June	-	-	20,000	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

6. INVESTMENT IN ASSOCIATES (CONT'D)

The details of the associates are as follows:-

Name of Company	Principal Place of Business	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
<i>Associates of the Company</i>				
BFB Project Pty Ltd ("BFB") *	Australia	44.44	-	Property development.
Kerjaya Jutamas Sdn. Bhd. ("KJSB")	Malaysia	20	-	Logging and trading of timber.
<i>Subsidiaries of BFB</i>				
320 Queen Street Project Pty. Ltd. ("320-Q")*	Australia	50	-	Property development.

Notes:-

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

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

	BFB Group 2017 RM
At 30 June	
Non-current assets	4,885
Current assets	52,630,866
Non-current liabilities	(60,747,655)
Current liabilities	(1,568,432)
Net liabilities	<u>(9,680,336)</u>
8-month Period Ended 30 June	
Loss for the financial year/Total comprehensive expenses	<u>(9,515,336)</u>
Group share of loss for the financial year/other comprehensive expenses	<u>(640)</u>
Reconciliation of Net Assets to Carrying Amount	
Cost of investment	640
Group's share of net liabilities	(640)
Carrying amount of the Group's interests in this associate	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (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 (Cont'd):-

	KJSB 2017 RM
<u>At 30 June</u>	
Non-current assets	44,335,058
Current assets	16,094,854
Non-current liabilities	(101,038)
Current liabilities	(61,582,857)
	(1,253,983)
Net liabilities	(1,253,983)
 <u>11-month Period Ended 30 June</u>	
Loss for the financial year/Total comprehensive expenses	(1,353,983)
	(1,353,983)
Group share of loss for the financial year/other comprehensive expenses	(20,000)
	(20,000)
 <u>Reconciliation of Net Assets to Carrying Amount</u>	
Cost of investment	20,000
Group's share of net assets above	(20,000)
	-
Carrying amount of the Group's interests in this associate	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2016 RM	Additions RM	Written Off RM	Disposals RM	Exchange Fluctuation Differences RM	Depreciation Charge RM	At 30.6.2017 RM
2017							
<i>Net Book Value</i>							
Freehold land	4,920,641	-	-	-	-	-	4,920,641
Buildings	1,279,724	-	-	-	-	(30,516)	1,249,208
Plant and machinery	873,629	14,729,787	-	-	-	(580,811)	15,022,605
Motor vehicles	1,693,285	922,083	-	(2)	-	(737,523)	1,877,843
Furniture, fittings and office equipment	285,840	239,886	-	(3,855)	324	(224,064)	298,131
Renovations	1,200,771	104,590	(64,972)	(22,386)	-	(297,014)	920,989
Land development, expenditure, fish pond and equipment	24,423	-	-	-	-	(8,141)	16,282
Telecommunication equipment	10,212	-	-	-	-	(10,208)	4
Capital work-in-progress	-	16,042,253	-	-	-	-	16,042,253
	10,288,525	32,038,599	(64,972)	(26,243)	324	(1,888,277)	40,347,956

The Group	At 1.7.2015 RM	Additions RM	Written Off RM	Disposals RM	Exchange Fluctuation Differences RM	Depreciation Charge RM	At 30.6.2016 RM
2016							
<i>Net Book Value</i>							
Freehold land	4,920,641	-	-	-	-	-	4,920,641
Buildings	1,310,240	-	-	-	-	(30,516)	1,279,724
Plant and machinery	761,610	248,500	-	-	-	(136,481)	873,629
Motor vehicles	1,466,106	1,195,713	-	(175,591)	-	(792,943)	1,693,285
Furniture, fittings and office equipment	307,145	234,543	(2,233)	-	106	(253,721)	285,840
Renovations	778,807	715,574	-	-	-	(293,610)	1,200,771
Land development, expenditure, fish pond and equipment	32,564	-	-	-	-	(8,141)	24,423
Telecommunication equipment	-	20,424	-	-	-	(10,212)	10,212
	9,577,113	2,414,754	(2,233)	(175,591)	106	(1,525,624)	10,288,525

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

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

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment RM	Net Book Value RM
2017				
Freehold land	6,230,278	-	(1,309,637)	4,920,641
Buildings	1,525,800	(276,592)	-	1,249,208
Plant and machinery	16,094,602	(1,071,997)	-	15,022,605
Motor vehicles	8,169,695	(6,291,852)	-	1,877,843
Furniture, fittings and office equipment	1,545,939	(1,247,808)	-	298,131
Renovations	1,570,171	(649,182)	-	920,989
Land development, expenditure, fish pond and equipment	6,115,032	(1,382,078)	(4,716,672)	16,282
Telecommunication equipment	20,424	(20,420)	-	4
Capital work-in-progress	16,042,253	-	-	16,042,253
	57,314,194	(10,939,929)	(6,026,309)	40,347,956
2016				
Freehold land	6,230,278	-	(1,309,637)	4,920,641
Buildings	1,525,800	(246,076)	-	1,279,724
Plant and machinery	1,364,815	(491,186)	-	873,629
Motor vehicles	7,328,976	(5,635,691)	-	1,693,285
Furniture, fittings and office equipment	1,322,208	(1,036,368)	-	285,840
Renovations	1,831,224	(630,453)	-	1,200,771
Land development, expenditure, fish pond and equipment	6,115,032	(1,373,937)	(4,716,672)	24,423
Telecommunication equipment	20,424	(10,212)	-	10,212
	25,738,757	(9,423,923)	(6,026,309)	10,288,525

- (a) Included in the freehold land and buildings of the Group are certain land and buildings with a total net book value of RM2,182,708 (2016 - RM2,202,024) which have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

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

(b) The following property, plant and equipment were acquired under hire purchase terms:-

	The Group	
	2017 RM	2016 RM
Motor vehicles	1,712,431	1,258,975
Plant and machinery	1,480,500	-
	<hr/>	<hr/>
	3,192,931	1,258,975

(c) In previous financial years, the Group had made an allowance for impairment loss of RM4,716,672 on the land development expenditure, fish pond and equipment of a subsidiary as the value-in-use was lower than the carrying amount.

8. INVESTMENT PROPERTIES

	The Group	
	2017 RM	2016 RM
At cost:-		
At 1 July 2016/2015	44,693,459	44,693,459
Less: Accumulated impairment losses	(612,348)	(612,348)
	<hr/>	<hr/>
As at 30 June 2017/2016	44,081,111	44,081,111
	<hr/>	<hr/>
Approximate fair value:-		
Investment property under construction, at cost	9,272,741	9,272,741
Leasehold land	871,200	871,200
Freehold land	43,598,800	43,598,800
	<hr/>	<hr/>
	53,742,741	53,742,741

The fair value of the investment properties are based on the current prices in an active market for similar properties within the area in which the investment properties are located except for investment property under construction in which its fair value is not reliably determinable.

The fair value of the investment properties are within level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

9. INVESTMENT SECURITIES

	The Group/The Company	
	2017	2016
	RM	RM
Quoted shares in Malaysia	5,519,031	6,701,681

Investment in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

10. INTANGIBLE ASSETS

	The Group	
	2017	2016
	RM	RM
Transferable club membership, at cost	208,202	208,202

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
Non-current portion:-					
Prepayments	(a)	25,409,155	33,200,368	-	-
Current portion:-					
Other receivables	(b)	10,767,083	4,985,664	1,000	1,367
Prepayments		8,588,186	8,730,575	-	-
Deposits	(c)	5,594,740	3,151,223	1,000	1,000
Advances to subcontractors		10,960,590	12,362,017	-	-
		35,910,599	29,229,479	2,000	2,367
		61,319,754	62,429,847	2,000	2,367

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

		The Group	
	Note	2017 RM	2016 RM
Other receivables		15,110,155	9,328,736
Allowance for impairment losses	(d)	(4,343,072)	(4,343,072)
		10,767,083	4,985,664

- (a) Included in the non-current prepayments are advance payments 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) Included in the other receivables is an amount of RM5,666,018 (2016 - Nil) which represented the money received from a buyer and held by a solicitor
- (c) Included in the deposits of the Group at the end of the reporting period is an amount of RM870,000 (2016 - RM147,000) pertaining to deposits for the tender submission which the Group is bidding for.
- (d) In previous financial years, the Group made an allowance for impairment loss in full on the amount owing by other receivables of RM4,343,072 due to the poor financial results from the fish breeding operations.

12. DEFERRED TAX ASSETS/(LIABILITIES)

		The Group	
		2017 RM	2016 RM
Deferred tax assets			
At 1 July 2016/2015		2,614,029	2,614,029
Recognised in profit or loss (Note 46)		145,480	-
As at 30 June 2017/2016		2,759,509	2,614,029
Deferred tax liabilities			
At 1 July/30 June		(7,392,792)	(7,392,792)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of the deferred tax assets and liabilities during the financial year are as follows:-

	The Group	
	2017 RM	2016 RM
Deferred tax assets:-		
Unutilised tax losses	1,648,673	1,648,673
Others	1,110,836	965,356
	2,759,509	2,614,029
Deferred tax liabilities:-		
Investment properties	(4,625,675)	(4,625,675)
Accelerated capital allowances	(2,767,117)	(2,767,117)
	(7,392,792)	(7,392,792)

13. TRADE RECEIVABLES

	The Group	
	2017 RM	2016 RM
Trade receivables	89,345,836	91,601,895
Imputed interest, at amortised cost:-		
At 1 July 2016/2015	(1,428,359)	(1,428,359)
Reversal during the financial year	1,414,549	-
At 30 June 2017/2016	(13,810)	(1,428,359)
Less: Allowance for impairment loss		
At 1 July 2016/2015	(5,437,877)	(109,378)
Addition during the financial year	(470,242)	(5,328,499)
Reversal during the financial year	2,000,000	-
At 30 June 2017/2016	(3,908,119)	(5,437,877)
	85,423,907	84,735,659

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

13. TRADE RECEIVABLES (CONT'D)

The Group's normal trade credit terms range from 30 to 90 days (2016 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables of the Group at the end of the reporting period is an amount of RM11,678,668 (2016 - RM18,889,929) being project retention sums to be received from customers in accordance with the terms of respective contracts.

14. INVENTORIES

	The Group	
	2017	2016
	RM	RM
Trading of timber:		
- work-in-progress	13,292,619	18,793,014
- finished goods	4,866,181	4,058,974
Property development costs	111,904,777	189,765,142
Completed development units	28,619,684	-
Others	185,379	-
	<u>158,868,640</u>	<u>212,617,130</u>

Property development costs are analysed as follows:-

Freehold land at cost	79,660,472	101,578,099
Development costs	32,244,305	88,187,043
	<u>111,904,777</u>	<u>189,765,142</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	180,989,515	47,820,730
Inventories written down	632,462	-
	<u>180,989,515</u>	<u>47,820,730</u>

Included in development costs during the financial year was interest expense amounting to RM1,333,581 (2016 - RM1,945,846).

The freehold land at cost with an aggregate carrying value of RM66,122,628 (2016 - RM66,122,628) 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 2017 (cont'd)

15. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2017	2016
	RM	RM
Contract costs incurred	1,064,972,550	1,197,854,642
Attributable profits	35,062,460	41,026,214
Progress billings	1,100,035,010 (1,089,431,696)	1,238,880,856 (1,247,651,147)
	10,603,314	(8,770,291)
Amount owing by contract customers	21,785,175	20,591,151
Amount owing to contract customers	(11,181,861)	(29,361,442)
	10,603,314	(8,770,291)

The amount of contract costs recognised as a project expense in the financial year is as follows:

	The Group	
	2017	2016
	RM	RM
Direct contract costs	116,438,927	273,715,737
Provision for liquidated ascertained damages	4,852,908	3,374,663
Provision for foreseeable losses	-	448,664
Project expenses	121,291,835	277,539,064

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

17. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

18. SHORT-TERM INVESTMENTS

	The Group	
	2017 RM	2016 RM
Unit trusts in Malaysia, at fair value	5,431,690	17,388,303
Weighted average effective interest rate (%):		
- licensed investment banks	3.12	3.74
Average maturity (days):		
- licensed investment banks	1	1

19. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore a weighted effective interest rate of 2.86% (2016 - 2.46%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (2016 - 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 RM11,070,391 (2016 - RM17,181,184) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 31, 36 and 37.

20. CASH AND BANK BALANCES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	62,962,735	53,323,728	1,165,178	2,606,791
Cash held under housing development accounts	2,425,884	212,396	-	-
	65,388,619	53,536,124	1,165,178	2,606,791

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

21. DERIVATIVE ASSETS

	Contract/ Notional Amount RM	Assets RM	Liabilities RM
2017			
<u>Current</u>			
Foreign currency forward contracts	14,310,519	111,178	-

22. SHARE CAPITAL

	The Group/The Company			
	2017 Number Of Shares	2016 Number Of Shares	2017 RM	2016 RM
Authorised				
Ordinary shares of RM0.50 each	N/A	500,000,000	N/A	250,000,000

N/A - Not applicable pursuant to the Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (ii) below.

	The Group/The Company			
	2017 Number Of Shares	2016 Number Of Shares	2017 RM	2016 RM
Issued And Fully Paid-up				
Ordinary shares with no par value (2016 - par value of RM0.50 each)				
At 1 July 2016/2015	362,733,028	329,933,028	181,366,514	164,966,514
New shares issued under:				
- employees' share options exercised	4,413,000	-	3,030,325	-
- private placement	-	32,800,000	-	16,400,000
	367,146,028	362,733,028	184,396,839	181,366,514
Transfer from share premium account (iv)	-	-	5,279,999	-
At 30 June 2017/2016	367,146,028	362,733,028	189,676,838	181,366,514

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

22. SHARE CAPITAL (CONT'D)

- (i) The holders of ordinary shares (except treasuring 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.
- (ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.
- (iii) During the year, the Company increased its issued share capital from RM181,366,514 to RM184,396,839 by issuance of 4,413,000 new ordinary shares of RM0.60 each for cash pursuant to the exercise of share options under the Employees' Share Option Scheme ("ESOS"). The new shares issued rank pari passu in all respects with the existing shares of the Company.
- (iv) Prior to 31 January 2017, the application of the share premium account was governed by Section 60 and Section 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM5,279,999 for purposes as set out in Section 618(3) of the Act.
- (v) In the previous financial year, the Company increased its issued and paid-up share capital from RM164,966,514 to RM181,366,514 by the issuance of 32,800,000 new ordinary shares of RM0.50 each pursuant to private placement at an exercise price of RM0.545 per ordinary share. The new shares issued rank pari passu in all respects with the existing shares of the Company.

23. SHARE PREMIUM

	The Group/The Company	
	2017	2016
	RM	RM
At 1 July 2016/2015	5,279,999	3,924,623
New shares issued under private placement	-	1,476,000
Expenses related to private placement/right issues	-	(120,624)
Transfer to no-par value regime on 31 January 2017 under the Companies Act 2016 (Note 22(iv))	(5,279,999)	-
At 30 June 2017/2016	-	5,279,999

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

24. TREASURY SHARES

	Weighted Average Cost Per Share RM	The Group/The Company Number Of Shares	Amount RM
At 1 July 2015	1.07	1,058,164	1,134,428
Purchase of treasury shares	0.53	7,000	3,741
At 30 June 2016/1 July 2016	1.07	1,065,164	1,138,169
Purchase of treasury shares	0.57	5,000	2,859
At 30 June 2017	1.07	1,070,164	1,141,028

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 shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 1 December 2016, granted their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company repurchased 5,000 (2016 - 7,000) of its issued ordinary shares from the open market through Bursa Malaysia Securities Berhad during the financial year at a weighted average price of approximately RM0.57 (2016 - RM0.53) per share. The total consideration paid for the repurchase including transaction costs was RM2,859 (2016 - RM3,741). The repurchase transactions were financed by internally generated funds.

The shares repurchased are being held as treasury shares in accordance with Section 127(16) of the Companies Act 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

25. WARRANT RESERVE (CONT'D)

The principal terms of the warrants are as follows (Cont'd):-

- (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.

There are no movement of the warrants reserve during the financial year.

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. EMPLOYEES' SHARE OPTION RESERVE ("ESOS")

During the financial year, the Company has granted 20,710,000 share options under the ESOS. These options will be expiring on 16 December 2019 and are exercisable if the employee remains in service for at least 6 months from the date of offer.

The option prices and the details in the movement of the options granted are as follows:-

Date of Offer	Exercise Price RM	Remaining Contractual Life of Options	Number of Options over Ordinary Shares			
			At 1 July 2016	Granted	Exercised	At 30 June 2017
1 December 2016	0.60	3 years	-	20,710,000	(4,413,000)	16,297,000

The number of options exercisable as at 30 June 2017 was 4,413,000 and have an exercise price of RM0.60 and a weighted average contractual life of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

27. EMPLOYEES' 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Expenses arising from equity-settled share-based payment transaction	1,795,174	-	95,349	-

28. FAIR VALUE RESERVE

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

29. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

30. LONG-TERM BORROWINGS

	The Group	
	2017	2016
	RM	RM
Term loans (Note 31)	31,389,304	55,431,390
Hire purchase payables (Note 32)	2,401,556	976,398
	<hr/>	<hr/>
	33,790,860	56,407,788

31. TERM LOANS

	The Group	
	2017	2016
	RM	RM
Current portion (Note 36):		
- not later than one year	12,371,235	17,646,666
Non-current portion (Note 30):		
- later than one year and not later than two years	27,333,582	14,021,666
- later than two years and not later than five years	4,055,722	41,409,724
	<hr/>	<hr/>
	31,389,304	55,431,390
	<hr/>	<hr/>
	43,760,539	73,078,056

The term loans are secured by:-

- legal charges over the freehold land of the Group as disclosed in Note 14;
- a corporate guarantee of the Company; and
- a fixed deposit with a licensed bank amounting to RM2,054,440 (2016 - RM710,755) as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

32. HIRE PURCHASE PAYABLES

	The Group	
	2017	2016
	RM	RM
Minimum hire purchase payments:		
- not later than one year	879,360	313,872
- later than one year and not later than five years	2,690,446	1,091,757
	3,569,806	1,405,629
Less: Future finance charges	(435,953)	(176,764)
Present value of hire purchase payables	3,133,853	1,228,865
<u>Current</u>		
Not later than one year (Note 36)	732,297	252,467
<u>Non-current</u>		
Later than one year and not later than five years (Note 30)	2,401,556	976,398
	3,133,853	1,228,865

The hire purchase payables of the Group are secured by:

- (i) a corporate guarantee of the Company; and
- (ii) a personal guarantee of a former director of a subsidiary.

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.68% to 6.18% (2016 - 3.30% to 5.34%). The interest rates are fixed at the inception of the hire purchase agreements.

33. TRADE PAYABLES

	The Group	
	2017	2016
	RM	RM
Trade payables	58,351,770	74,667,314
Imputed interest, at amortised cost:-		
At 1 July 2016/2015	(1,522,399)	(1,522,399)
Reversal during the financial year	1,522,399	-
At 30 June 2017/2016	-	(1,522,399)
	58,351,770	73,144,915

The normal trade credit terms granted to the Group range from 30 to 90 days (2016 - 30 to 90 days).

Included in the trade payables of the Group at the end of the reporting period is an amount of RM3,116,551 (2016 - RM12,146,508) 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 2017 (cont'd)

34. OTHER PAYABLES AND ACCRUALS

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Other payables		13,564,375	29,913,743	6,619	14,862
Accruals	(a)	8,591,109	27,479,981	91,100	55,000
Deposits received from subcontractors	(b)	614,921	574,038	-	-
Advances received from customers	(c)	17,075,332	12,870,000	-	-
		<u>39,845,737</u>	<u>70,837,762</u>	<u>97,719</u>	<u>69,862</u>

- (a) In the previous financial year, included in accruals are accrued costs of construction for a project amounting to RM13,108,642.
- (b) These deposits have been received from the subcontractors engaged by the Group to carry out the constructions.
- (c) 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.

35. PROVISION

Included in provision is an amount of RM12,067,860 (2016 - RM7,214,953) being the provision for Liquidated Ascertained Damages ("LAD") in respect of construction projects undertaken by the Group. The provision is recognised based on the terms of the applicable construction agreements for expected LAD to be claimed by contract customers.

36. SHORT-TERM BORROWINGS

	The Group	
	2017 RM	2016 RM
Bankers' acceptances	3,298,000	-
Term loans (Note 31)	12,371,235	17,646,666
Hire purchase payables (Note 32)	732,297	252,467
Invoice financing facility	1,824,658	8,934,757
Trust receipts	-	105,009
	<u>18,226,190</u>	<u>26,938,899</u>

The bankers' acceptances, invoice financing facility and trust receipts are secured by:-

- (a) fixed deposits with licensed banks amounting to RM2,261,821 (2016 - RM6,174,518) as disclosed in Note 19; and
- (b) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

37. BANK OVERDRAFTS

The bank overdrafts of the Group are secured by:-

- (a) a first party first legal charge over the freehold land and buildings of a subsidiary as disclosed in Note 7;
- (b) fixed deposits with licensed banks amounting to RM6,754,130 (2016 - RM10,295,911) as disclosed in Note 19; and
- (c) a corporate guarantee of the Company.

38. REVENUE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Construction contracts	130,396,432	295,912,782	-	-
Trading	129,146,676	127,877,036	-	-
Management fee from subsidiaries	-	-	356,700	491,000
Services	730,349	124,616	-	-
Property development	193,046,249	-	-	-
Dividend income	-	-	11,730,000	-
	453,319,706	423,914,434	12,086,700	491,000

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 2017 (cont'd)

40. OTHER INCOME

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Forfeited deposit	1,248,513	-	-	-
Gain on foreign exchange:				
- realised	841,741	-	-	-
- unrealised	2,344,179	-	-	-
Interest income:				
- licensed banks	1,125,072	572,649	111	91
- short-term highly liquid investment bank	213,704	408,826	-	-
- short-term investments	313,387	267,029	-	-
- overdue interest	5,951	-	-	-
- others	219,208	236,163	-	-
Gain on derivative financial instruments	111,178	-	-	-
Gain on disposal of property, plant and equipment	1,510	-	-	-
Reversal of imputed interest on trade receivables	1,414,549	-	-	-
Reversal of impairment loss on trade receivables	2,000,000	-	-	-
Rental income	243,882	839,717	-	-
Others	770,751	99,758	-	-
	10,853,625	2,424,142	111	91

41. STAFF COSTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages, bonus and allowances	18,085,936	15,795,208	276,000	491,000
Defined contribution plan	2,154,544	1,847,050	-	-
Other staff related expenses	1,174,270	564,518	-	-
Share-based payment	1,795,174	-	95,349	-
	23,209,924	18,206,776	371,349	491,000
Less: Amount classified as:-				
- cost of sales	(2,510,462)	-	-	-
- project expenses	(6,743,886)	(7,569,599)	-	-
	13,955,576	10,637,177	371,349	491,000

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM1,046,978 (2016 - RM655,788) and RM371,349 (2016 - RM491,000) respectively as disclosed in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (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	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:-				
Non-fee emoluments:				
- salaries, wages, bonus and allowances	602,500	146,723	-	-
- defined contribution plan	72,300	17,625	-	-
- other emoluments	829	440	-	-
	675,629	164,788	-	-
Non-executive:-				
Fees	276,000	491,000	276,000	491,000
Share-based payment	95,349	-	95,349	-
	371,349	491,000	371,349	491,000
	1,046,978	655,788	371,349	491,000

In the previous financial year, included in the other expenses of the Group are benefits-in-kind for directors amounting to RM4,000.

43. DEPRECIATION

	The Group	
	2017 RM	2016 RM
Depreciation	1,888,277	1,525,624
Less: Amount classified as project expenses	(438,380)	-
	1,449,897	1,525,624

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

44. OTHER EXPENSES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Included in other expenses are:				
Auditors' remuneration:				
- audit fee:				
- Crowe Horwath Malaysia				
- statutory audit for the financial year	211,400	167,900	80,000	49,000
- overprovision in the previous financial year	(4,000)	(11,000)	-	(3,000)
- non-audit fee:				
- Crowe Horwath Malaysia				
- current financial year	8,100	8,000	8,100	8,000
- underprovision in the previous financial year	100	-	100	-
Equipment written off	64,972	2,233	-	-
Impairment loss on investment in subsidiaries	-	-	-	1,828,241
Impairment loss on trade receivables	470,242	5,328,499	-	-
Rental of premises	311,435	285,850	-	-
Loss on derivatives financial instruments	1,683,247	-	-	-
Loss on disposal of property, plant and equipment	-	12,629	-	-
Rental of equipment	-	320	-	-
Unrealised gain on foreign exchange	-	(439,427)	-	-

45. FINANCE COSTS

	The Group	
	2017 RM	2016 RM
Interest expenses on:		
- bank overdrafts	32,016	46,234
- bankers' acceptances	34,922	7,413
- reversal of imputed interest on trade payables	1,522,399	-
- invoice financing	200,241	662,325
- term loans	3,950,139	395,507
- trust receipts	2,189	13,839
- hire purchase	79,982	25,881
- others	146,343	131,382
	5,968,231	1,282,581

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

46. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax expense:				
- for the financial year	27,753,483	16,754,069	-	-
- (over)/underprovision in the previous financial year	(14,175)	695,234	-	591
	27,739,308	17,449,303	-	591
Deferred tax expense (Note 12):				
- relating to originating and recognition of temporary differences	(145,480)	-	-	-
	27,593,828	17,449,303	-	591

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before taxation	107,233,597	49,010,378	11,337,050	(2,084,451)
Tax at the statutory tax rate of:-				
- Malaysia 24%	12,791,598	12,716,966	2,720,892	(500,268)
- Australia 30%	16,180,579	(1,193,093)	-	-
Tax effects of:-				
Non-deductible expenses	2,564,121	1,754,132	323,988	480,588
Non-taxable gains	(2,345,237)	(162,205)	(2,815,200)	-
Deferred tax assets not recognised during the financial year	1,641,622	3,638,269	-	19,680
Utilisation of deferred tax assets not recognised in the previous financial year	(3,224,680)	-	(229,680)	-
(Over)/Underprovision of current tax in the previous financial year	(14,175)	695,234	-	591
Income tax expense for the financial year	27,593,828	17,449,303	-	591

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

46. INCOME TAX EXPENSE (CONT'D)

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets:				
- unutilised tax losses	4,200,900	12,461,857	-	957,000
- unabsorbed capital allowances	4,624,272	612,200	-	-
- accelerated capital allowances	-	63,800	-	-
- provision for LAD	12,067,860	7,214,953	-	-
- others	1,854,461	1,430,175	-	-
	22,747,493	21,782,985	-	957,000
Deferred tax liability:				
- accelerated capital allowances	(4,213,666)	(98,800)	-	-
	18,533,827	21,684,185	-	957,000

47. EARNINGS PER SHARE

	The Group	
	2017	2016
Basic earnings per share		
Profit attributable to owners of the Company (RM)	38,791,476	10,742,492
Weighted average number of ordinary shares in issue for basic earnings per share	362,159,924	334,785,913
Shares deemed to be issued for no consideration:		
- employee share options in issue	604,479	-
- warrants*	-	-
Weighted average number of ordinary shares in issue for diluted earnings per share	362,764,403	334,785,913
Basic earnings per ordinary share attributable to owners of the Company (sen)	10.71	3.21
Diluted earnings per ordinary share attributable to owners of the Company (sen)	10.69	3.21

* The potential conversion of warrants 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 have been ignored in the calculation of dilutive earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

48. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed deposits with licensed banks (Note 19)	11,070,391	18,584,722	-	-
Cash and bank balances (Note 20)	65,388,619	53,536,124	1,165,178	2,606,791
	76,459,010	72,120,846	1,165,178	2,606,791
Less: Fixed deposits pledged to licensed banks (Note 19)	(11,070,391)	(17,181,184)	-	-
Bank overdrafts	(2,939,747)	-	-	-
	62,448,872	54,939,662	1,165,178	2,606,791

49. DIVIDENDS

	The Group/The Company	
	2017 RM	2016 RM
Paid:-		
- interim dividend of approximately 2.5% of RM0.50 per ordinary share in respect of financial year ended 30 June 2017	4,520,778	-
- interim dividend of approximately 2.5% of RM0.50 per ordinary share in respect of financial year ended 30 June 2016	-	4,110,865
- interim dividend of approximately 2.5% of RM0.50 per ordinary share in respect of financial year ended 30 June 2015	-	4,110,928
	4,520,778	8,221,793

50. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2017 RM	2016 RM
Cost of property, plant and equipment purchased	32,038,599	2,414,754
Amount financed through hire purchase	(2,345,640)	(930,678)
Cash disbursed for purchase of property, plant and equipment	29,692,959	1,484,076

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

51. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group 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 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, 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiaries:				
- advances received	-	-	13,754,000	2,119,998
- advances given	-	-	11,448,754	15,130,000
- management fees received	-	-	356,700	491,000
- payment on behalf (of)/by the Company	-	-	(77,728)	47,459
- received on behalf	-	-	9,024	25
Advances to associates	14,913,479	-	11,000,000	-

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	
	2017 RM	2016 RM
<i>Key management personnel</i>		
<i>Directors</i>		
Salaries, wages, allowances and bonus	602,500	146,723
Defined contribution plan	72,300	17,625
Others	829	4,440
	675,629	168,788

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

51. RELATED PARTY DISCLOSURES (CONT'D)

(c) Key Management Personnel Compensation (Cont'd)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<i>Other key management personnel</i>				
Salaries, wages, allowances and bonus	1,953,175	1,922,242	-	-
Defined contribution plan	234,732	229,812	-	-
Others	19,195	36,648	-	-
	2,207,102	2,188,702	-	-

52. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2017 RM	2016 RM
Australian Dollar	3.30	3.01
Renminbi	0.63	-
United States Dollar	4.29	-

53. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

53. OPERATING SEGMENTS (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

53. OPERATING SEGMENTS (CONT'D)

	Property development		Construction		Trading		Investment holding		Logging and trading of timber		Services eliminations		Adjustments and		Per consolidated financial statements RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		
2017															
Revenue															
External sales	202,749,869	120,215,638	4,775,642	-	124,371,034	730,349	477,174	453,319,706							
Inter-segment sales	-	10,247,408	744,807	13,180,050	-	-	(24,172,265)	(a)							
Total revenue	202,749,869	130,463,046	5,520,449	13,180,050	124,371,034	730,349	(23,695,091)	453,319,706							
Results															
Depreciation	276,232	1,149,130	7,994	3,128	336,197	115,596	-	1,888,277							
Other non-cash income	-	2,139,176	-	2,344,179	-	-	1,388,061	5,871,416							
Other non-cash expenses	1,270,444	477,775	-	-	466,600	3,642	-	2,218,461							
Segment profit/(loss)	50,035,244	(4,336,489)	(645,071)	1,313,196	56,777,380	(1,572)	4,090,909	107,233,597							
Assets															
Additions to non-current assets	142,850	31,612,977	17,488	7,679	255,015	2,590	-	32,038,599							
Segment assets	248,789,505	279,611,487	6,145,823	262,130,890	96,463,021	913,460	(376,712,160)	517,342,026							
Liabilities															
Segment liabilities	164,590,343	216,383,511	2,416,567	33,205,067	16,604,740	529,039	(235,109,734)	198,619,533							

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

53. OPERATING SEGMENTS (CONT'D)

	Property development RM	Construction RM	Trading RM	Investment holding RM	Logging and trading of timber RM	Services eliminations RM	Adjustments and RM	Per consolidated financial statements RM
2016								
Revenue								
External sales	-	295,912,782	5,623,589	-	122,253,447	124,616	-	423,914,434
Inter-segment sales	-	-	12,662,521	491,000	163,677	-	(13,317,198)	(a)
Total revenue	-	295,912,782	18,286,110	491,000	122,417,124	124,616	(13,317,198)	423,914,434
Results								
Depreciation	268,372	916,817	-	3,287	317,918	19,230	-	1,525,624
Other non-cash income	-	-	-	-	-	-	-	(b)
Other non-cash expenses	2,233	5,328,499	-	-	12,629	-	-	(c)
Segment (loss)/profit	(5,310,330)	(9,175,598)	(260,715)	(374,404)	64,335,849	(2,338)	(202,086)	(d)
Assets								
Additions to non- current assets	800,143	121,846	-	-	915,865	576,900	-	(e)
Segment assets	247,589,461	284,943,320	3,398,154	247,595,377	91,580,586	1,037,560	(342,272,031)	(f)
Liabilities								
Segment liabilities	209,531,942	220,034,206	1,069,495	31,001,410	26,402,187	642,608	(210,621,203)	(g)
								278,060,645

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

53. OPERATING SEGMENTS (CONT'D)

- (a) Inter-segment revenues are eliminated on consolidation.
- (b) Non-cash income consist of the following:-

	The Group	
	2017 RM	2016 RM
Gain on disposal of equipment	1,510	-
Unrealised gain on foreign exchange	2,344,179	-
Reversal of impairment loss on trade receivables	2,000,000	-
Reversal of imputed interest on trade receivables	1,414,549	-
Gain on derivative financial instruments	111,178	-
	5,871,416	-

- (c) Non-cash expenses consist of the following:-

	The Group	
	2017 RM	2016 RM
Impairment loss on trade receivables	470,242	5,328,499
Equipment written off	64,972	2,233
Loss on disposal of equipment	-	12,629
Loss on derivative financial instruments	1,683,247	-
	2,218,461	5,343,361

- (d) The following items are (deducted)/added from segment profit to arrive at "Profit/(Loss) before taxation" presented in the consolidated income statement:-

	The Group	
	2017 RM	2016 RM
Interest income	(1,877,322)	(1,484,667)
Interest expenses	5,968,231	1,282,581
	4,090,909	(202,086)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

53. OPERATING SEGMENTS (CONT'D)

(e) Additions to non-current assets consist of the following:-

	The Group	
	2017 RM	2016 RM
Plant and machinery	14,729,787	248,500
Motor vehicles	922,083	1,195,713
Furniture, fittings and office equipment	239,886	234,543
Renovations	104,590	715,574
Telecommunication equipment	-	20,424
Capital-in-progress	16,042,253	-
	<u>32,038,599</u>	<u>2,414,754</u>

(f) The following items are (deducted)/added from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	The Group	
	2017 RM	2016 RM
Inter-segment balances	(379,577,556)	(344,974,506)
Deferred tax assets	2,759,509	2,614,029
Current tax assets	105,887	88,446
	<u>(376,712,160)</u>	<u>(342,272,031)</u>

(g) The following items are (deducted)/added from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	The Group	
	2017 RM	2016 RM
Inter-segment balances	(257,065,677)	(224,327,424)
Deferred tax liabilities	7,392,792	7,392,792
Current tax liabilities	14,563,151	6,313,429
	<u>(235,109,734)</u>	<u>(210,621,203)</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

53. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

	Revenue	
	2017 RM	2016 RM
Malaysia	260,273,457	423,914,434
Australia	193,046,249	-
	453,319,706	423,914,434

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
	2017 RM	2016 RM	
Customer A	-	134,032,948	Construction
Customer B	-	93,796,240	Construction
	-	227,829,188	

54. CAPITAL COMMITMENT

	The Group	
	2017 RM	2016 RM
Authorised but not Contracted for		
Purchase of property, plant and equipment	22,452,910	-
	22,452,910	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

55. OPERATING LEASE COMMITMENT

The Group leases premises under operating leases. The lease periods range from 1 to 3 (2016 - within 1) years with an option to renew after that date. Lease payments are increased after 1 to 3 (2016 - 1) years to reflect market rentals and none of the leases includes contingent rentals. The Group is restricted from sub-leasing the leased assets to third parties.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2017 RM	2016 RM
Not more than one year	190,488	173,720
Later than one year and not later than five years	3,703	-
Total	194,191	173,720

56. CONTINGENT LIABILITY

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Performance and tender bond granted to contract customers	70,515,001	104,610,339	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. 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.

57.1 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 are primarily Australian Dollar ("AUD"), Renminbi ("RMB") and United States Dollar ("USD"). 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

	AUD RM	RMB RM	USD RM
The Group			
2017			
Financial asset			
Amount owing by associates	3,913,479	-	-
	3,913,479	-	-
Financial liabilities			
Trade payables	-	(1,925,070)	-
Term loans	-	-	(17,954,817)
Net currency exposure	3,913,479	(1,925,070)	(17,954,817)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group 2017 RM
Effects on Profit After Taxation/Equity	
AUD/RM - strengthened by 5%	195,674
- weakened by 5%	(195,674)
RMB/RM - strengthened by 5%	(96,254)
- weakened by 5%	96,254
USD/RM - strengthened by 5%	(897,741)
- weakened by 5%	897,741

In the previous financial year, the Group did not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(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. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

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 57.1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2017	2016
	RM	RM
Effects On Profit After Taxation/Other Comprehensive income		
Increase of 100 basis points	(550,000)	(833,000)
Decrease of 100 basis points	550,000	833,000

(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.

Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group	
	2017	2016
	RM	RM
Effects On Other Comprehensive Income		
Increase of 10%	1,095,000	2,409,000
Decrease of 10%	(1,095,000)	(2,409,000)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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. The Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee 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:-

	2017	2016
Major concentration of credit risk	35%	34%
Number of customers	2	1

(ii) Exposure to Credit Risk

At the end of the reporting period, as the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The Group does not have exposure to international credit risk as the entire trade receivables are concentrated in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables (after discounting expected future cash flows) as at end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Value RM
2017			
Not past due	50,635,333	-	50,635,333
Past due:			
- less than 3 months	4,824,188	-	4,824,188
- 3 to 6 months	5,000	-	5,000
- over 6 months	11,562,488	(3,642)	11,558,846
- more than 1 year	22,305,017	(3,904,477)	18,400,540
	<u>89,332,026</u>	<u>(3,908,119)</u>	<u>85,423,907</u>
The Group			
2016			
Not past due	63,651,620	-	63,651,620
Past due:			
- less than 3 months	4,912,369	-	4,912,369
- 3 to 6 months	3,828,689	-	3,828,689
- over 6 months	5,248,937	(1,238,995)	4,009,942
- more than 1 year	12,531,921	(4,198,882)	8,333,039
	<u>90,173,536</u>	<u>(5,437,877)</u>	<u>84,735,659</u>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

The Group believes that no additional impairment allowance is necessary in respect of these trade receivables which arising from rendering construction services. These receivables include retention sums which are to be settled in accordance with terms in the respective contracts. For those receivables that are not provided for impairment, the Group is satisfied that recovery of the amounts is possible.

(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.

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):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	2 – 5 Years RM
The Group 2017					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	58,351,770	58,351,770	58,351,770	-
Other payables and accruals	-	22,558,246	22,558,246	22,558,246	-
Provision	-	12,327,425	12,327,425	12,327,425	-
Bankers' acceptances	4.69 - 5.00	3,298,000	3,325,200	3,325,200	-
Bank overdrafts	7.21 - 7.65	2,939,747	3,164,638	3,164,638	-
Invoice financing facility	4.74	1,824,658	1,829,669	1,829,669	-
Hire purchase payables	2.56 - 3.30	3,133,853	3,569,806	879,360	2,690,446
Term loans	4.83 - 7.15	43,760,539	48,498,120	14,426,725	34,071,395
		148,194,238	153,624,874	116,863,033	36,761,841

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.1 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):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	2 – 5 Years RM
The Group 2016					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	6.70	73,144,915	74,667,314	71,740,765	2,926,549
Other payables and accruals	-	57,578,809	57,578,809	57,578,809	-
Provision	-	7,663,618	7,663,618	7,663,618	-
Invoice financing facility	4.95 - 5.10	8,934,757	8,950,916	8,950,916	-
Hire purchase payables	5.08 - 6.18	1,228,865	1,405,629	313,872	1,091,757
Term loans	5.11 - 6.45	73,078,056	86,368,060	24,238,785	62,129,275
Trust receipts	7.55	105,009	105,921	105,921	-
		221,734,029	236,740,267	170,592,686	66,147,581

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.1 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	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	2 - 5 years RM
The Company				
2017				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	96,523	96,523	96,523	-
Amount owing to a subsidiary	1,875	1,875	1,875	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	101,404,421	65,526,442	35,877,979
	98,398	101,502,819	65,624,840	35,877,979
2016				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	69,862	69,862	69,862	-
Amount owing to a subsidiary	1,875	1,875	1,875	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	96,379,028	33,646,678	62,732,350
	71,737	96,450,765	33,718,415	62,732,350

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.2 CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholders' value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. No changes were made in the objective, policies or processes during the financial years ended 30 June 2017 and 30 June 2016.

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect. The Group's policy is to maintain a sustainable gearing ratio to meet its existing requirements. The Group includes within net debt, borrowings less cash and bank balances and deposits with financial institutions. Capital includes equity attributable to owners of the Company.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	The Group	
	2017	2016
	RM	RM
Bankers' acceptances	3,298,000	-
Bank overdrafts	2,939,747	-
Invoice financing facility	1,824,658	8,934,757
Hire purchase payables	3,133,853	1,228,865
Term loans	43,760,539	73,078,056
Trust receipts	-	105,009
	<hr/>	<hr/>
	54,956,797	83,346,687
Less: Fixed deposits with licensed banks	(11,070,391)	(18,584,722)
Less: Cash and bank balances	(65,388,619)	(53,536,124)
	<hr/>	<hr/>
(Excess of cash over debt)/Net debt	(21,502,213)	11,225,841
	<hr/>	<hr/>
Total equity attributable to the owners of the Company	266,590,220	230,109,782
	<hr/>	<hr/>
Debt-to-equity ratio	Not applicable	0.05
	<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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
<u>Available-for-sale Financial Asset</u>				
Investment securities	5,519,031	6,701,681	5,519,031	6,701,681
<u>Fair Value through Profit or Loss</u>				
Short-term investments	5,431,690	17,388,303	-	-
Derivative assets	111,178	-	-	-
	5,542,868	17,388,303	-	-
<u>Loans and Receivables Financial Assets</u>				
Trade receivables	85,423,907	84,735,659	-	-
Other receivables and deposits	13,510,768	7,512,698	2,000	1,000
Amount owing by subsidiaries	-	-	90,526,219	92,519,820
Amount owing by associates	14,913,479	-	11,000,000	-
Fixed deposits with licensed banks	11,070,391	18,584,722	-	-
Cash and bank balances	65,388,619	53,536,124	1,165,178	2,606,791
	190,307,164	164,369,203	102,693,397	95,127,611
Financial liabilities				
<u>Other Financial Liabilities</u>				
Bankers' acceptances	3,298,000	-	-	-
Bank overdrafts	2,939,747	-	-	-
Hire purchase payables	3,133,853	1,228,865	-	-
Invoice financing facility	1,824,658	8,934,757	-	-
Term loans	43,760,539	73,078,056	-	-
Trust receipts	-	105,009	-	-
Amount owing to a director	-	-	-	-
Amount owing to a subsidiary	-	-	1,875	1,875
Trade payables	58,351,770	73,144,915	-	-
Other payables and accruals	22,558,246	57,578,809	96,523	69,862
Provision	12,327,425	7,663,618	-	-
	148,194,238	221,734,029	98,398	71,737

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial statements. These fair values are determined by discounting the relevant cash flows at rates equal to the current market interest rate plus appropriate credit rating, where necessary. These fair values are included in level 2 of the fair value hierarchy.

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	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2017								
<u>Financial Assets</u>								
Investment securities	5,519,031	-	-	-	-	-	5,519,031	5,519,031
Short-term investments	5,431,690	-	-	-	-	-	5,431,690	5,431,690
Derivatives assets:								
- forward currency contracts	111,178	-	-	-	-	-	111,178	111,178
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	45,639,235	-	45,639,235	43,760,539
Hire purchase payables	-	-	-	-	3,433,282	-	3,433,282	3,133,853

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.4 FAIR VALUE INFORMATION (CONT'D)

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	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2016								
<u>Financial Assets</u>								
Investment securities	6,701,681	-	-	-	-	-	6,701,681	6,701,681
Short-term investments	17,388,303	-	-	-	-	-	17,388,303	17,388,303
Trade receivables	-	-	-	-	84,735,659	-	84,735,659	84,735,659
<u>Financial Liabilities</u>								
Trade payables	-	-	-	-	73,144,915	-	73,144,915	73,144,915
Term loans	-	-	-	-	86,368,060	-	86,368,060	73,078,056
Hire purchase payables	-	-	-	-	1,405,629	-	1,405,629	1,228,865

The fair value of non-current receivables, payables, loans and borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of borrowing at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.4 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 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM
2017							
Financial Asset							
Investment securities	5,519,031	-	-	-	-	5,519,031	5,519,031
2016							
Financial Asset							
Investment securities	6,701,681	-	-	-	-	6,701,681	6,701,681

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

57. FINANCIAL INSTRUMENTS (CONT'D)

57.4 FAIR VALUE INFORMATION (CONT'D)

The fair values of hire purchase payables and term loans are determined by discounting the relevant 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 are as follows:-

	The Group	
	2017	2016
	%	%
Term loans	4.33	5.53
Hire purchase payables	6.02	5.54

58. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On 29 July 2016, the Company incorporated a subsidiary, Asiahub Trading Sdn. Bhd. ("ATSB") with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each and the total issued and paid-up capital is RM2.00 divided into 2 ordinary shares of RM1.00 each. The principal activity of ATSB is trading of building materials
- On 23 August 2016, the Company entered into a Sale and Purchase Share Agreement with Dato' Sri Lim Ah Chap to acquire 20,000 ordinary shares of RM1.00 each in Kerjaya Jutamas Sdn. Bhd. ("KJSB") representing 20% of the total issued and paid up capital in KJSB for cash consideration of RM20,000. The acquisition was completed on 24 August 2016. The principal activity of KJSB is logging and timber trading.
- The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of part III of the said Act) and replaced the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Company upon its initial implementation are:-

- removal of the authorised share capital;
- ordinary shares ceased to have par value; and
- share premium account became part of the share capital.

The adoption of the Companies Act 2016 has been applied prospectively and the impacts of adoption are disclosed in the respective note to the financial statements.

- On 28 October 2016 and 9 November 2016, two associate companies namely BFB and 320-Q were registered in Australia respectively with intended principal activity of property development. Subsequently, 320-Q acquired a piece of land in Melbourne, Victoria, Australia.

59. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 30 August 2017, the Company obtained approval from the shareholders to provide financial assistance to its associate, 320-Q to obtain the following financing facilities and to raise the necessary funding in connection with the acquisition and development of a piece of land bearing address 316-326 Queen Street, Melbourne, Victoria, Australia:-

- a corporate guarantee, undertaking, indemnity for the amount up to RM100,000,000; and
- a loan amounting to RM34,114,000.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

60. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	The Group As Previously Reported RM
Statements of Financial Position (Extract):-		
<u>Non-current assets</u>		
Trade receivables	-	10,087,165
<u>Current assets</u>		
Trade receivables	84,735,659	74,648,494
Short-term investments	17,388,303	28,987,829
Cash and bank balances	53,536,124	41,936,598
<u>Non-current liabilities</u>		
Trade payables	-	1,404,150
<u>Current liabilities</u>		
Trade payables	73,144,915	71,740,765

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2017 (cont'd)

61. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits				
- realised	148,143,367	85,950,842	26,661,568	19,845,296
- unrealised	(2,289,104)	(4,339,336)	-	-
	145,854,263	81,611,506	26,661,568	19,845,296
Less: Consolidation adjustments	(74,514,230)	(44,542,171)	-	-
	71,340,033	37,069,335	26,661,568	19,845,296

LIST OF PROPERTIES

30 June 2017

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 <i>-(acquired in May 1995)</i>	2,227	360
	Lot 7695, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land <i>-(acquired in Feb 2010)</i>	984	297
	Lot 7716, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land <i>-(acquired in Feb 2010)</i>	446	134
	Lot 7406, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land <i>-(acquired in Feb 2010)</i>	353	84
	Lot 7426, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land <i>-(acquired in Feb 2010)</i>	372	88
	Lot 7357, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land <i>-(acquired in Feb 2010)</i>	280	66
	Lot 7715, Pekan Lukut, Port Dickson, Negeri Sembilan.	Freehold	N/A	Vacant Land <i>-(acquired in Dec 2010)</i>	446	134
	61 & 63, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Freehold	19	4 Storey Shop Lot <i>-(acquired in Oct 2005)</i>	374	2,183
	59, Jalan SS6/12, Kelana Jaya, 47301 Petaling Jaya, Selangor.	Freehold	19	4 Storey Shop Lot <i>-(acquired in Oct 2013)</i>	187	1,355

LIST OF PROPERTIES

30 June 2017 (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-Sunggala, Port Dickson, Negeri Sembilan Darul Khusus	Freehold	N/A	75 orchard homestead lots <i>-(acquired in June 1994)</i>	344,670	11,237
		Freehold	N/A	109 Bungalow lots <i>-(acquired in June 1994)</i>	127,367	18,506
		Freehold	N/A	1 lot 4.33 acres commercial land PT3223 <i>-(acquired in June 1994)</i>	17,500	3,391
		99 years leasehold expiring 30.05.2096	N/A	1 lot 10 acres agriculture Land PT3386 <i>-(acquired in June 1994)</i>	40,469	871
		Freehold	N/A	1 orchard homestead PT 3261 <i>-(acquired in Feb 2003)</i>	4,241	251
		Freehold	N/A	1 orchard homestead Lot PT3256 <i>-(acquired in Apr 2003)</i>	6,857	406
		Freehold	N/A	1 orchard homestead Lot PT3204 <i>-(acquired in Jul 2003)</i>	4,101	243

LIST OF PROPERTIES

30 June 2017 (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 31.08. 2109	N/A	Vacant Land for development <i>-(acquired in Sept 2010)</i>	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 31.08. 2109	N/A	Vacant Land for development <i>-(acquired in Sept 2010)</i>	8,721	9,053
Wajatex Sdn Bhd	Geran 5441, Lot 76, Seksyen 76, Bandar Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan	Freehold	N/A	Under development <i>-(acquired in Nov 2011)</i>	9,331	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 <i>-(acquired in Oct 2012)</i>	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 29 September 2017

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	-	-
Kuan Khian Leng	-	-	32,626,300 ^(a)	8.88
Ooi Leng Chooi	6,900	0.00	-	-
Dato' Ismail Bin Haji Omar	17,269	0.00	-	-
Foong Kuan Ming	2,857	0.00	-	-
Wong Chee Heng	65,000	0.02	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS (as per Record of Register of Substantial Shareholders)

Substantial Shareholders	No. of Shares		No. of Shares	
	(Direct)	%	(Indirect)	%
Tan Sri Dato' Sri Ir. Kuan Peng Ching @ Kuan Peng Soon	25,044,700	6.81	7,581,600 ^(b)	2.06
Big Victory Holdings Sdn. Bhd.	23,587,199	6.42	-	-
Numina Gem Sdn. Bhd.	4,233,150	1.15	23,587,199 ^(c)	6.42
Datin Lai Mooi Far	816,974	0.22	29,604,302 ^(d)	8.05
Winnie Lim Lee Chuen	-	-	29,392,602 ^(e)	8.00
Ho Shau Kian	-	-	23,587,199 ^(c)	6.42

Notes:-

- (a) Deemed interest by virtue of Section 8(4)(c) 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.
- (b) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through Unique Bay Sdn. Bhd.
- (c) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through Big Victory Holdings Sdn. Bhd.
- (d) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through Big Victory Holdings Sdn. Bhd., Bright Memory Sdn. Bhd., Numina Gem Sdn. Bhd. and her spouse.
- (e) Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016 through Big Victory Holdings Sdn. Bhd., Bright Memory Sdn. Bhd. and Numina Gem Sdn. Bhd.

ANALYSIS OF SIZE OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2017

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Share held	% of Share held
Less than 100	975	17.17	44,022	0.01
100 – 1,000	521	9.17	172,659	0.05
1,001 – 10,000	2,305	40.59	12,286,544	3.34
10,001 – 100,000	1,550	27.29	48,157,250	13.10
100,001 to less than 5% of issued shares	326	5.74	258,579,975	70.35
5% and above of issued shares	2	0.04	48,330,414	13.15
TOTAL	5,679	100.00	367,570,864	100.00

LIST OF THIRTY (30) LARGEST ACCOUNTHOLDERS AS AT 29 SEPTEMBER 2017

No.	Names	Shareholdings	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KUAN PENG CHING @ KUAN PENG SOON (MM1076)	25,044,700	6.81
2.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BIG VICTORY HOLDINGS SDN BHD	23,285,714	6.34
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MODERN DISCOVERY SDN BHD (PB)	16,021,678	4.36
4.	CHANG MEI YUN	14,873,700	4.05
5.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR LGT BANK AG (FOREIGN)	11,899,613	3.24
6.	LAI HONG MUN	11,345,450	3.09
7.	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	11,222,127	3.05
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UNIQUE BAY SDN. BHD. (PB)	7,581,600	2.06
9.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	7,487,500	2.04
10.	LEMBAGA TABUNG HAJI	7,341,700	2.00
11.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	5,140,011	1.40
12.	TOP FUTURE HOLDINGS SDN BHD	4,656,600	1.27
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	4,233,150	1.15
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG WAI YEE (E-TCS)	3,932,743	1.07
15.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	3,929,100	1.07
16.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KUANG (D)	3,601,352	0.98
17.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DG)	3,381,300	0.92
18.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM SIEW MEI (PB)	3,261,380	0.89
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (7002516)	3,000,000	0.82
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOI HSIEN YIN (010)	2,770,000	0.75
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	2,745,800	0.75
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB-PRINCIPAL EQUITY FUND	2,682,400	0.73
23.	LAU KUAN KAM	2,605,453	0.71
24.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	2,500,000	0.68
25.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD-AMB SMALLCAP TRUST FUND	2,480,000	0.67
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	2,000,000	0.54
27.	KOH LOK KIANG WILLIAM	1,991,190	0.54
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEE BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	1,889,400	0.51
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	1,880,000	0.51
30.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED BCF)	1,855,600	0.50

STATISTICS ON WARRANT HOLDINGS

As at 29 September 2017

Types of securities : Warrant 2015/2019

Date of Expiry : 16 December 2019

Voting Rights : One (1) vote per warrant in respect of a meeting of warrant holders

LIST OF DIRECTORS' WARRANT HOLDINGS (as per Record of Register of Directors' Warrant Holdings)

Directors	No. of Shares (Direct)		No. of Shares (Indirect)	
		%		%
Dato' Ir. Low Keng Kok	2,432	0.00	-	-
Kuan Khian Leng	-	-	11,828,294 ^(a)	10.79
Ooi Leng Chooi	-	-	-	-
Dato' Ismail Bin Haji Omar	-	-	-	-
Foong Kuan Ming	-	-	-	-
Wong Chee Heng	-	-	-	-

Notes:-

(a) Deemed interest by virtue of Section 8(4)(c) 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.

DISTRIBUTION OF WARRANT HOLDINGS AS AT 29 SEPTEMBER 2017

Size of Warrant Holdings	No. of Warrant Holders		No. of Warrants	
		%		%
Less than 100	179	8.61	7,578	0.01
100 – 1,000	103	4.96	46,427	0.04
1,001 – 10,000	758	36.48	3,905,561	3.56
10,001 – 100,000	882	42.44	35,499,414	32.38
100,001 to less than 5% of issued shares	155	7.46	60,868,214	55.52
5% and above of issued shares	1	0.05	9,301,094	8.49
TOTAL	2,078	100.00	109,628,288	100.00

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

AS AT 29 SEPTEMBER 2017

No.	Names	Shareholdings	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KUAN PENG CHING @ KUAN PENG SOON (MM1076)	9,301,094	8.48
2.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (8055840)	3,900,000	3.56
3.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (MARGIN)	3,647,000	3.33
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UNIQUE BAY SDN. BHD. (PB)	2,527,200	2.31
5.	LAM SANG	2,083,300	1.90
6.	ANDY LIM CHIN KEAT	1,750,000	1.60
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KEVIN TAN CHEE MING (MY2091)	1,288,000	1.17
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG WAI YEE (E-TCS)	1,245,000	1.14
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN	1,000,000	0.91
10.	LO HUNG HOCK	1,000,000	0.91
11.	YONG KWEE LIAN	1,000,000	0.91
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YANG LING (ONG0232C)	920,000	0.84
13.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH BOON HUAT	872,000	0.80
14.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (M02)	800,000	0.73
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEW BOON GAIK	800,000	0.73
16.	YEO SOO SIA @ YEO SOO SENG	722,300	0.66
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM SIEW MEI (PB)	680,694	0.62
18.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SENG (TAN7827M)	625,000	0.57
19.	THOMAS LO KIAT ON	612,000	0.56
20.	LAI HONG LEONG	600,000	0.55
21.	LOW AH LIN	600,000	0.55
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM ANWIN	600,000	0.55
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG SENG LEE	580,000	0.53
24.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES FOR ACCOUNT NG CHEE WAI	580,000	0.53
25.	TEH AIK KONG	555,000	0.51
26.	LAU FOY HANG @ LAU FAY HANG	532,000	0.49
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW CHOCK SHUME	505,400	0.46
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI YING NEE	500,000	0.46
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YEO WEE TAT (MP0225)	500,000	0.46
30.	KOYATA SDN BHD	470,000	0.43

This page is intentionally left blank.



Form Of Proxy

No. of Shares held	
CDS No.	

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-THIRD 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, 30 November 2017 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-appoint Dato' Ismail Bin Haji Omar		
Resolution 2	To re-elect Mr. Wong Chee Heng		
Resolution 3	To re-elect Mr. Kuan Khian Leng		
Resolution 4	To approve Directors' Fees for the financial year ended 30 June 2017		
Resolution 5	To re-appoint Messrs Crowe Horwath as Auditors		
Resolution 6	To approve the Continuation in office as Independent Director - Mr. Foong Kuan Ming		
Resolution 7	To approve the Continuation in office as Independent Director - Mr. Wong Chee Heng		
Resolution 8	To approve the Authority to Issue Share		
Resolution 9	To approve the Proposed Renewal of Share Buy-Back Authority		
Resolution 10	To approve the Proposed Allocation of Options to Mr. Kuan Khian Leng		

Dated this _____ day of _____, 2017.

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 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 at the same meeting. Where a member appoints more than (1) proxy, he shall specify the proportion of his 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 not less than 48 hours before the time set for the Meeting.
6. Depositor whose name appears on the Record of Depositors as at 23 November 2017 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



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

www.fajarbaru.com.my