FINANCIAL STATEMENTS

Contents

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the subsidiaries are stated in Note 9 to the financial statements.

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

RESULTS

	Group	**Company**
	RM'000	RM'000
Net (loss)/profit for the financial year	(1,142)	3,331
Attributable to:		
Owners of the parent	(4,897)	3,331
Non-controlling interests	3,755	-
	(1,142)	3,331

DIVIDENDS

Since the end of the previous financial year, a first and final single tier dividend of 0.25 sen per ordinary share totalling RM2,322,982 in respect of the financial year ended 31 December 2017 was paid on 15 August 2018 after the approval from the shareholders of the Company was obtained at the Annual General Meeting held on 7 June 2018.

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2018 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 values as shown in the accounting records of the Group and of the Company had been written down to an amount that 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 of the Group and of the Company 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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, 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 will or may affect the ability of the Group or of the Company to meet their obligations as and 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 that would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, except as disclosed in the financial statements,

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The names of the directors of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato’ Ahmad Sebi Bakar	
Anton Syazi Ahmad Sebi	
Lee Su Nie	
Puan Sri Datin Masri Khaw Abdullah	
Yong Teck Ming	
Rali Mohd Nor	
Aryati Sasya Ahmad Sebi	
Kam Kin Foong	(Appointed on 12.07.2018)
Dato’ Ahmad Ghiti Mohd Daud	(Resigned on 03.05.2018)

The names of the directors of the Company’s subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Ahmad Sebi Bakar
Anton Syazi Ahmad Sebi
Lee Su Nie
Tan Sri Dato’ Azman Shah Haron
Puan Sri Datin Masri Khaw Abdullah
Rali Mohd Nor
Aryati Sasya Ahmad Sebi
Ahmad Kamal Ali Merican
Alain Cheseaux
Ann Wan Kuan
Armeda Haji Udin
Chee Chong Fatt
Chew Lee Fong

DIRECTORS (Continued)

The names of the directors of the Company's subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are (Continued):

Chin Wei Li	
Chuah Seong Phaik	
Chye Kit Choong	
Cheah Foo Choong	
Dato' Abdul Murad Khalid	(Resigned on 03.09.2018)
Datuk Hardew Kaur a/p Hazar Singh	
Frank Michael Turrisi	
Ho Ting Sai	
Hossam Ahmed Wahid Eldin Naguib Suwailem	
Ir. Haji Mansor Salleh @ Md Salleh	
Lee Chien Siong	
Lim Hong Hoo	
Md Nazri Mubin Julkiflee	
Ng Sai Kit	
Nina Karina Azman Shah	
Phang Deng Sheng	
Phuah Peng Hock	
Sng Ngiap Koon	
Triandi Putranta Soewando	
Wong Joon Hian	
Wong Kwai Yim, Woo	
Wong Tze Leng	
Yap Chee Kong	
Yap Wai Shoong	
Yong Choon Vooi	
Dato' Ahmad Ghiti Mohd Daud	(Resigned on 03.05.2018)

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for setting the remuneration policy for all directors including the executive directors and other senior executives in the Group. The Remuneration Committee ensures that the Directors are fairly remunerated and rewarded for the contributions or individual level of responsibilities. Additionally the Remuneration Committee is responsible for determining the overall Remuneration Policy applied to the Group, including the quantum of variable remuneration and the method of delivery.

The members of the Remuneration Committee during the financial year ended 31 December 2018 are as follows:

• Rali Mohd Nor	(Chairman, Independent Non-Executive Director) (Appointed as Chairman on 12.07.2018)
• Puan Sri Datin Masri Khaw Abdullah	(Member, Non-Independent Non-Executive Director)
• Kam Kin Foong	(Member, Independent Non-Executive Director) (Appointed on 12.07.2018)
• Dato' Ahmad Ghiti Mohd Daud	(Chairman, Independent Non-Executive Director) (Resigned on 03.05.2018)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in the securities of Advance Synergy Berhad ("ASB") and shares of its related corporations during the financial year ended 31 December 2018 are as follows:

	Number of ASB ordinary shares			
	At 1.1.2018 / Date of Appointment	Bought	Sold	At 31.12.2018
Direct Interest				
Dato' Ahmad Sebi Bakar #	76,810,009	-	-	76,810,009
Kam Kin Foong	900,000	-	-	900,000
Deemed Interest				
Dato' Ahmad Sebi Bakar #	[*1]92,338,936	47,052,917	-	[*1]139,391,853
Anton Syazi Ahmad Sebi	[*2]30,467,000	-	-	[*2]30,467,000
Lee Su Nie	[*3]365,000	-	-	[*3]365,000
Puan Sri Datin Masri Khaw Abdullah	[*4]5,000,000	7,000,000	-	[*4]12,000,000

	Number of ordinary shares			
	At 1.1.2018 / Date of Appointment	Bought	Sold	At 31.12.2018
Subsidiary				
Captii Limited ("Captii")				
Direct Interest				
Anton Syazi Ahmad Sebi	517,600	-	-	517,600
Lee Su Nie	20,000	-	-	20,000
Deemed Interest				
Kam Kin Foong	[*5]55,000	-	-	[*5]55,000

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Segi Koleksi Sdn. Bhd. ("SKSB")				
Deemed Interest				
Dato' Ahmad Sebi Bakar	[*6]105,000	-	-	[*6]105,000
Anton Syazi Ahmad Sebi	[*7]105,000	-	-	[*7]105,000
Aryati Sasya Ahmad Sebi	[*7]105,000	-	-	[*7]105,000

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Metroprime Corporation Sdn. Bhd.				
Deemed Interest				
Dato' Ahmad Sebi Bakar	[*8]350,000	-	-	[*8]350,000
Anton Syazi Ahmad Sebi	[*9]350,000	-	-	[*9]350,000
Aryati Sasya Ahmad Sebi	[*9]350,000	-	-	[*9]350,000

DIRECTORS' INTERESTS (Continued)

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Subsidiary (Continued)				
Acrylic Synergy Sdn. Bhd.				
Direct Interest				
Anton Syazi Ahmad Sebi	1	-	-	1

	Number of ordinary shares of CHF500.00 each			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Posthotel Arosa AG ("Arosa")				
Deemed Interest				
Anton Syazi Ahmad Sebi	-	[*10]3,150	-	[*10]3,150
Aryati Sasya Ahmad Sebi	[*10]3,150	-	-	[*10]3,150

	Number of ordinary shares of GBP1.00 each			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
57-59 Philbeach Gardens Limited				
Deemed Interest				
Anton Syazi Ahmad Sebi	-	[*11]1	-	[*11]1
Aryati Sasya Ahmad Sebi	-	[*11]1	-	[*11]1

	Number of ASB ICULS*			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Deemed Interest				
Dato' Ahmad Sebi Bakar	[*12]94,105,835	-	[*12]94,105,835	-
Puan Sri Datin Masri Khaw Abdullah	[*4]12,240,000	-	[*4]12,240,000	-

* 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each issued by ASB. The ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company.

\# By virtue of his interest in ASB, Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares of all investee companies (including subsidiaries) to the extent that ASB has an interest.

[*1] By virtue of his interest in Bright Existence Sdn. Bhd. ("BESB") and Suasana Dinamik Sdn. Bhd. ("SDSB"), Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares to the extent that BESB and SDSB have an interest respectively. The total as at 31 December 2018 included 47,052,917 new ordinary shares arising from conversion 94,105,835 ICULS by surrendering for cancellation two (2) ICULS for every one (1) new ordinary share at RM0.30 in ASB.

[*2] By virtue of his interest in Eighth Review Sdn. Bhd. ("ERSB"), he is also deemed to be interested in the shares to the extent that ERSB has an interest.

[*3] This is her spouse's interest in the ordinary shares of ASB which shall be treated as her interest in the ordinary shares of ASB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

DIRECTORS' INTERESTS (Continued)

*4 By virtue of her interest in ASH Holdings Sdn. Bhd. ("ASH"), Puan Sri Datin Masri Khaw Abdullah is deemed to be interested in the securities of ASB to the extent that ASH has an interest. The total as at 31 December 2018 included 6,120,000 new ordinary shares arising from conversion 12,240,000 ICULS by surrendering for cancellation two (2) ICULS for every one (1) new ordinary share at RM0.30 in ASB and 880,000 ordinary shares purchased in open market.

*5 This is her spouse's interest in the ordinary shares of Captii which shall be treated as her interest in the ordinary shares of Captii pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

*6 This is the interest of his children (Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi) in SKSB which shall be treated as his interest in the ordinary shares of SKSB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

*7 By virtue of their interest in Pacific Existence Sdn. Bhd. ("PESB"), Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are also deemed to be interested in the shares to the extent that PESB has an interest.

*8 By virtue of his interest in SKSB pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ahmad Sebi Bakar is deemed to be interested in the shares to the extent that SKSB has an interest.

*9 By virtue of their interest in SKSB via PESB, Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest.

*10 By virtue of their interest in Kibar Konsep Sdn. Bhd. ("KKSB"), Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest.

*11 By virtue of their interest in Arosa via KKSB, Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are also deemed to be interested in the shares to the extent that Arosa has an interest.

*12 By virtue of his interest in BESB, Dato' Ahmad Sebi Bakar is deemed to be interested in the securities of the Company to the extent that BESB has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the Directors' Remuneration and the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangement where the object was to enable the directors to acquire benefits by means of the acquisition of ordinary shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM30 million and RM34,310 respectively.

DIRECTORS' REMUNERATION

	Group	Company
	RM'000	RM'000
Directors' fees	328	306
Directors' other emoluments	2,817	1,791
Benefit-in-kind	115	108

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

The auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of the significant events subsequent to the end of the financial year are disclosed in Note 41 to the financial statements.

AUDITORS' REMUNERATION

	Group	Company
	RM'000	RM'000
Auditors' remuneration		
- statutory:		
- holding company	100	100
- subsidiaries	847	-
- under/(over) accrual in prior years	2	(6)
- non-statutory:		
- holding company	9	9

AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

LEE SU NIE
Director

YONG TECK MING
Director

Selangor Darul Ehsan
Date: 12 April 2019

Statements of Financial Position

as at 31 December 2018

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	158,965	156,848	23	30
Investment properties	6	49,789	8,060	-	-
Intangible assets	7	94,183	95,867	-	-
Investment in subsidiaries	9	-	-	617,813	474,593
Investment in associates	10	43,781	46,742	-	-
Investment in joint venture	11	-	-	-	-
Investment securities	12	47,023	42,565	-	-
Deferred tax assets	13	4,341	3,191	-	9
Total non-current assets		398,082	353,273	617,836	474,632
Current assets					
Inventories	14	45,223	40,086	-	-
Trade and other receivables	15	119,059	139,125	144	141,559
Prepayments		8,623	6,674	-	-
Contract assets	16	7,321	-	-	-
Tax recoverable		5,072	1,946	1,661	1,665
Investment securities	12	410	459	-	-
Financial assets held for trading	17	317	361	-	-
Cash and bank balances and short term deposits	18	141,240	158,047	6,808	4,093
Total current assets		327,265	346,698	8,613	147,317
TOTAL ASSETS		725,347	699,971	626,449	621,949

as at 31 December 2018 (continued)

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	381,377	320,650	381,377	320,650
Other reserves	20	24,084	32,580	69	69
Retained earnings	20	16,725	18,902	12,763	11,755
ICULS					
- equity component	21	-	60,724	-	60,724
Shareholders' funds		422,186	432,856	394,209	393,198
Non-controlling interests		64,705	63,213	-	-
Total equity		486,891	496,069	394,209	393,198
Non-current liabilities					
Borrowings	22	67,786	60,763	-	-
Deferred tax liabilities	13	4,521	5,362	-	-
Provision for retirement benefit obligations	23	1,666	1,747	-	-
ICULS					
- liability component	21	-	108	-	108
Total non-current liabilities		73,973	67,980	-	108
Current liabilities					
Borrowings	22	76,125	39,039	-	-
Tax payable		323	46	-	-
Trade and other payables	24	74,910	96,837	232,240	228,643
Contract liabilities	16	13,125	-	-	-
Total current liabilities		164,483	135,922	232,240	228,643
Total liabilities		238,456	203,902	232,240	228,751
TOTAL EQUITY AND LIABILITIES		725,347	699,971	626,449	621,949

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

Statements of Comprehensive Income

for the financial year ended 31 December 2018

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	25	283,583	265,923	12,011	9,645
Cost of sales	26	(199,704)	(176,091)	-	-
Gross profit		83,879	89,832	12,011	9,645
Other operating income		19,685	20,762	-	1
Distribution costs		(6,424)	(6,202)	-	-
Administrative expenses		(60,294)	(62,257)	(4,594)	(3,430)
Other operating expenses		(32,493)	(27,704)	(1,218)	(870)
Operating profit	27	4,353	14,431	6,199	5,346
Finance costs	28	(6,165)	(5,245)	(2,853)	(2,340)
Share of results of associates and joint ventures		2,159	(826)	-	-
Profit before tax		347	8,360	3,346	3,006
Income tax expense	29	(1,489)	(4,609)	(15)	(128)
(Loss)/Profit for the financial year		(1,142)	3,751	3,331	2,878
Other comprehensive income/(expenses) for the financial year, net of tax:					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(1,790)	(7,798)	-	-
Fair value gain on financial assets designated at fair value through other comprehensive income		(3,135)	-	-	-
Fair value on available-for-sale financial assets		-	(2,170)	-	-
		(4,925)	(9,968)	-	-
		(4,925)	(9,968)	-	-
Total comprehensive (loss)/income for the financial year		(6,067)	(6,217)	3,331	2,878

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
(Loss)/Profit attributable to:					
Owners of the parent		(4,897)	(663)	3,331	2,878
Non-controlling interests		3,755	4,414	-	-
		(1,142)	3,751	3,331	2,878
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(8,350)	(9,179)	3,331	2,878
Non-controlling interests		2,283	2,962	-	-
		(6,067)	(6,217)	3,331	2,878
Loss per ordinary share attributable to owners of the parent (sen)					
-Basic	30	(0.54)	(0.10)		
-Diluted	30	(0.54)	(0.10)		

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

Statements of Changes In Equity

for the financial year ended 31 December 2018

Group	Share Capital RM'000	ICULS-Equity Component RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2018,	320,650	60,724	23,510	7,189	1,881	18,902	432,856	63,213	496,069
Net (loss)/profit for the financial year	-	-	-	-	-	(4,897)	(4,897)	3 ,755	(1,142)
Fair value of financial assets through other comprehensive income	-	-	-	-	(3,135)	-	(3,135)	-	(3,135)
Realisation of revaluation reserve	-	-	(5,043)	-	-	5,043	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	(318)	-	-	(318)	(1,472)	(1,790)
Total comprehensive (loss)/income for the financial year	-	-	(5,043)	(318)	(3,135)	146	(8,350)	2,283	(6,067)
Transactions with owners:									
Issue of new ordinary shares pursuant to the conversion of ICULS	60,727	(60,724)	-	-	-	-	3	-	3
Dividends paid (Note 31)	-	-	-	-	-	(2,323)	(2,323)	-	(2,323)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(791)	(791)
Total transactions with owners	60,727	(60,724)	-	-	-	(2,323)	(2,320)	(791)	(3,111)
At 31 December 2018	381,377	-	18,467	6,871	(1,254)	16,725	422,186	64,705	486,891

Group	Share Capital RM'000	ICULS-Equity Component RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2017, as previously reported	199,216	64,803	117,317	23,510	13,535	4,051	31,591	454,023	60,053	514,076
Effect of completion of purchase price allocation	-	-	-	-	-	-	(6,296)	(6,296)	3,710	(2,586)
At 1 January 2017, as restated	199,216	64,803	117,317	23,510	13,535	4,051	25,295	447,727	63,763	511,490
Net (loss)/profit for the financial year	-	-	-	-	-	-	(663)	(663)	4,414	3,751
Fair value of financial assets through other comprehensive income	-	-	-	-	-	(2,170)	-	(2,170)	-	(2,170)
Foreign currency translation differences for foreign operations	-	-	-	-	(6,346)	-	-	(6,346)	(1,452)	(7,798)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(6,346)	(2,170)	(663)	(9,179)	2,962	(6,217)
Transactions with owners:										
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(4,037)	(4,037)	(974)	(5,011)
Issue of new ordinary shares pursuant to the conversion of ICULS	4,117	(4,079)	-	-	-	-	-	38	-	38
Dividends paid (Note 31)	-	-	-	-	-	-	(1,693)	(1,693)	-	(1,693)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(2,538)	(2,538)
Total transactions with owners	4,117	(4,079)	-	-	-	-	(5,730)	(5,692)	(3,512)	(9,204)
Transition to no par value regime	117,317	-	(117,317)	-	-	-	-	-	-	-
At 31 December 2017	320,650	60,724	-	23,510	7,189	1,881	18,902	432,856	63,213	496,069

Company	Share Capital RM'000	ICULS-Equity Component RM'000	Share Premium RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2017	199,216	64,803	117,317	69	10,570	391,975
Total comprehensive income for the financial year	-	-	-	-	2,878	2,878
Transactions with owners:						
Issue of new ordinary shares pursuant to the conversion of ICULS	4,117	(4,079)	-	-	-	38
Dividends paid	-	-	-	-	(1,693)	(1,693)
Total transactions with owners	4,117	(4,079)	-	-	(1,693)	(1,655)
Transition to no par value regime	117,317	-	(117,317)	-	-	-
At 31 December 2017	320,650	60,724	-	69	11,755	393,198
Total comprehensive income for the financial year	-	-	-	-	3,331	3,331
Transactions with owners:						
Issue of new ordinary shares pursuant to the conversion of ICULS	60,727	(60,724)	-	-	-	3
Dividends paid	-	-	-	-	(2,323)	(2,323)
Total transactions with owners	60,727	(60,724)	-	-	(2,323)	(2,320)
At 31 December 2018	381,377	-	-	69	12,763	394,209

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

Statements of Cash Flows

for the financial year ended 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit before tax		347	8,360	3,346	3,006
Adjustments for:					
Write down of inventories		14	12	-	-
Amortisation of intangible assets		1,497	1,825	-	-
Bad debts written off		186	151	-	-
Depreciation		5,631	6,411	8	8
(Gain)/Loss on disposal of:					
- property, plant and equipment		(23)	16	-	-
- an associate		(5,239)	-	-	-
- fair value through profit or loss investment securities		(231)	-	-	-
Gross dividend income		(804)	(5)	-	-
Impairment loss on:					
- goodwill		1,497	540	-	-
- development expenditure		37	-	-	-
Expected credit losses on receivables		1,210	637	-	-
Insurance claim compensation		-	(12,161)	-	-
Interest expenses		6,165	5,245	2,853	2,340
Interest income		(2,420)	(3,015)	(29)	(24)
Net unrealised loss on foreign exchange		426	1,828	-	-
Property, plant and equipment written off		1,035	96	-	-
Provision for retirement benefits obligations		332	206	-	-
Share of results in associates and joint venture		(2,159)	826	-	-
Reversal of expected credit losses on receivables		-	(60)	-	-
Fair value change in:					
- investment in associates		927	744	-	-
- foreign currency held for trading		2	8	-	-
- held for trading investments		49	2	-	-
- investment properties		1,060	-	-	-
- fair value through profit or loss investment securities		(5,852)	658	-	-
Write back of payables		-	(198)	-	-
Operating profit before working capital changes		3,687	12,126	6,178	5,330

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
Changes in working capital:					
Inventories		(5,150)	1,918	-	-
Receivables		9,399	6,117	(1,464)	2,990
Financial assets held for trading		42	60	-	-
Payables		(7,767)	2,038	4,653	2
Net cash generated from operations		211	22,259	9,367	8,322
Retirement benefits paid		(413)	(68)	-	-
Tax paid		(6,317)	(6,740)	(2)	(7)
Net cash (used in)/generated from operating activities		(6,519)	15,451	9,365	8,315
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of intangibles assets		(1,298)	(1,007)	-	-
Acquisition of additional shares in an existing subsidiary		-	(5,010)	-	-
Acquisition of fair value through profit or loss investment securities		(3,415)	(13,975)	-	-
Acquisition of additional shares in an associate		(1,991)	(1,916)	-	-
Dividend income received		804	5	-	-
Interest received		2,420	3,015	29	24
Proceeds from disposal of fair value through profit or loss investment securities		2,286	-	-	-
Proceeds from disposal of property, plant and equipment		23	25	-	-
Proceeds from disposal an associate		11,630	-	-	-
Capital repayment from investment securities		-	1,320	-	-
Proceeds from insurance claim compensation		-	52,822	-	-
Purchase of property, plant and equipment	(a)	(8,907)	(11,990)	(1)	(2)
Purchase of investment properties		(42,789)	-	-	-
Net cash (used in)/generated from investing activities		(41,237)	23,289	28	22

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:	(b)				
Dividends paid to non-controlling interests of a subsidiary		(791)	(2,538)	-	-
Dividends paid		(2,323)	(1,693)	(2,323)	(1,693)
Banker acceptance		900	-	-	-
Debtor financing		5,228	-	-	-
Drawdown of term loans		33,074	-	-	-
Drawdown of revolving credit		6,000	14,250	-	-
Interest paid		(7,309)	(6,757)	(4,355)	(3,860)
Payments to hire purchase payables		(59)	(57)	-	-
Placement of pledged deposits		(2,366)	(5,180)	-	-
Repayment of term loans		(1,711)	(19,660)	-	-
Net cash generated from/(used in) financing activities		30,643	(21,635)	(6,678)	(5,553)
Effects of exchange rate changes		(3,169)	(3,258)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(20,282)	13,847	2,715	2,784
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
As previously reported		114,289	102,998	4,093	1,309
Effect of exchange rate changes		431	(2,556)	-	-
		114,720	100,442	4,093	1,309
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		94,438	114,289	6,808	4,093
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Cash and bank balances	18	67,368	79,392	258	243
Short term deposits	18	73,872	78,655	6,550	3,850
Bank overdrafts	22	(2,404)	(1,728)	-	-
		138,836	156,319	6,808	4,093
Less: Deposit placed with lease payables as security deposit for lease payments	18(c)	(24,890)	(24,745)	-	-
Less: Deposit pledged to licensed banks	18(a)	(18,886)	(16,683)	-	-
Less: Cash held under Housing Development Account	18(b)	(622)	(602)	-	-
		94,438	114,289	6,808	4,093

(a) Purchase of property, plant and equipment

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	8,907	11,990	1	2

(b) Reconciliation of liabilities arising from financial liabilities

	1.1.2018	**Cash flows**	**Foreign exchange movement**	**31.12.2018**
	RM'000	RM'000	RM'000	RM'000
Revolving credit	35,000	6,000	-	41,000
Finance lease payable	23,017	-	-	23,017
Hire purchase payables	193	(59)	-	134
Term loans	39,864	31,364	-	71,228
Banker acceptance	-	900	-	900
Debtor financing	-	5,228	-	5,228
	98,074	43,433	-	141,507

	1.1.2017	**Cash flows movement**	**Foreign exchange movement**	**31.12.2017**
	RM'000	RM'000	RM'000	RM'000
Revolving credit	20,750	14,250	-	35,000
Finance lease payable	23,009	8	-	23,017
Hire purchase	250	(57)	-	193
Term loans	59,235	(19,660)	289	39,864
	103,244	(5,459)	289	98,074

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

Notes to the Financial Statements

31 December 2018

1. GENERAL INFORMATION

The principal activities of the Company during the financial year are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the Company's subsidiaries are stated in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office of the Company is located at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at Level 3, West Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ('000) except when otherwise stated.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 9 Financial Instruments (Continued)

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings of the annual reporting period including the date of initial application i.e. 1 January 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following is the changes in the classification of the Group's and the Company's financial assets:

Trade and other receivables, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 9 Financial Instruments (Continued)

Impact of the adoption of MFRS 9 (Continued)

(i) Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassification as at 1 January 2018:

		MFRS 9 measurement category		
MFRS 139 measurement category	1 January 2018	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Group				
Loan and receivables				
Trade and other receivables	139,125	-	139,125	-
Cash and bank balances and short term deposits	158,047	-	158,047	-
Available-for-sales				
Quoted securities	9,650	-	-	9,650
Unquoted securities	4,036	-	-	4,036
Fair value through profit or loss				
Quoted securities	459	459	-	-
Unquoted securities	28,879	28,879	-	-
Financial assets held for trading	361	361	-	-
Company				
Loan and receivables				
Trade and other receivables	141,559	-	141,559	-
Cash and bank balances and short term deposits	4,093	-	4,093	-

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Accordingly, the Group and Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

2. **BASIS OF PREPARATION (Continued)**

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group and the Company have applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 January 2018. As such, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations. The Group and the Company have elected the practical expedient to apply the standard only to contracts that are not completed as at 1 January 2018. The Group and the Company also elected the practical expedient of not to retrospectively restate the contract for those modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 15 Revenue from Contracts with Customers (Continued)

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

Presentation of contract assets and contract liabilities

The Group and the Company have changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15.

Contract assets recognised in relation to property development contracts and system sales contracts which previously presented as accrued billing and amount owing from customers for contract work.

Contract liabilities recognised in relation to expected volume discounts and refunds to customers which were previously presented as provisions.

The effect of adoption of MFRS 15 as at 1 January 2018 is as follows:

Group	**Increase/ (Decrease) RM'000**
Assets	
Current assets	
Trade and other receivables	(15,056)
Contract assets	15,056
Liabilities	
Current liabilities	
Trade and other payables	(6,475)
Contract liabilities	6,475

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 15 Revenue from Contracts with Customers (Continued)

The amounts by which each financial statement line item is affected as at and for the financial year ended 31 December 2018 as a result of the adoption of MFRS 15, including the reasons for the significant changes, are as follows:

Statements of financial position

	Reported under		
		MFRS 111 /	Increase/
	MFRS 15	MFRS 118	(Decrease)
Group	**RM'000**	**RM'000**	**RM'000**
Assets			
Current assets			
Trade and other receivables	119,059	126,380	(7,321)
Contract assets	-	7,321	7,321
Liabilities			
Current liabilities			
Trade and other payables	74,910	88,035	(13,125)
Contract liabilities	-	13,125	13,125

The adoption of MFRS 9 and MFRS 15 did not have a material impact on the Group's and the Company's profit or loss, operating, investing and financing cash flows.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. **BASIS OF PREPARATION (Continued)**

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (Continued)

		Effective for financial periods beginning on or after
<u>New IC Int</u>		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

MFRS 16 Leases (Continued)

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

2. **BASIS OF PREPARATION (Continued)**

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to References to the Conceptual Framework in MFRS Standards (Continued)

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2.3.2 The Group and the Company is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2.4 Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of Measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of Estimates and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(b) Associates (Continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(c) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(d) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b) to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign currency transactions

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign currency transactions (Continued)

(b) Translation of foreign operations (Continued)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Accounting policies applied from 1 January 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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 not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

- Fair value through other comprehensive income (FVOCI)

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- Fair value through profit or loss (FVPL)

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(ii) Financial liabilities (Continued)

The Group and the Company classify their financial liabilities in the following measurement categories: (Continued)

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(d) Derecognition

A financial asset or a part of it is derecognised when and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or

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

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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 not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements.

(ii) Financial liabilities

Same accounting policies applied in 31 December 2018 and 31 December 2017.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(c) Regular way purchase or sale of financial assets

Same accounting policies applied in 31 December 2018 and 31 December 2017.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 other comprehensive income 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Same accounting policies applied in 31 December 2018 and 31 December 2017.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment (Continued)

(a) Recognition and measurement (Continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Leasehold land is depreciated on straight-line basis over the lease terms of 38 to 57 years. All other property, plant and equipment are depreciated on straight line basis over the estimated useful lives of the assets using the following annual rates:

Short term leasehold land	22 years
Hotel properties (buildings)	30-50 years
Buildings	0.5%-5%
Plant and machinery	10%-20%
Motor vehicles	15%-20%
Furniture, fittings and equipment	2%-25%
Renovation	2%-20%
Computer equipment and software	20%-33.33%
Crockeries, glassware, cutleries, linen and kitchen utensils	10%
Telecommunications, research and development equipment	20%-33.33%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment properties.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

Leasehold land is depreciated on a straight-line basis over the lease term of 38 years. Buildings are depreciated on a straight-line basis over their estimated useful lives of 15 years.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the 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 carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of investment properties.

3.8 Inventories

Inventories of materials and goods are measured at the lower of cost (determined principally on the first-in first-out basis) and net realisable value.

Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Cash and cash equivalents

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

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

<u>Accounting policies applied from 1 January 2018</u>

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 to 90 days past due.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied until 31 December 2017 (Continued)

Loans and receivables and held-to-maturity investments (Continued)

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of assets (Continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.12 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.14 Revenue and other income

<u>Accounting policies applied from 1 January 2018</u>

The Group and the Company recognise revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

Sale of completed properties

Revenue from sale of completed properties is recognised when significant risks and rewards of ownership of the completed properties have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the completed properties sold.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue and other income (Continued)

Accounting policies applied until 31 December 2017

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Dividend income

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

(c) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.16 Taxes

(a) Income tax

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

(i) Current tax

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

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Taxes (Continued)

(a) Income tax (Continued)

(ii) Deferred tax (Continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(b) Goods and services tax

Revenues, expenses and assets are recognised net of amount of goods and services tax (“GST”) except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

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

3.17 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.19 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.21 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

Key Source of Estimation Uncertainty

(a) **Impairment of Goodwill on Consolidation**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 8 to the financial statements.

The carrying amounts of the Group's goodwill key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 8 to the financial statements.

(b) **Fair Value of Unquoted Investments**

The financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discounted rates. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. Where cost is used as an estimate of fair value, significant judgement is required where management considers various indicators where cost might not be representative of fair value.

5. **PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land	Buildings	Short Term Leasehold land and building	Hotel properties -Freehold lands	Hotel properties -Buildings	Plant and machinery	Furniture, fittings and equipment	Renovation	Motor vehicles	Computer equipment and software	Crockeries, glassware, cutleries, linen and kitchen utensils	Telecom-munic-tions and research and develop-ment equipment	Construc-tion work-in-progress	Total
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation														
At 1 January 2018	27,168	18,866	1,703	60,954	35,158	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	272,134
Additions	-	1,400	-	-	-	174	1,841	2,130	33	305	225	1,981	818	8,907
Disposals	-	-	-	-	-	-	(2)	-	(56)	-	-	-	-	(58)
Written off	-	-	-	-	-	-	(6,180)	(750)	(249)	(208)	(1,280)	(256)	-	(8,923)
Reclassification	-	-	-	-	122	-	(53)	7,403	-	-	-	6	(7,502)	(24)
Foreign exchange translation adjustment	-	17	(86)	278	-	-	(201)	(482)	(4)	(7)	-	(370)	(24)	(879)
At 31 December 2018	27,168	20,283	1,617	61,232	35,280	7,143	37,499	25,137	3,051	18,219	1,919	31,975	634	271,157
Representing:														
Cost	27,168	20,283	1,617	-	-	7,143	37,499	25,137	3,051	18,219	1,919	31,975	634	174,645
Valuation	-	-	-	61,232	35,280	-	-	-	-	-	-	-	-	96,512
Total	27,168	20,283	1,617	61,232	35,280	7,143	37,499	25,137	3,051	18,219	1,919	31,975	634	271,157

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Group	**Freehold land**	**Buildings**	**Short Term Leasehold land and building**	**Hotel properties -Freehold lands**	**Hotel properties -Buildings**	**Plant and machinery**	**Furniture, fittings and equipment**	**Renovation**	**Motor vehicles**	**Computer equipment and software**	**Crockeries, glassware, cutleries, linen and kitchen utensils**	**Telecom-munic-tions and research and develop-ment equipment**	**Construc-tion work-in-progress**	**Total**
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated Depreciation														
At 1 January 2018	-	3,611	1,136	-	6,860	5,820	38,117	9,304	2,649	17,609	979	18,783	-	104,868
Depreciation for the financial year	-	366	18	-	908	221	1,035	1,088	213	207	294	1,281	-	5,631
Disposals	-	-	-	-	-	-	(2)	-	(56)	-	-	-	-	(58)
Written off	-	-	-	-	-	-	(5,904)	(728)	(249)	(208)	(544)	(255)	-	(7,888)
Reclassification	-	-	-	-	-	-	(232)	17	-	6	2	9	-	(198)
Capitalisation to intangible assets	-	-	-	-	-	-	8	15	-	3	-	25	-	51
Foreign exchange translation adjustment	-	13	(57)	-	-	-	(195)	(49)	(5)	(6)	-	(334)	-	(633)
At 31 December 2018	-	3,990	1,097	-	7,768	6,041	32,827	9,647	2,552	17,611	731	19,509	-	101,773
Accumulated Impairment Loss														
At 1 January 2018	-	-	-	-	-	-	-	3,017	-	-	-	7,401	-	10,418
Foreign exchange translation adjustment	-	-	-	-	-	-	-	-	-	-	-	1	-	1
At 31 December 2018	-	-	-	-	-	-	-	3,017	-	-	-	7,402	-	10,419
Carrying Amount at 31 December 2018	27,168	16,293	520	61,232	27,512	1,102	46,72	12,473	499	608	1,188	5,064	634	158,965
Representing:														
Cost	27,168	16,293	520	-	-	1,102	4,672	12,473	499	608	1,188	5,064	634	70,221
Valuation	-	-	-	61,232	27,512	-	-	-	-	-	-	-	-	88,744
Total	27,168	16,293	520	61,232	27,512	1,102	4,672	12,473	499	608	1,188	5,064	634	158,965

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold land	Buildings	Short Term Leasehold land and building	Hotel properties -Freehold lands	Hotel properties -Buildings	Plant and machinery	Furniture, fittings and equipment	Renovation	Motor vehicles	Computer equipment and software	Crockeries, glassware, cutleries, linen and kitchen utensils	Telecom-munic-tions and research and develop-ment equipment	Construc-tion work-in-progress	Total
2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation														
At 1 January 2017	27,168	19,082	1,897	62,144	35,091	6,843	41,890	17,059	3,203	18,242	2,149	29,028	-	263,796
Additions	-	-	-	-	-	126	1,266	230	128	209	52	2,447	7,532	11,990
Disposals	-	-	-	-	-	-	(121)	(8)	-	(84)	-	-	-	(213)
Written off	-	-	-	-	-	-	(43)	(268)	-	(206)	-	-	-	(517)
Reclassification	-	-	-	-	67	-	(771)	-	(3)	(1)	773	(40)	(67)	(42)
Foreign exchange translation adjustment	-	(216)	(194)	(1,190)	-	-	(127)	(177)	(1)	(31)	-	(821)	(123)	(2,880)
At 31 December 2017	27,168	18,866	1,703	60,954	35,158	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	272,134
Representing:														
Cost	27,168	18,866	1,703	-	-	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	176,022
Valuation	-	-	-	60,954	35,158	-	-	-	-	-	-	-	-	96,112
Total	27,168	18,866	1,703	60,954	35,158	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	272,134

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2017	Freehold land RM'000	Buildings RM'000	Short Term Leasehold land and building RM'000	Hotel properties -Freehold lands RM'000	Hotel properties -Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munic-tions and research and develop-ment equipment RM'000	Construc-tion work-in-progress RM'000	Total RM'000
Accumulated Depreciation														
At 1 January 2017	-	3,340	1,179	-	5,586	5,522	37,143	8,695	2,524	17,498	506	17,868	-	99,861
Depreciation for the financial year	-	360	83	-	1,274	298	1,305	852	194	359	344	1342	-	6,411
Disposals	-	-	-	-	-	-	(90)	(4)	-	(77)	-	-	-	(171)
Written off	-	-	-	-	-	-	(78)	(200)	-	(143)	-	-	-	(421)
Reclassification	-	-	-	-	-	-	(48)	16	(68)	2	129	(30)	-	1
Capitalisation to intangible assets	-	-	-	-	-	-	10	19	-	2	-	29	-	60
Foreign exchange translation adjustment	-	(89)	(126)	-	-	-	(125)	(74)	(1)	(32)	-	(426)	-	(873)
At 31 December 2017	-	3,611	1,136	-	6,860	5,820	38,117	9,304	2,649	17,609	979	18,783	-	104,868
Accumulated Impairment Loss														
At 1 January 2017	-	-	-	-	-	-	-	3,017	-	-	-	7,629	-	10,646
Foreign exchange translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(228)	-	(228)
At 31 December 2017	-	-	-	-	-	-	-	3,017	-	-	-	7,401	-	10,418
Carrying Amount at 31 December 2017	27,168	15,255	567	60,954	28,298	1,149	3,977	4,515	678	520	1,995	4,430	7,342	156,848
Representing:														
Cost	27,168	15,255	567	-	-	1,149	3,977	4,515	678	520	1,995	4,430	7,342	67,596
Valuation	-	-	-	60,954	28,298	-	-	-	-	-	-	-	-	89,252
Total	27,168	15,255	567	60,954	28,298	1,149	3,977	4,515	678	520	1,995	4,430	7,342	156,848

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Computer equipment	Motor vehicles	Furniture, fittings and equipment	Total
Company	RM'000	RM'000	RM'000	RM'000
2018				
Cost				
At 1 January 2018	107	5	191	303
Additions	1	-	-	1
At 31 December 2018	108	5	191	304
Accumulated Depreciation				
At 1 January 2018	103	5	165	273
Depreciation for the financial year	2	-	6	8
At 31 December 2018	105	5	171	281
Carrying Amount at 31 December 2018	3	-	20	23

	Computer equipment	Motor vehicles	Furniture, fittings and equipment	Total
Company	RM'000	RM'000	RM'000	RM'000
2017				
Cost				
At 1 January 2017	105	5	191	301
Additions	2	-	-	2
At 31 December 2017	107	5	191	303
Accumulated Depreciation				
At 1 January 2017	102	5	158	265
Depreciation for the financial year	1	-	7	8
At 31 December 2017	103	5	165	273
Carrying Amount at 31 December 2017	4	-	26	30

(a) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with the following carrying amounts:

	Group	
	2018	**2017**
	RM'000	RM'000
Motor vehicles	243	355

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Included in property, plant and equipment of the Group are assets pledged to the licensed banks to secure credit facilities granted to the Company and its subsidiaries as disclosed in Note 22 to the financial statements with the following carrying amounts:

	Group	
	2018	**2017**
	RM'000	RM'000
Hotel properties	32,801	33,496
Buildings	39,346	39,617
	72,147	73,113

(c) Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

Group	**Cost**	**Accumulated depreciation**	**Carrying amount**
	RM'000	RM'000	RM'000
2018			
Hotel properties			
- lands	28,444	-	28,444
- buildings	30,468	(7,720)	22,748
	58,912	(7,720)	51,192
2017			
Hotel properties			
- lands	28,325	-	28,325
- buildings	30,652	(7,127)	23,525
	58,977	(7,127)	51,850

(d) Fair value information

Fair values of revalued properties are categorised as follows:

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2018	RM'000	RM'000	RM'000	RM'000
Hotel properties				
- lands	-	60,155	-	60,155
- buildings	-	31,900	-	31,900
	-	92,055	-	92,055
2017				
Hotel properties				
- lands	-	59,547	-	59,547
- buildings	-	31,900	-	31,900
	-	91,447	-	91,447

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Fair value information (Continued)

The fair value of revalued properties has been determined based on the valuation report dated in April 2016 and May 2016 carried out by accredited independent valuers with recognised and relevant qualification and recent experience in the location and assets being valued. The valuation method used was Comparison Method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is price per square feet of comparable properties.

Policy on transfer between levels

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

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the properties, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the properties.

The Group does not have non-financial assets measured at Level 1 and Level 3 hierarchy.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

(e) Included in property, plant and equipment of the Group are assets under sale and finance leaseback arrangements as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Hotel properties - Freehold land	27,077	27,077
Hotel properties - Buildings	9,846	9,937
	36,923	37,014

(f) The leasehold land and building has unexpired lease period of less than fifty (50) years.

6. INVESTMENT PROPERTIES

	Group 2018 RM'000	Group 2017 RM'000
At fair value:		
At 1 January	8,060	8,060
Additions	42,789	-
Fair value change recognised to profit or loss	(1,060)	-
At 31 December	49,789	8,060

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds on disposal.

The fair value of the shop office was measured in December 2018 based on the highest and best use method to reflect the actual market state and circumstances as of the end of financial year. The fair value was based on a valuation made by C H William Talhar & Wong, a firm of independent professional valuers, which hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the assets is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

Strata title of the shop office has not been issued by Department of Director General of Lands and Mines in Malaysia as at 31 December 2018.

Details of the Group’s investment properties are as follows:

Descriptions	Location	Existing use
Shop office	Lot 3A-5-1, 5th floor, block 3A, Plaza Sentral, Kuala Lumpur, Malaysia.	Generate rental Income
Commercial building 1	9, Jalan Kajibumi U1/70, Seksyen U1, Temasya Glenmarie, Shah Alam, Selangor, Malaysia	Generate rental Income
Commercial building 2	17, Jalan Yap Ah Shak, Kuala Lumpur, Malaysia	Generate rental Income

6. **INVESTMENT PROPERTIES (Continued)**

The following amounts are recognised in the profit or loss:

	Group	
	2018	**2017**
	RM'000	RM'000
Rental income	-	-
Direct operating expenses arising from investment properties that generate rental income	(150)	(150)

Fair value information

Fair value of investment property is categorised as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	RM'000	RM'000	RM'000
Group				
2018				
Building	-	49,789	-	49,789
2017				
Building	-	8,060	-	8,060

Valuation techniques and significant other observable inputs

Shop office

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM868 (2017: RM1,001)
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM700,000 (2017: RM806,000); higher by RM700,000 (2017: RM806,000)

Commercial building 1

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM474
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM3,150,000; higher by RM3.150,000

6. INVESTMENT PROPERTIES (Continued)

Valuation techniques and significant other observable inputs (Continued)

Commercial building 2

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM852
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM2,700,000; higher by RM2.700,000

Policy on transfer between levels

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

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the investment property.

The Group does not have non-financial assets measured at Level 1 and Level 3 hierarchy.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

7. INTANGIBLE ASSETS

Group 2018	**Goodwill on consolidation** RM'000 (Note 8)	**Intellectual property** RM'000 (Note a)	**Software development expenditure** RM'000 (Note b)	**Licenses** RM'000 (Note c)	**Total** RM'000
Cost					
At 1 January 2018	98,576	5,250	26,481	745	131,052
Additions	-	-	1,199	99	1,298
Capitalisation of development equipment	-	-	51	-	51
At 31 December 2018	98,576	5,250	27,731	844	132,401
Accumulated Amortisation and Impairment					
At 1 January 2018	6,355	5,250	23,265	315	35,185
Amortisation for the financial year	-	-	1,444	53	1,497
Impairment for the financial year	1,497	-	37		1,534
Foreign exchange translation difference	21	-	(19)	-	2
At 31 December 2018	7,873	5,250	24,727	368	38,218
Carrying Amount at 31 December 2018	90,703	-	3,004	476	94,183

Group 2017	**Goodwill on consolidation** RM'000 (Note 8)	**Intellectual property** RM'000 (Note a)	**Software development expenditure** RM'000 (Note b)	**Licenses** RM'000 (Note c)	**Total** RM'000
Cost					
At 1 January 2017	98,576	5,250	25,577	582	129,985
Additions	-	-	844	163	1,007
Capitalisation of development equipment	-	-	60	-	60
At 31 December 2017	98,576	5,250	26,481	745	131,052
Accumulated Amortisation and Impairment					
At 1 January 2017	5,815	5,250	21,572	176	32,813
Amortisation for the financial year	-	-	1,686	139	1,825
Impairment for the financial year	540	-	-		540
Foreign exchange translation difference	-	-	7	-	7
At 31 December 2017	6,355	5,250	23,265	315	35,185
Carrying Amount at 31 December 2017	92,221	-	3,216	430	95,867

7. INTANGIBLE ASSETS (Continued)

(a) Intellectual property

Intellectual property comprises rights and titles relating to mobile software.

(b) Software development expenditure

The software development expenditure mainly comprises staff costs, operating expenses and depreciation expenses for the development of the Captii Group's proprietary mobile software and has an average amortisation period of 3 years (2017: 3 years).

(c) Licenses

The licenses comprise compliance and testing costs of bus models and have an average amortisation period of 5 years.

8. GOODWILL ON CONSOLIDATION

	Group	
	2018	**2017**
	RM'000	RM'000
At 1 January	92,221	92,761
Impairment loss	(1,497)	(540)
Foreign exchange translation adjustment	(21)	-
At 31 December	90,703	92,221

The carrying amounts of goodwill allocated to the Group's CGU are as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Information and communications technology - CGU 1	83,684	85,202
Hotels and resorts - CGU 2	2,348	2,348
Travel and tours - CGU 3	3,659	3,659
Others	1,012	1,012
	90,703	92,221

Impairment loss

Impairment loss of RM1,497,000 was recognised during the year, representing the impairment of a subsidiary of information and communication technology.

8. **GOODWILL ON CONSOLIDATION (Continued)**

CGU 1

The recoverable amount of the CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 14.5% (2017: 14.5%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2% (2017: 2%).

The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment. Management determined the forecasted growth rate and budgeted gross margin based on past performance and its expectations of market developments.

Based on the sensitivity analysis performed, management believe that no reasonably possible change in base case key assumptions would cause the carrying values of the CGU to exceed its recoverable amounts.

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations are as stated above.

CGU 2 and CGU 3

The recoverable amount of the CGUs was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 10% - 12.4% (2017: 10%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 3% - 5% (2017: 3% - 5%).

The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGUs at the date of assessment. Management determined the forecasted growth rate and budgeted gross margin based on past performance and its expectations of market developments.

Based on the sensitivity analysis performed, management believe that no reasonably possible change in base case key assumptions would cause the carrying values of the CGUs to exceed its recoverable amounts.

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations are as stated above.

9. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2018	**2017**
	RM'000	RM'000
Unquoted shares - at cost	700,874	700,874
Less: Impairment loss	(226,281)	(226,281)
	474,593	474,593
Loans that are part of net investments	143,220	-
	617,813	474,593

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

Loans that are part of net investments represent amount owing by subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As the amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

(a) Certain shares of subsidiaries in the Group have been charged to financial institutions for credit facilities granted to the Group as disclosed in Note 22(e) to the financial statements.

(b) The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Direct subsidiaries				
Advance Synergy Capital Sdn. Bhd.	Malaysia	100	100	Investment holding and provision of management services
Advance Synergy Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
* Advance Synergy Realty Sdn. Bhd.	Malaysia	100	100	Property development
Advance Synergy Timber Sdn. Bhd.	Malaysia	100	100	Dormant
Alam Samudera Corporation Sdn. Bhd.	Malaysia	100	100	Investment holding
Alangka-Suka Hotels & Resorts Sdn. Bhd.	Malaysia	100	100	Investment holding
* Ausborn Sawmill Sdn. Bhd.	Malaysia	100	100	Inactive
* Bornion Sawmill Sdn. Bhd.	Malaysia	100	100	Inactive
Calmford Incorporated	British Virgin Islands	100	100	Investment holding
Diversified Gain Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Arch Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Display Sdn. Bhd.	Malaysia	100	100	Property investment, management and rental of properties
iSynergy Sdn. Bhd.	Malaysia	100	100	Inactive
Nagapura Management Corporation Sdn. Bhd.	Malaysia	100	100	Provision of management services
Sadong Development Sdn. Bhd.	Malaysia	100	100	Property development

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Direct subsidiaries (Continued)				
Segi Koleksi Sdn. Bhd.	Malaysia	70	70	Investment holding
Strategic Research & Consultancy Sdn. Bhd.	Malaysia	100	100	Investment holding
Synergy Gold Incorporated	British Virgin Islands	100	100	Inactive
Synergy Petroleum Incorporated	British Virgin Islands	100	100	Investment holding
Worldwide Matrix Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Advance Synergy Capital Sdn. Bhd.				
AESBI Power Systems Sdn. Bhd.	Malaysia	100	100	Property investment and management services
ASC Credit Sdn. Bhd.	Malaysia	100	100	Provision of credit and leasing
ASC Equities Sdn. Bhd.	Malaysia	100	100	Investment holding and venture capital business
Paydee Sdn. Bhd. *(formerly known as Synergy Cards Sdn. Bhd.)*	Malaysia	100	100	Provision of payment card issuing and acquiring services
Quality Bus & Coach (M) Sdn. Bhd.	Malaysia	71	71	Designing, building and fabrication of coaches
Triton-K Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Quality Bus & Coach (M) Sdn. Bhd.				
# Quality Bus & Coach Pty. Ltd.	Australia	71	71	Designing, building and fabrication of coaches and coach certification and testing
Indirect subsidiary held through Quality Bus & Coach Pty. Ltd.				
# Autobus Australia Pty. Ltd.	Australia	71	71	Designing, building and fabrication of coaches and coach certification and testing

9. INVESTMENT IN SUBSIDIARIES (Continued)

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiaries held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Alangka-Suka International Limited	British Virgin Islands	100	100	Investment holding
Alor Setar Holiday Villa Sdn. Bhd.	Malaysia	100	100	Operates Holiday Villa City Centre Alor Setar. Ceased operation since 22 June 2018.
Antara Holiday Villas Sdn. Bhd.	Malaysia	100	100	Hotel management services
Asbina Hotel & Property Sdn. Bhd.	Malaysia	100	100	Inactive
Cherating Holiday Villa Berhad	Malaysia	100	100	Operates Holiday Villa Beach Resort & Spa Cherating
Grand Hotel Sudan Limited	British Virgin Islands	100	100	Inactive
Holiday Villa Assets Sdn. Bhd.	Malaysia	100	100	Investment holding
Holiday Villa Travel & Tours Sdn. Bhd.	Malaysia	100	100	Hiring of limousines
Holiday Villas International Limited	British Virgin Islands	100	100	Hotel management services
Langkawi Holiday Villa Sdn. Bhd.	Malaysia	100	100	Operates Holiday Villa Beach Resort & Spa Langkawi
Mayor Hotels Sdn. Bhd.	Malaysia	100	100	Owns and operates City Villa Kuala Lumpur
Super Leisure Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Alangka-Suka International Limited				
Asbina Shenzhen Limited	British Virgin Islands	90	90	Dormant
Holiday Villa Makkah Limited	British Virgin Islands	100	100	Inactive
# Interwell Management Limited	England and Wales	100	100	Dormant
Larkswood Assets Limited	British Virgin Islands	100	100	Inactive
* P.T. Diwangkara Holiday Villa Bali	Republic of Indonesia	94.81	94.81	Manages Wina Holiday Villa Kuta Bali

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiary held through Asbina Hotel & Property Sdn. Bhd.				
Asbina Hotel & Property (Cambodia) Pte. Ltd.	Kingdom of Cambodia	100	100	Inactive
Indirect subsidiary held through Holiday Villa Assets Sdn. Bhd.				
* Posthotel Arosa AG	Switzerland	65	65	Investment holding
Indirect subsidiary held through Posthotel Arosa AG				
# 57-59 Philbeach Gardens Limited	England and Wales	65	-	Investment holding
Indirect subsidiary held through Holiday Villas International Limited				
Holiday Villa China International Limited	British Virgin Islands	95	95	Hotel management services
Holiday Villa Middle East Limited	British Virgin Islands	100	100	Hotel management services
* Holiday Villa (UK) Ltd.	England and Wales	100	100	Operates Holiday Villa Hotel & Suites London
Indirect subsidiary held through Holiday Villa China International Limited				
* Changshu Holiday Villa Hotel Management Co. Ltd.	People's Republic of China	95	95	Hotel management services
* Holiday Villa Hong Kong Company Limited	Hong Kong	95	-	Hotel management services
Indirect subsidiary held through Changshu Holiday Villa Hotel Management Co. Ltd.				
* Shanghai Holiday Villa Co. Ltd.	People's Republic of China	-	95	Hotel management services
Indirect subsidiary held through Holiday Villa Hong Kong Company Limited				
* Shanghai Holiday Villa Co. Ltd.	People's Republic of China	95	-	Hotel management services

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiaries held through Advance Synergy Properties Sdn. Bhd.				
Synergy Realty Incorporated	British Virgin Islands	100	100	Investment holding
Indirect subsidiary held through Segi Koleksi Sdn. Bhd.				
Metroprime Corporation Sdn. Bhd.	Malaysia	70	70	Managing and operating The Language House
Indirect subsidiary held through Synergy Realty Incorporated				
* Builderworks Pty. Ltd.	Australia	100	100	Inactive
Indirect subsidiaries held through Calmford Incorporated				
Advansa Sdn. Bhd.	Malaysia	100	100	Inactive
* Home Cinema Studio Pty. Ltd.	Australia	100	100	Inactive
Indirect subsidiary held through Alam Samudera Corporation Sdn. Bhd.				
Synergy Tours (Borneo) Sdn. Bhd.	Malaysia	100	100	Tour operator
Indirect subsidiary held through Diversified Gain Sdn. Bhd.				
Orient Escape Travel Sdn. Bhd.	Malaysia	100	100	Travel and tour agent and the provision of travel related services
Indirect subsidiaries held through Orient Escape Travel Sdn. Bhd.				
Motorsports Adventure Sdn. Bhd.	Malaysia	100	100	Inactive
Qurex Sdn. Bhd. *(formerly known as OET Money Service Sdn. Bhd.*	Malaysia	100	100	Money services business
Orient Escape Travel (Penang) Sdn. Bhd.	Malaysia	100	100	Inactive
Synergy Tours Sdn. Bhd.	Malaysia	100	100	Tour operator
Indirect subsidiary held through Excellent Arch Sdn. Bhd.				
Advance Synergy Furniture Sdn. Bhd.	Malaysia	100	100	In liquidation

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiary held through Excellent Display Sdn. Bhd.				
Dama TCM Sdn. Bhd.	Malaysia	100	100	Provision of traditional Chinese medicine consultation, products and services. Ceased operation since 1 January 2018.
Indirect subsidiaries held through iSynergy Sdn. Bhd.				
Cosmocourt.com (Malaysia) Sdn. Bhd.	Malaysia	100	100	Inactive
Datakey Sdn. Bhd.	Malaysia	100	100	Dormant
Rewardstreet.com (Malaysia) Sdn. Bhd.	Malaysia	100	100	Inactive
Indirect subsidiaries held through Nagapura Management Corporation Sdn. Bhd.				
Acrylic Synergy Sdn. Bhd.	Malaysia	81	81	Inactive
Syarikat Fit and Weld Engineering (M) Sdn. Bhd.	Malaysia	70	70	In liquidation
Xgo Technik Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Sadong Development Sdn. Bhd.				
Hotel Golden Dragon Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Hotel Golden Dragon Sdn. Bhd.				
Simpang Tiga Realty Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Worldwide Matrix Sdn. Bhd				
* Captii Limited	Singapore	58.30	58.30	Investment holding and the provision of management services

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiaries held through Captii Limited				
* Captii Ventures Pte. Ltd.	Singapore	58.30	58.30	Undertake investment in technology companies
* Postpay Asia Sdn. Bhd.	Malaysia	58.30	-	Investment holding
* Postpay Sdn. Bhd. *(formerly known as Mobilization Sdn. Bhd.)*	Malaysia	58.30	58.30	Provision of telecomunnications products, technology and customised solutions to telecommunication operators, service providers and enterprises
* Unified Assets Sdn. Bhd.	Malaysia	58.30	58.30	Investment holding
* Unified Communications (OHQ) Sdn. Bhd.	Malaysia	58.30	58.30	Provisions of management and operational headquarters ("OHQ") services to its related companies.
* Unified Communications (OSS) Sdn. Bhd.	Malaysia	58.30	58.30	Investment holding
* Unified Communications Pte. Ltd.	Singapore	58.30	58.30	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry
* Unified Communications Sdn. Bhd.	Malaysia	58.30	58.30	Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
Indirect subsidiary held through Unified Communications (OSS) Sdn. Bhd.				
* GlobeOSS Sdn. Bhd.	Malaysia	29.73	29.73	Provision of global roaming quality of service management solutions
Indirect subsidiary held through GlobeOSS Sdn. Bhd.				
* GlobeOSS Pte. Ltd.	Singapore	29.73	29.73	Provision of global roaming quality of service management solutions

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiary held through GlobeOSS Pte. Ltd.				
* GlobeOSS (Brunei) Sdn. Bhd.	Brunei Darussalam	29.73	29.73	Provision of global roaming quality of services management solutions
Indirect subsidiaries held through Unified Communications Pte. Ltd.				
* Adzentrum Sdn. Bhd.	Malaysia	58.30	58.30	Dormant
* Postpay Technology Sdn. Bhd. *(formerly known as Unified Communications (VAS) Sdn. Bhd.)*	Malaysia	58.30	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
* Unified Communications (Private) Limited	Pakistan	58.30	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
Indirect subsidiaries held through Unified Communications Sdn. Bhd.				
* Ahead Mobile Sdn. Bhd.	Malaysia	58.30	58.30	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
* Unified Communications (Tech) Pte. Ltd.	Singapore	58.30	58.30	Distribution of information technology and telecommunications products

** Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

 # Companies not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purposes.

9. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	2018				
	Captii Limited RM'000	**Posthotel Arosa AG** RM'000	**Quality Bus & Coach (M) Sdn. Bhd.** RM'000	**Other individually immaterial subsidiaries** RM'000	**Total** RM'000
NCI percentange of ownership interest and voting interest	41.7%	35%	29%		
Carrying amount of NCI	54,578	16,663	(6,306)	(230)	64,705
Profit/(Loss) allocated to NCI	6,044	(379)	(1,521)	(389)	3,755
Summary financial information before intra-group elimination					
As at 31 December					
Non-current assets	84,102	19,055	1,301		
Current assets	85,316	40,080	12,547		
Non-current liabilities	(161)	-	-		
Current liabilities	(38,374)	(11,526)	(45,333)		
Net assets/(liabilities)	130,883	47,609	(31,485)		
Year ended 31 December					
Revenue	94,232	-	1,937		
Profit/(Loss) for the financial year	10,128	(1,083)	(5,244)		
Total comprehensive income/(loss)	10,170	(1,083)	(5,244)		
Cash flows from/(used in) operating activities	5,018	(6,867)	(1,775)		
Cash flows used in investing activities	(5,344)	-	(487)		
Cash flows from financing activities	2,814	-	1,261		
Net increase/(decrease) in cash and cash equivalents	2,488	(6,867)	(1,001)		
Dividends paid to NCI	791	-	-		

9. **INVESTMENT IN SUBSIDIARIES (Continued)**

(c) The Group's subsidiaries that have material NCI are as follows (Continued):

	2017				
	Captii Limited RM'000	**Posthotel Arosa AG** RM'000	**Quality Bus & Coach (M) Sdn. Bhd.** RM'000	**Other individually immaterial subsidiaries** RM'000	**Total** RM'000
NCI percentange of ownership interest and voting interest	41.7%	35%	29%		
Carrying amount of NCI	50,798	17,042	(4,785)	158	63,213
Profit/(Loss) allocated to NCI	5,059	144	(817)	28	4,414
Summary financial information before intra-group elimination					
As at 31 December					
Non-current assets	79,481	18,778	748		
Current assets	83,587	41,276	19,570		
Non-current liabilities	(923)	(1,075)	-		
Current liabilities	(40,326)	(10,288)	(45,896)		
Net assets/(liabilities)	121,819	48,691	(25,578)		
Year ended 31 December					
Revenue	77,448	-	5,391		
Profit/(Loss) for the financial year	7,184	10,994	(2,816)		
Total comprehensive income/(loss)	9,950	10,994	(2,816)		
Cash flows from/(used in) operating activities	8,201	(610)	18		
Cash flows (used in)/from investing activities	(11,913)	52,822	38		
Cash flows (used in)/from financing activities	(7,521)	(16,942)	2,795		
Net (decrease)/increase in cash and cash equivalents	(11,233)	35,270	2,851		
Dividends paid to NCI	2,538	-	-		

10. INVESTMENT IN ASSOCIATES

	Group	
	2018	**2017**
	RM'000	RM'000
Unquoted shares, at cost	27,111	34,066
Unquoted shares, at fair value	6,218	4,228
Fair value change	1,813	2,597
	35,142	40,891
Share of post-acquisition reserve, net of dividends received	8,972	6,394
	44,114	47,285
Foreign exchange adjustments	(333)	(543)
	43,781	46,742

The summarised financial information of the associates is as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Results		
Revenue	8,817	5,183
Profit/(Loss) for the financial year	5,019	(1,444)
Assets and Liabilities		
Total assets	178,527	204,811
Total liabilities	57,767	73,875

The transactions involving associates during the financial year are as follows:

On 13 December 2018, the proposed disposal by Alangka-Suka Hotels & Resorts Sdn. Bhd. ("ASHR"), a wholly-owned subsidiary of the Company, of its entire 6,811,628 ordinary shares representing 40% equity interest in Holiday Villa Kuala Lumpur Sdn. Bhd. ("HVKL") to Ri-Yaz Assets (Kuala Lumpur) Sdn. Bhd. (formerly known as Aurora Arena Sdn. Bhd.) for a cash consideration of RM11,200,000 pursuant to a share sale agreement entered into on 1 November 2017 was completed. Consequential thereto, HVKL ceased to be a 40%-owned associated company of ASHR.

10. **INVESTMENT IN ASSOCIATES** (Continued)

The details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect associate held through Advance Synergy Capital Sdn. Bhd.				
* SIBB Berhad	Malaysia	20	20	Investment dealings
Indirect associate held through Synergy Realty Incorporated				
* Helenium Holdings Limited	British Virgin Islands	40	40	Property investment, management and rental of property
Indirect associates held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Holiday Villa Hotels & Resorts Sdn. Bhd.	Malaysia	40	40	Dormant
Holiday Villa Kuala Lumpur Sdn. Bhd.	Malaysia	-	40	Investment holding. Disposal completed on 13 December 2018.
Indirect associate held through Langkawi Holiday Villa Sdn. Bhd.				
M OOD Perfumes Sdn. Bhd.	Malaysia	30	30	Inactive
Indirect associate held through Super Leisure Sdn. Bhd.				
Smile Integrated Solution Sdn. Bhd.	Malaysia	49	49	Provide total solution for hotel industry which concentrate in maintenance of software
Indirect associates held through Synergy Tours Sdn. Bhd.				
* P.T. Panorama Synergy Indonesia	Republic of Indonesia	49	49	Inactive
* Synergy Holidays Company Limited	Republic of The Union of Myanmar	50	50	Tour operator
Indirect associate held through Dama TCM Sdn. Bhd.				
Medical Palace Sdn. Bhd.	Malaysia	50	50	Dormant
Indirect associate held through Strategic Research & Consultancy Sdn. Bhd.				
* Kopistop Sdn. Bhd.	Malaysia	40	40	Food and beverage cafe, restaurant and consultancy
Indirect associate held through Captii Ventures Pte. Ltd.				
* OOPA Pte. Ltd.	Vietnam	27.06	23.21	Provision of mobile credits top-up services with loyalty rewards

** Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

10. INVESTMENT IN ASSOCIATES (Continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

	SIBB Berhad RM'000	**Helenium Holdings Limited** RM'000
Group		
2018		
Summarised financial information		
As at 31 December		
Non-current assets	12,275	108,578
Current assets	48,910	2,129
Non-current liabilities	(31)	(40,535)
Current liabilities	(82)	(14,795)
Net assets	61,072	55,377
Year ended 31 December		
Revenue	2,514	5,075
Profit/(Loss) for the financial year	2,771	2,877
Other comprehensive income	-	-
Total comprehensive income/(loss)	2,771	2,877

	SIBB Berhad RM'000	**Helenium Holdings Limited** RM'000	**Other individually immaterial associates** RM'000	**Total** RM'000
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	12,214	22,151	8,449	42,814
Foreign exchange translation differences	-	1,067	(100)	967
Carrying amount in the statement of financial position	12,214	23,218	8,349	43,781
Group's share of results				
Year ended 31 December				
Group's share of profit or loss	664	1,567	(72)	2,159
Other information				
Dividends received	-	-		

10. **INVESTMENT IN ASSOCIATES (Continued)**

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (Continued):

	SIBB Berhad RM'000	**Holiday Villa Kuala Lumpur Sdn. Bhd.** RM'000	**Helenium Holdings Limited** RM'000
Group			
2017			
Summarised financial information			
As at 31 December			
Non-current assets	11,275	20,169	114,913
Current assets	50,315	129	4,585
Non-current liabilities	(2,639)	-	(46,910)
Current liabilities	(226)	(4,320)	(17,683)
Net assets	58,725	15,978	54,905
Year ended 31 December			
Revenue	1,116	-	4,039
Profit/(Loss) for the financial year	805	(217)	(1,818)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	805	(217)	(1,818)

	SIBB Berhad RM'000	**Holiday Villa Kuala Lumpur Sdn. Bhd.** RM'000	**Helenium Holdings Limited** RM'000	**Other individually immaterial associates** RM'000	**Total** RM'000
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	11,745	6,391	21,962	7,478	47,576
Foreign exchange translation differences	-	-	(311)	(523)	(834)
Carrying amount in the statement of financial position	11,745	6,391	21,651	6,955	46,742
Group's share of results					
Year ended 31 December					
Group's share of profit or loss	161	(87)	(727)	(173)	(826)
Other information					
Dividends received	-	-	-		

11. INVESTMENT IN JOINT VENTURE

	Group 2018 RM'000	Group 2017 RM'000
At cost:		
At 1 January	-	-
Share of post-acquisition reserve, net of dividends received	-	-
Foreign exchange translation differences	-	-
At 31 December	-	-

The details of the joint venture are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect joint venture held through Unified Communications Pte. Ltd.				
* Unified Telecom Private Limited	India	29.15	29.15	Provision of telecomunnications products, services and customised solutions.

** Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

The statutory reporting year end of the joint venture is 31 March. The unaudited management financial statements for the period from 1 January 2018 to 31 December 2018 of the joint venture have been used for equity accounting since it is not significant to the Group.

The financial statement of the joint venture is not material to the Group.

12. INVESTMENT SECURITIES

	Group 2018 RM'000	Group 2017 RM'000
Non-Current:		
Fair value through other comprehensive income financial assets:		
Designated as at fair value through other comprehensive income		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	6,515	-
Unquoted securities		
In Malaysia		
- Equity instruments, at fair value	5	-
Outside Malaysia		
- Equity instruments, at fair value	2,867	-
	2,872	-

12. INVESTMENT SECURITIES (Continued)

	Group 2018 RM'000	Group 2017 RM'000
Non-Current (Continued):		
Fair value through profit or loss financial assets:		
Designated as at fair value through profit or loss		
Unquoted securities		
In Malaysia		
- Convertible preference shares, at fair value	1,351	860
- Convertible loan notes, at fair value	276	279
- Unit trust, at fair value	600	-
Outside Malaysia		
- Convertible preference shares, at fair value	24,424	17,757
- Convertible loan notes, at fair value	10,985	9,983
	37,636	28,879
Available-for-sale financial assets		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	-	9,650
Unquoted securities		
In Malaysia		
- Equity instruments, at fair value	-	5
Outside Malaysia		
- Equity instruments, at fair value	-	4,031
	-	4,036
Total non-current investment securities	47,023	42,565
Current:		
Financial assets at fair value through profit or loss:		
Held for trading investments		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	410	459
Total current investment securities	410	459
Total investment securities	47,433	43,024

13. DEFERRED TAX (ASSETS)/LIABILITIES

(a) 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 tax authority. The amounts of deferred tax assets and liabilities, after appropriate offsetting, are as follows:

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
At 1 January		2,171	4,076	(9)	(139)
Recognised in profit or loss	29	(1,979)	(1,902)	9	126
Recognised directly in equity:					
- ICULS	21	-	4	-	4
Foreign exchange translation adjustment		(12)	(7)	-	-
At 31 December		180	2,171	-	(9)
Presented after appropriate offsetting:					
Deferred tax assets, net		(4,341)	(3,191)	-	(9)
Deferred tax liabilities, net		4,521	5,362	-	-
		180	2,171	-	(9)

The deferred tax assets of the Company are in relation to the ICULS.

(b) The component and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, Plant and Equipment RM'000	**Others** RM'000	**Total** RM'000
At 1 January 2018	4,455	907	5,362
Recognised in profit or loss	(771)	(70)	(841)
At 31 December 2018	3,684	837	4,521
At 1 January 2017	5,084	842	5,926
Recognised in profit or loss	(629)	65	(564)
At 31 December 2017	4,455	907	5,362

13. **DEFERRED TAX (ASSETS)/LIABILITIES (Continued)**

(b) The component and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (Continued):

Deferred tax assets of the Group

	Unutilised tax losses and unabsorbed capital allowances RM'000	**Others** RM'000	**Total** RM'000
At 1 January 2018	3,638	(447)	3,191
Recognised in profit or loss	1,159	-	1,159
Recognised in equity	-	(9)	(9)
At 31 December 2018	4,797	(456)	4,341
At 1 January 2017	2,168	(318)	1,850
Recognised in profit or loss	1,470	(125)	1,345
Recognised in equity	-	(4)	(4)
At 31 December 2017	3,638	(447)	3,191

(c) The amount of temporary differences for which no deferred tax assets have been recognised are as follows:

	Group	
	2018 RM'000	**2017** RM'000
Deductible temporary differences	12,152	11,306
Unutilised tax losses	214,392	212,054
Unabsorbed capital allowances	25,197	25,067
	251,741	248,427

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 and 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

14. INVENTORIES

	Group	
	2018	**2017**
	RM'000	RM'000
At cost/net realisable value:		
Raw materials	43	43
Work-in-progress	2,008	1,342
Finished goods	1,482	140
Food and beverages	639	196
Operating supplies	5,426	7,416
Completed properties and properties under development	35,625	30,949
	45,223	40,086

Completed properties and properties under development consist of the following:

	Group	
	2018	**2017**
	RM'000	RM'000
Current assets		
Leasehold land	10,970	10,970
Development costs	13,166	8,554
	24,136	19,524
Completed properties	11,489	11,425
	35,625	30,949

Certain leasehold land held under development with carrying amount of RM5.19 million (2017: RM5.15 million) have been charged to financial institutions for credit facilities granted to a subsidiary as disclosed in Note 22 to the financial statements.

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM6.58 million (2017: RM8.16 million).

15. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade receivables	(a)	76,972	89,807	-	-
Amount owing from customers for contract work	(b)	-	9,169	-	-
Accrued billings		-	5,887	-	-
		76,972	104,863	-	-
Less : Expected credit losses					
Trade receivables	(a)	(2,211)	(1,419)	-	-
		74,761	103,444	-	-
Non-Trade					
Other receivables	(a)	33,032	26,320	139	130
Deposits		8,593	7,202	5	12
Amounts owing from associates	(c)	4,534	3,673	-	-
Amounts owing from subsidiaries	(d)	-	-	-	141,417
		46,159	37,195	144	141,559
Less : Expected credit losses					
Other receivables	(a)	(1,861)	(1,514)	-	-
		(1,861)	(1,514)	-	-
		44,298	35,681	144	141,559
Total current receivables		119,059	139,125	144	141,559
Total trade and other receivables		119,059	139,125	144	141,559
Add: Cash and bank balances and short term deposits	18	141,240	158,047	6,808	4,093
Total loan and receivables		260,299	297,172	6,952	145,652

(a) Trade and other receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2018	2017
	RM'000	RM'000
Neither past due nor impaired	54,817	60,304
Past due 0 to 3 months	9,240	14,013
Past due 3 to 9 months	8,840	12,387
Past due over 9 months	1,864	1,684
	19,944	28,084
Credit impaired	2,211	1,419
	76,972	89,807

15. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade and other receivables (Continued)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

Included in the Group's trade and other receivable balances are receivables with carrying values of RM19.9 million (2017: RM28.1 million) which are past due but not impaired at the end of the financial year. The Group has not made any allowances for impairment for these receivables since there has not been a significant change in the credit quality of these receivables and the amounts owing are still considered as recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and/or payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Group will not be able to collect all amounts due. Included in current year provisions are mainly specific allowances for impairment.

Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group and the Company apply the simplified approach to trade receivables and general approach to other receivables measuring expected credit losses.

The movement of the expected credit losses of the trade and other receivables is as follows:

	Group			
	Trade receivables		**Other receivables**	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,419	1,479	1,514	877
Charge for expected credit losses	863	19	347	637
Written off	(71)	(78)	-	-
Exchange differences	-	(1)	-	-
At 31 December	2,211	1,419	1,861	1,514

15. TRADE AND OTHER RECEIVABLES (Continued)

(b) Amount owing from/(to) customers for contract work

	Group 2018 RM'000	Group 2017 RM'000
Aggregate costs incurred to date and attributable profits recognised to date	-	19,550
Less: Progress billings	-	(12,439)
	-	7,111
Analysed as follows:		
Amount owing to customers for contract work	-	(2,058)
Amount owing from customers for contract work	-	9,169
	-	7,111

The contract work relates to proprietary solution contracts undertaken by the Group for its customers. At the end of the financial year, amounts in trade and other receivables arising from service contracts are due for settlement within 12 months.

(c) Amount owing from associates

The amount owing from associates are unsecured, interest-free and are repayable on demand by cash.

(d) Amount owing from subsidiaries

	Company 2018 RM'000	Company 2017 RM'000
Amount owing from subsidiaries	64,286	205,416
Less : Impairment loss	(64,286)	(63,999)
	-	141,417

The amount owing from subsidiaries is unsecured, interest-free and is repayable on demand by cash.

16. CONTRACT ASSETS/(LIABILITIES)

	Group 2018 RM'000	Group 2017 RM'000
Contract assets		
Contract assets relating to property development contracts	1,417	-
Contract assets relating to information technology contracts	5,904	-
	7,321	-
Contract liabilities		
Contract liabilities relating to information technology contracts	(6,482)	-
Contract liabilities relating to travel & tour sales	(6,643)	-
	(13,125)	-

17. FINANCIAL ASSETS HELD FOR TRADING

	Group 2018 RM'000	Group 2017 RM'000
Financial assets held for trading at fair value through profit or loss:		
Foreign currencies held for sale	317	361

18. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	67,368	79,392	258	243
Short term deposits	73,872	78,655	6,550	3,850
	141,240	158,047	6,808	4,093

Included in the short term deposits of the Group are:

(a) an amount of RM18.89 million (2017: RM16.68 million) charged to licensed banks as security for banking facilities granted to certain subsidiaries as disclosed in Note 22 to the financial statements;

(b) included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM0.62 million (2017: RM0.60 million) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations; and

(c) an amount of RM24.89 million (2017: RM24.75 million) placed with lease payables as security deposits for lease payments as disclosed in Note 22 to the financial statements.

The weighted average effective interest rate of the short term deposits is disclosed in Note 38(c) to the financial statements.

19. SHARE CAPITAL

	2018		2017	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Authorised:				
Ordinary shares				
At 1 January	-	-	3,000,000	900,000
Transition to no par value regime	-	-	(3,000,000)	(900,000)
At 31 December	-	-	-	-
Issued and fully paid:				
Ordinary shares				
At 1 January	677,776	320,650	664,052	199,216
Transition to no par value regime:				
- Share premium	-	-	-	117,317
Arising from conversion of ICULS (Note 21)	251,419	60,727	13,724	4,117
At 31 December	929,195	381,377	677,776	320,650

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM117,317,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM117,317,000 for the purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. RESERVES

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Fair value reserve	(a)	(1,254)	1,881	-	-
Capital reserve		-	-	69	69
Foreign exchange translation reserve	(b)	6,871	7,189	-	-
Revaluation reserve	(c)	18,467	23,510	-	-
		24,084	32,580	69	69
Distributable					
Retained earnings		16,725	18,902	12,763	11,755
		40,809	51,482	12,832	11,824

(a) **Fair Value Reserve**

The fair value reserve represents the fair value reserve relating to the fair valuation of financial assets categorised as fair value through other comprehensive income and share of fair value reserve of associates.

(b) **Foreign Exchange Translation Reserve**

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation and share of foreign exchange translation reserve of associates.

(c) **Revaluation Reserve**

The revaluation reserve represents the surplus on the revaluation of certain hotel properties of the Group and share of revaluation reserve of associates.

21. ICULS

On 29 January 2008, the Company issued 1,182,277,666 ICULS.

The ICULS are constituted by a Trust Deed dated 10 December 2007 as varied in the First Supplemental Trust Deed dated 4 August 2008, the Second Supplemental Trust Deed dated 20 July 2012 and the Third Supplemental Trust Deed dated 26 September 2013 ("Trust Deed"). The ICULS at the nominal amount of RM0.15 each issued by the Company have a tenure of ten (10) years from the date of issue and are not redeemable in cash. Unless converted, all outstanding ICULS will be mandatorily converted by the Company into new ordinary shares of the Company ("ASB Shares") at the conversion price applicable on the maturity date (i.e. 26 January 2018).

The ICULS may be converted into new ASB Shares by:

(a) surrendering the ICULS with an aggregate nominal value equivalent to RM0.30 for every one (1) new ASB Share (subject to adjustments in accordance with the provisions of the Trust Deed) ("Conversion Price"); or

(b) surrendering one (1) ICULS together with the necessary cash payment constituting the difference between the Conversion Price and the nominal value of the ICULS surrendered, for one (1) new ASB Share. For avoidance of doubt, for every one (1) ICULS surrendered together with the required cash payment, the holder will only be entitled to subscribe for one (1) new ASB Share.

The new ASB Shares to be issued upon conversion of the ICULS will, upon allotment and issuance, rank pari passu in all respects with the then existing issued ASB Shares save that they will not be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new ASB Shares pursuant to the conversion of the ICULS.

The interest on the ICULS at the rate of 2% per annum on the nominal value of the outstanding ICULS is payable annually in arrears, on the last day of each of the ten (10) successive periods of twelve (12) months calculated from the issue date with the last interest payment date falling on the maturity date of the ICULS.

The ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company. Following the conversion of all outstanding 502,151,541 ICULS, a total of 251,075,761 new ordinary shares in the Company were allotted on 30 January 2018.

21. ICULS (Continued)

The ICULS is recognised in the statements of financial position of the Group and of the Company as follows:

		Group and Company		
	Note	Equity Component	Liability Component	Total
2018		RM'000	RM'000	RM'000
Nominal value				
At 1 January 2018		60,724	16,102	76,826
Converted to ordinary shares during the financial year	19	(60,724)	(1)	(60,725)
At 31 December 2018		-	16,101	16,101
Expense recognised in profit or loss				
At 1 January 2018		-	8,171	8,171
Recognised during the financial year - ICULS interest		-	4	4
At 31 December 2018		-	8,175	8,175
Interest paid/accrued:				
At 1 January 2018		-	(24,165)	(24,165)
Paid/accrued during the financial year		-	(111)	(111)
At 31 December 2018		-	(24,276)	(24,276)
At 31 December 2018		-	-	-

		Group and Company		
	Note	Equity Component	Liability Component	Total
2017		RM'000	RM'000	RM'000
Nominal value				
At 1 January 2017		64,803	16,144	80,947
Deferred tax assets	13	-	(4)	(4)
Converted to ordinary shares during the financial year	19	(4,079)	(38)	(4,117)
At 31 December 2017		60,724	16,102	76,826
Expense recognised in profit or loss				
At 1 January 2017		-	8,100	8,100
Recognised during the financial year - ICULS interest		-	71	71
At 31 December 2017		-	8,171	8,171
Interest paid/accrued:				
At 1 January 2017		-	(22,651)	(22,651)
Paid/accrued during the financial year		-	(1,514)	(1,514)
At 31 December 2017		-	(24,165)	(24,165)
At 31 December 2017		60,724	108	60,832

Interest expense on the ICULS is calculated based on the effective yield by applying the effective interest rate of 7% (2017: 7%) for an equivalent non-convertible loan stock to the liability component of the ICULS.

22. BORROWINGS

		Group	
		2018	**2017**
	Note	RM'000	RM'000
Current liabilities			
Bank overdrafts	(a)	2,404	1,728
Revolving credit	(b)	41,000	35,000
Finance lease payable	(c)	23,017	-
Hire purchase payables	(d)	63	59
Term loans	(e)	3,513	2,252
Banker acceptance		900	-
Debtor financing		5,228	-
		76,125	39,039
Non-current liabilities			
Finance lease payable	(c)	-	23,017
Hire purchase payables	(d)	71	134
Term loans	(e)	67,715	37,612
		67,786	60,763
		143,911	99,802
Total liabilities			
Bank overdrafts	(a)	2,404	1,728
Revolving credit	(b)	41,000	35,000
Finance lease payable	(c)	23,017	23,017
Hire purchase payables	(d)	134	193
Term loans	(e)	71,228	39,864
Banker acceptance		900	-
Debtor financing		5,228	-
		143,911	99,802

(a) Bank Overdrafts

	Group	
	2018	**2017**
	RM'000	RM'000
Bank overdrafts:		
- secured	2,404	1,728

The bank overdrafts are secured by way of:

(i) a pledge of short term deposits;

(ii) fixed and floating charges over the assets of certain subsidiaries as disclosed in Note 14 and 18 to the financial statements;

(iii) a guarantee and an indemnity from the Company and its subsidiaries.

The weighted average effective interest rate of the revolving credit is disclosed in Note 38(c) to the financial statements.

22. **BORROWINGS (Continued)**

(b) **Revolving Credit**

The revolving credit is secured by way of:

(i) a pledge of short term deposits;

(ii) fixed charges over certain hotel and other properties of the Group as disclosed in Note 5(b) to the financial statements;

(iii) certain shares of subsidiaries at carrying amounts of RM10.28 million (2017: RM10.28 million) and RM61.94 million (2017: RM61.94 million) respectively; and

(iv) a guarantee and an indemnity from the Company.

The weighted average effective interest rate of the revolving credit is disclosed in Note 38(c) to the financial statements.

(c) **Finance Lease Payable**

	Group	
	2018	**2017**
	RM'000	RM'000
Minimum lease payments:		
- not later than one (1) year	23,599	1,203
- later than one (1) year but not later than five (5) years	-	23,599
	23,599	24,802
Less: Future finance lease interest	(582)	(1,785)
Present value of finance lease liabilities	23,017	23,017
Represented by:		
Current		
- not later than one (1) year	23,017	-
Non-current		
- later than one (1) year but not later than five (5) years	-	23,017
	23,017	23,017

Finance lease payable represents obligation arising from the finance lease for a hotel property pursuant to sale and leaseback agreements entered in 2006 with an option to further extend for another period of two (2) years in the previous financial year.

The Group has an option to buy back the hotel property at RM23.00 million at the end of the extended lease term.

The weighted average effective interest rate of the finance lease payable is disclosed in Note 38(c) to the financial statements.

The finance lease payable is secured by way of a pledge of short term deposit as disclosed in Note 18(c) to the financial statements.

22. **BORROWINGS (Continued)**

(d) **Hire Purchase Payables**

	Group	
	2018 RM'000	**2017** RM'000
Minimum hire purchase payments:		
- not later than one (1) year	68	68
- later than one (1) year but not later than five (5) years	74	142
	142	210
Less: Future hire purchase interest	(8)	(17)
Present value of hire purchase liabilities	134	193
Represented by:		
Current		
- not later than one (1) year	63	59
Non-current		
- later than one (1) year but not later than five (5) years	71	134
	134	193

The weighted average effective interest rate of the hire purchase payable is disclosed in Note 38(c) to the financial statements.

(e) **Term Loans**

	Group	
	2018 RM'000	**2017** RM'000
Term loans		
-secured	71,228	39,864
Represented by:		
Current		
- not later than one (1) year	3,513	2,252
Non-current		
- later than one (1) year but not later five (5) years	16,357	8,874
- later than five (5) years	51,358	28,738
	67,715	37,612
	71,228	39,864

22. BORROWINGS (Continued)

(e) Term Loans (Continued)

The term loans are secured by way of:

(i) fixed charges over certain hotel and other properties of the Group as disclosed in Note 5(b) to the financial statements;

(ii) the entire issued and paid up share capital of certain subsidiaries;

(iii) certain shares of subsidiaries at carrying amounts of RM10.28 million (2017: RM10.28 million) and RM61.94 million (2017: RM61.94 million) respectively;

(iv) fixed and floating charges over the assets of certain subsidiaries as disclosed in Notes 14 and 18(a) to the financial statements; and

(v) a corporate guarantee by the Company and its subsidiaries.

The weighted average effective interest rate of the term loans is disclosed in Note 38(c) to the financial statements.

23. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded defined retirement benefit plans for some of its employees.

The total amount recognised in the statements of financial position are as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Present value of unfunded defined benefits obligations	1,666	1,747

The following table shows a reconciliation from the opening balance to the closing balance for the retirement benefit plan:

	Group	
	2018	**2017**
	RM'000	RM'000
At 1 January	1,747	1,609
Include in the profit or loss:		
- Current service cost	332	108
- Interest cost	-	98
	332	206
Others:		
Paid during the financial year	(413)	(68)
At 31 December	1,666	1,747

23. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (Continued)

The principal actuarial assumptions used are as follows:

	Group	
	2018	**2017**
	%	%
Discount rate	5.4	6.0
Expected rate of salary increase	6.0	6.0
Future turnover rate	6.0	6.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group	
	Defined benefit obligation	
	Increase	**Decrease**
2018	RM'000	RM'000
Increase/Decrease of 1% discount rate	(180)	215
Increase/Decrease of 1% expected rate of salary increase	204	(175)
Increase/Decrease of 1% future turnover rate	(40)	43
Increase/Decrease of 10% future mortality	(8)	8

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

24. TRADE AND OTHER PAYABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Amount owing to customers for contract work	15(b)	-	2,058	-	-
Trade payables	(a)	19,757	38,444	-	-
Deferred revenue		-	4,417	-	-
		19,757	44,919	-	-
Current:					
Non-Trade					
Accruals		16,107	13,412	530	537
Accrued interest		-	1,396	-	1,396
Amount owing to associates	(b)	23	22	-	-
Amount owing to subsidiaries	(c)	-	-	231,710	226,710
Deposits received		1,975	2,001	-	-
Other payables		37,048	35,087	-	-
		55,153	51,918	232,240	228,643
Total current payables		74,910	96,837	232,240	228,643
Total trade and other payables		74,910	96,837	232,240	228,643
Less: Deferred revenue		-	4,417	-	-
Add: Borrowings (Note 22)		143,911	99,802	-	-
Total financial liabilities carried at amortised cost		218,821	192,222	232,240	228,643

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

(b) Amount owing to associates

The amount owing to associates is unsecured, interest-free and is repayable on demand by cash.

(c) Amount owing to subsidiaries

The amount owing to subsidiaries is unsecured, interest-free and is repayable on demand by cash.

25. REVENUE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Sales of goods	8,138	8,588	-	-
Education services	1,100	2,440		
Hotels and resorts services	45,973	51,722	-	-
Coach building	1,937	5,391	-	-
Information, communications technology and related service	94,232	77,448	-	-
Ticketing	71,888	67,925		
Travel and tours	50,856	43,681	-	-
Card and payment services	7,674	6,629	-	-
Interest and financing income	29	24	29	24
Property development	38	1,145	-	-
Rental income	914	930	-	-
Gross dividend income	804	-	11,982	9,621
	283,583	265,923	12,011	9,645

26. COST OF SALES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Sales of goods	8,465	9,740	-	-
Hotels and resorts services	11,486	12,839	-	-
Coach building	2,450	2,982	-	-
Information, communications technology and related service	58,329	42,037	-	-
Ticketing, travel and tours	113,720	103,362	-	-
Card and payment services	5,226	4,615	-	-
Property development	28	516	-	-
	199,704	176,091	-	-

27. OPERATING PROFIT

Operating profit has been arrived at:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible assets	1,497	1,825	-	-
Auditors' remuneration				
- statutory:				
- holding company	100	100	100	100
- subsidiaries	847	836	-	-
- under/(over) accrual in prior years	2	32	(6)	3
- non-statutory:				
- holding company	9	15	9	15
Write down of inventories	14	12	-	-
Bad debts written off	186	151	-	-
Depreciation	5,631	6,411	8	8
Directors' remuneration:				
- fees	328	598	306	315
- other emoluments	2,817	2,315	1,791	1,104
Impairment loss on:				
- development expenditure	37	-	-	-
- goodwill	1,497	540	-	-
Fair value change in:				
- held for trading investments	49	2	-	-
- fair value through profit or loss investment securities	-	658	-	-
- foreign currency held for trading	2	8	-	-
- investment property	1,060	-	-	-
- investment in associates	927	744	-	-
Loss on disposal of property, plant and equipment	-	16	-	-
Lease rental	10,201	11,206	-	-
Net loss on foreign exchange:				
- unrealised	426	1,828	-	-
Property, plant and equipment written off	1,035	96	-	-
Provision for retirement benefits plan	332	206	-	-
Rental expenses:				
- equipment	196	221	-	-
- premises	1,629	1,149	170	170
- others	211	299	-	-
Staff cost:				
- salaries and wages	39,532	41,276	3,204	2,536
- defined contribution plan	5,257	5,323	453	370
- other employee benefits	4,297	4,141	39	22

27. OPERATING PROFIT (Continued)

Operating profit has been arrived at (Continued):

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Insurance claim compensation	-	12,161	-	-
Gain on disposal of:				
- property, plant and equipment	23	-	-	-
- an associate	5,239	-	-	-
- fair value through profit or loss investment securities	231	-	-	-
Fair value change in fair value through profit or loss investment securities	5,852	-	-	-
Net gain on foreign exchange:				
- realised	13	208	-	-
Gross dividend income from:				
- Malaysia:				
- quoted securities	804	-	-	-
- unquoted securities	-	5	-	-
Interest income:				
- Short term deposits	2,198	2,783	29	24
- Loan and receivables	222	232	-	-
Rental income	1,122	1,410	-	-
Write back of payables	-	198	-	-

28. FINANCE COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- bank overdrafts	86	42	-	-
- finance lease	1,203	1,211	-	-
- hire purchases	9	12	-	-
- ICULS	4	71	4	71
- term loans	4,778	3,908	2,849	2,269
- others	85	1	-	-
	6,165	5,245	2,853	2,340

29. INCOME TAX EXPENSE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year				
- In Malaysia	4,834	5,859	6	7
- Outside Malaysia	308	44	-	-
Prior years	(1,674)	608	-	(5)
Deferred tax (Note 13)				
Current year	(1,969)	(2,286)	-	-
Prior years	(10)	384	9	126
	1,489	4,609	15	128

The income tax is calculated at the statutory rate of 24% (2017: 24%) of the estimated assessable profit for the year.

Two indirect subsidiaries of the Company, GlobeOSS Sdn. Bhd. and Postpay Technology Sdn. Bhd. (formerly known as Unified Communications (VAS) Sdn. Bhd.), have been granted pioneer status as Multimedia Super Corridor ("MSC") companies under the Malaysia Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five (5) year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of GlobeOSS Sdn. Bhd. after being extended once, expired on 14 January 2017. The MSC status of Postpay Technology Sdn. Bhd. (formerly known as Unified Communications (VAS) Sdn. Bhd.) commenced from 21 December 2015 and will expire on 20 December 2020.

In addition, another subsidiary of the Company, Unified Communications (OHQ) Sdn. Bhd. received the Malaysian Industrial Development Authority's approval in October 2009 of its Operational Headquarters ("OHQ") status to provide certain approved OHQ services to the Group entities. The OHQ status is granted for ten (10) years with certain tax incentives.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	%	%	%	%
Applicable tax rate	24	24	24	24
Tax effects arising from				
- Non allowable expenses	1,767	59	62	53
- Non taxable income	(685)	(71)	(86)	(77)
- Utilisation of previously unrecognised tax losses and capital allowances	(956)	(15)	-	-
- Deferred tax assets not recognised in the year	1,295	43	-	-
- Different tax rate in foreign jurisdiction	249	5	-	-
- Crystalisation of deferred tax liabilities	(16)	-	-	-
- Share of tax of associates included in share of profit of associates	(149)	2	-	-
- Utilisation of group relief	(456)	(4)	-	-
	1,073	43	-	-
- (over)/under accrual in prior years	(644)	12	-	4
Average effective tax rate	429	55	-	4

30. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

	Group	
	2018 RM'000	**2017** RM'000
Consolidated loss attributable to owners of the parent	(4,897)	(663)
	2018 '000	**2017** '000
Weighted average number of ordinary shares in issue	911,990	672,339
	2018 Sen	**2017** Sen
Basic loss per share	(0.54)	(0.10)

(b) Diluted loss per ordinary share

Diluted loss per share of the Group is calculated by dividing the loss for the financial year attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue during the financial year. The adjusted weighted average number of ordinary shares in issue is arrived at assuming full conversion of the ICULS which represents the dilutive potential of the ordinary shares.

	Group	
	2018 RM'000	**2017** RM'000
Consolidated loss attributable to owners of the parent	(4,897)	(663)
Interest expenses on ICULS (net of tax)	-	197
Loss after mandatory conversion of ICULS	(4,897)	(466)
	2018 '000	**2017** '000
Weighted average number of ordinary shares in issue	911,990	672,339
Adjustment for ordinary shares deemed converted from ICULS	-	256,856
Weighted average number of ordinary shares in issue after deemed conversion of ICULS	911,990	929,195

30. LOSS PER ORDINARY SHARE (Continued)

(b) Diluted loss per ordinary share (Continued)

	Group 2018 Sen	Group 2017 Sen
Diluted loss per share	(0.54)	(0.10)

The diluted loss per share for previous financial year is equivalent to the basic loss per share as the effect arising from deemed conversion of ICULS is anti-dilutive.

31. DIVIDENDS

Dividends recognised by the Company are as follows:

	Sen per share	Total Amount RM'000	Date of payment
2018			
Final 2017 ordinary share (single tier)	0.250	2,323	15 August 2018
2017			
Final 2016 ordinary share (single tier)	0.250	1,693	18 August 2017

32. CONTINGENT LIABILITIES

	Group 2018 RM'000	Group 2017 RM'000
Litigation	6,376	6,362

On 19 November 2013, Unified Telecom Private Limited ("UTPL"), a joint venture entity in India of Unified Communications Pte. Ltd. ("UCPL"), a wholly-owned subsidiary of Captii Limited ("Captii"), which in turn an indirect 58.3%-owned subsidiary of the Company, filed a petition to the High Court of Delhi, New Delhi under Section 9 of India Arbitration and Conciliation Act, 1996 ("Act") to obtain interim relief on the protection of assets currently under the custody of a former customer, a mobile telecoms network operator and service provider in India ("Telco"), and to deny the penalty claims by the Telco against UTPL.

32. CONTINGENT LIABILITIES (Continued)

The Telco had via a letter issued in July 2013 alleged that UTPL is liable for a sum of INR 10.7 crore (approximately SGD2.1 million or RM6.3 million) for damages and expenditure incurred in connection with the said contract during its currency.

Legal advice has been sought from reputable law firms in both India and Singapore with good credentials in handling contract litigation and dispute resolution, to review and advice on the merit of this claim by the Telco on UTPL. Based on the legal opinions obtained from the law firms concerned, management of Captii is of the view that UTPL has full rights and title to the assets and should be entitled to demand their return, and that the Telco's claim against UTPL has no legal merit. Accordingly, external legal counsels in Singapore and India have been appointed to advise and represent UCPL and UTPL to pursue legal recourse.

As announced by Captii on 16 January 2015, the hearing on the petition filed by UTPL which was originally scheduled to be heard on 23 April 2014, having been adjourned on several occasions, was dismissed by the High Court, as the Telco had initiated the arbitration proceedings before a tribunal. The High Court was of the view that the matter should be resolved through arbitration proceedings since the tribunal had already been constituted.

During the reporting year 2015, UTPL commenced an application pursuant to Section 17 of the Indian Arbitration and Conciliation Act 1996 for, amongst others, the return of the Hardware. However, the learned Arbitrator dismissed the application, but directed Telco to ensure the safety of and protect the Hardware from any damage during the period the Hardware is lying in Telco's premises.

A number of procedural hearings have been held by the Arbitrator to cross examine the affidavits of the admissions and denial documents relating to the aforesaid claim and counterclaims throughout the years. The next hearing has tentatively been set on 18 April 2019.

In the opinion of management of Captii, no material losses are expected to arise pertaining to the aforesaid contingent matter.

33. MATERIAL LITIGATION

The Company had announced that a legal proceeding was instituted against PT Diwangkara Holiday Villa Bali, an indirect subsidiary of the Company, arising from a claim dated 14 April 2015 made by PT Diwangkara Jaya Makmur ("Plaintiff" or "Jaya Makmur") against PT Diwangkara ("Defendant I" or "PT Diwangkara Holiday Villa Bali") and CV Telabah Nasional Traiding Company ("Defendant II") which was read on 28 July 2015 at the Denpasar District Court, Indonesia. Defendant I has a lease agreement for the land and building which happened to be the building of Diwangkara Holiday Villa Beach Resort & Spa Bali ("Hotel") including its licences and in the agreement, the owner also gives the right to operate and manage the Hotel to Defendant I.

33. MATERIAL LITIGATION (Continued)

The Plaintiff's claims principally included among others to invalidate the lease agreement between the Defendant I and Defendant II for Defendant I to lease the Hotel for a period of 22 years, and for Defendant I to pay actual and general losses suffered by the Plaintiff amounting to Rp114,600,000,000 (equivalent of approximately RM36.4 million) and default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the pronounce of the judgement and court fees.

Mediation proceedings were not successful and the trial continued with Response of the Parties for the claim and Defendant I had responded by filing its counter claims to Denpasar District Court, Indonesia which principally included among others to declare the lease agreement legitimate and binding under the law, order for Plaintiff to pay actual and general losses and compensation for the loss of public trust, image and reputation of the Hotel that have been suffered by Defendant I amounting to Rp24,304,854,643 and USD1,313,860.13 (equivalent of approximately RM13.6 million), default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the date the judgement is enforceable and all costs incurred in this case.

On 5 May 2016, the Company announced the Denpasar District Court’s judgment on 3 May 2016 which principally states that Jaya Makmur's lawsuit is declined by Denpasar District Court and Jaya Makmur has conducted an unlawful act by taking over the Hotel and office building and the management of the Hotel from PT Diwangkara Holiday Villa Bali prior to the expiry of the lease under Deed No. 38 and No. 39 and therefore Jaya Makmur shall return the operations of the Hotel to PT Diwangkara Holiday Villa Bali, and pay material and immaterial losses of PT Diwangkara Holiday Villa Bali in the amount of Rp5,384,507,763 (equivalent of approximately RM1.7 million) plus costs incurred in this case in the amount of Rp1,706,000 (equivalent of approximately RM530) (“Denpasar District Court's Judgment”).

With regards to the Denpasar District Court's Judgement, both parties have submitted an appeal to the High Court of Denpasar, Indonesia, and judgement was given on 3 October 2017 which strengthen Denpasar District Court's Judgment dated 3 May 2016. Therefore Denpasar District Court's Judgement remains valid for both parties.

In regards with High Court of Denpasar's judgement, both parties have submitted a cassation appeal to the Supreme Court and it is still under cassation process.

34. COMMITMENTS

The Group has lease commitments under non-cancellable operating leases, which are payable as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Not later than one (1) year	12,298	8,277
Later than one (1) year but not later than five (5) years	34,700	28,741
Later than five (5) years	43,459	52,576
	90,457	89,594

The Group leases a number of hotels and office premises under operating leases. The hotel leases typically run for the period of two to eighty years and the office premises leases run for average period of three years.

Acquisition of Beaver Hotels Limited is as disclosed in Note 41 to the financial statements.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also included key management personnel defined as those group of persons having authority and responsibility for planning, directing, and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates, significant investors, Directors and key management personnel.

(b) Significant related party transactions and balances

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Income				
(i) Dividends receivable from subsidiaries				
- Alangka-Suka Hotels & Resorts Sdn. Bhd.	-	-	7,346	5,076
- Worldwide Matrix Sdn. Bhd.	-	-	485	1,410
- Diversified Gain Sdn. Bhd.	-	-	2,700	1,320
- Advance Synergy Realty Sdn. Bhd.	-	-	1,451	1,815
(ii) Rental receivable from a company of which a director has deemed interest:				
- SJ Securities Sdn. Bhd.	469	549	-	-

35. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(b) Significant related party transactions and balances (Continued)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows (Continued):

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Expenses				
(i) Rental payable to a subsidiary				
- AESBI Power Systems Sdn. Bhd.	-	-	170	170
(ii) Purchase of goods and services from a subsidiary				
- Orient Escape Travel Sdn. Bhd.	-	-	-	119
(iii) Lease rental payable to a company of which a director has deemed interest:				
- Leeds Property Limited	4,734	4,904	-	-
(iv) Directors' emoluments:				
- fees	328	598	306	315
- salaries and bonuses	2,817	2,315	1,791	1,104
- benefit-in-kind	115	115	108	108

(c) Remuneration of key management personnel

The remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fees	707	609	306	315
Emoluments and benefits	4,874	4,643	2,124	1,445
Contributions to defined contribution plan	554	552	239	173
	6,135	5,804	2,669	1,933
Benefit-in-kind	139	122	115	115

The estimated monetary value of other benefits, not included in the above, received by Directors and other key management personnel of the Company and its subsidiaries were RM139,100 (2017: RM122,100) for the Company and RM114,900 (2017: RM114,900) for the Group.

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,817,240 (2017: RM2,315,211) and RM1,791,080 (2017: RM1,104,320) respectively.

36. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments and on the basis of internal reports on the Group's strategic business units which are regularly reviewed by the Group Managing Director in order to allocate resources to the segments and to assess their performances.

The Group's operating and reportable segments are business units engaged in providing different products or services and business units operating in different geographical locations. These businesses are managed and assessed separately as each requires a differentiated strategy focused on the specific products and services. The Group Managing Director reviews the internal management reports on a quarterly basis in order to assess their performance.

There are varying levels of integration among Investment Holding segment and Travel and Tours segment with the other segments. This integration includes rental of properties, corporate support and provision of travel related service. Inter-segment pricing is determined on a negotiated basis.

Segment results

Segment performance is used to measure performance as Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

The total segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director.

The Group's operating segments are as follows:

Investment holding	:	Investment holding and providing full corporate and financial support to the Group.
Property development	:	Development of residential and commercial properties.
Hotels and resorts	:	Operate and manage hotels and resorts and other related services.
Information and communications technology	:	Design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.

36. SEGMENT INFORMATION (Continued)

The Group's operating segments are as follows (Continued):

Travel and tours	:	Travel and tour agent, money services business and provision of travel related services.
Others	:	Businesses involving design, building and fabrication of coaches and bus maintenance and related services, trading, payment card issuing and acquiring services and owns and operates language centre.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

2018	Investment holding RM'000	Property development RM'000	Hotels and resorts RM'000	Information and communications technology RM'000	Travel and tours RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
Revenue									
External	1,560	38	54,298	94,232	122,744	10,711	-		283,583
Inter-segment	13,622	-	-	-	302	-	(13,924)	(a)	-
	15,182	38	54,298	94,232	123,046	10,711	(13,924)		283,583
Results									
Segment results	4,540	(2,210)	3,354	10,795	2,081	(9,527)	(10,845)	(b)	(1,812)
Share of results of associates	2,230	-	4	-	(75)	-	-		2,159
Consolidated profit/ (loss) before tax	6,770	(2,210)	3,358	10,795	2,006	(9,527)	(10,845)		347
Income tax expense	(15)	-	128	(875)	(756)	29	-		(1,489)
Net loss for the financial year									(1,142)
Attributable to:									
Non-controlling interests									3,755
Owners of the parent									(4,897)

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2018	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
<u>Other information</u>									
Segment assets	75,261	91,019	234,125	211,282	24,493	35,973	-		672,153
Investment in associates and joint venture	36,459	-	112	6,848	362	-	-		43,781
Unallocated corporate assets									9,413
Total assets									725,347
Segment liabilities	32,530	38,532	102,798	37,827	8,501	13,424	-		233,612
Unallocated corporate liabilities									4,844
Total liabilities									238,456
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	41	3	6,305	2,116	174	268	-		8,907
- Software development expenditure	-	-	-	1,199	-	-	-		1,199
- Licenses	-	-	-	-	-	99	-		99
Income:									
Interest income	150	161	1,718	293	98	-	-		2,420
Gain on disposal of:									
-an associate	-	-	5,239	-	-	-	-		5,239
-fair value through profit or loss investments	-	-	-	231	-	-	-		231
-property, plant and equipment	3	-	20	-	-	-	-		23
Fair value change in:									
-fair value through profit or loss investments	3,524	-	-	3,492	(1,164)	-	-		5,852
Expense:									
Amortisation of intangible assets	-	-	-	1,444	-	53	-		1,497
Depreciation	669	25	2,840	1,577	105	415	-		5,631
Finance cost	4,716	-	1,281	82	86	-	-		6,165

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2018	Investment holding RM'000	Property development RM'000	Hotels and resorts RM'000	Information and communications technology RM'000	Travel and tours RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
Other information (Continued)									
Expense (Continued):									
Fair value change in:									
-held for trading investments	-	-	49	-	-	-	-		49
-foreign currency held for trading	-	-	-	-	2	-	-		2
-investment in associates	96	-	-	831	-	-	-		927
-investment property	-	-	-	1,060	-	-	-		1,060
Impairment loss on:									
-development expenditure	-	-	-	37	-	-	-		37
-goodwill	-	-	-	1,497	-	-	-		1,497
Expected credit loss on receivables	-	-	863	-	-	347	-		1,210
Write down on inventories	-	-	-	14	-	-	-		14
Bad debts written off	-	-	76	-	110	-	-		186
Property, plant and equipment written off	-	-	1,035	-	-	-	-		1,035
Lease rental	-	-	10,201	-	-	-	-		10,201
Staff costs:									
- salaries and wages	4,231	656	10,015	16,046	3,716	4,868	-		39,532
- defined contribution plan	619	79	1,371	2,171	490	527	-		5,257
- other employee benefits	206	21	1,158	1,826	754	332	-		4,297

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2017	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Revenue									
External	673	1,145	60,461	77,448	111,606	14,590	-		265,923
Inter-segment	11,348	-	-	-	567	-	(11,915)	(a)	-
	12,021	1,145	60,461	77,448	112,173	14,590	(11,915)		265,923
Results									
Segment results	641	134	15,711	8,783	2,088	(8,550)	(9,621)	(b)	9,186
Share of results of associates	(726)	-	(79)	-	(21)	-	-		(826)
Consolidated profit/ (loss) before tax	(85)	134	15,632	8,783	2,067	(8,550)	(9,621)		8,360
Income tax expense	(128)	(47)	(2,070)	(1,607)	(757)	-	-		(4,609)
Net profit for the financial year									3,751
Attributable to:									
Non-controlling interests									4,414
Owners of the parent									(663)

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2017	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Other information									
Segment assets	62,602	54,725	243,987	208,136	25,859	52,783	-		648,092
Investment in associates and joint venture	34,167	-	6,499	5,639	437	-	-		46,742
Unallocated corporate assets									5,137
Total assets									699,971
Segment liabilities	30,014	4,028	96,038	39,639	7,997	20,778	-		198,494
Unallocated corporate liabilities									5,408
Total liabilities									203,902
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	2	40	8,832	3,005	9	102	-		11,990
- Software development expenditure	-	-	-	844	-	-	-		844
- Licenses	-	-	-	-	-	163	-		163
Income:									
Interest income	62	339	2,041	482	91	-	-		3,015
Reversal of expected credit losses on receivables	-	-	-	60	-	-	-		60
Insurance claim compensation	-	-	12,161	-	-	-	-		12,161
Expense:									
Amortisation of intangible assets	-	-	-	1,686	-	139	-		1,825
Depreciation	469	23	3,347	1,598	106	868	-		6,411
Finance cost	3,684	-	1,297	-	42	222	-		5,245

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2017	Investment holding RM'000	Property development RM'000	Hotels and resorts RM'000	Information and communications technology RM'000	Travel and tours RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
Other information (Continued)									
Expense (Continued):									
Fair value change in:									
-held for trading investments	-	-	2	-	-	-	-		2
-foreign currency held for trading	-	-	-	-	8	-	-		8
-investment in associates	-	-	-	439	305	-	-		744
-fair value through profit or loss investments	-	-	-	658	-	-	-		658
Impairment loss on:									
-goodwill	-	-	-	-	-	540	-		540
Expected credit losses on receivables	14	-	-	-	-	623	-		637
Write down on inventories	-	-	-	12	-	-	-		12
Bad debts written off	30	-	43	78	-	-	-		151
Property, plant and equipment written off	-	-	2	-	20	74	-		96
Loss on disposal of property, plant and equipment	-	-	3	2	-	11	-		16
Lease rental	-	-	11,206	-	-	-	-		11,206
Staff costs:									
- salaries and wages	4,317	674	12,898	15,315	3,635	4,437	-		41,276
- defined contribution plan	513	78	1,691	2,067	483	491	-		5,323
- other employee benefits	109	29	1,309	1,687	673	334	-		4,141

36. **SEGMENT INFORMATION (Continued)**

Notes Nature of elimination to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenues are eliminated on consolidation;

(b) Inter-segment expenses are eliminated on consolidation; and

Geographical Information

The Group operates mainly in Malaysia, Singapore, Africa and Middle East, Europe and Australia. In determining the geographical segments of the Group, revenue is based on the geographical locations of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The composition of each geographical segment is as follows:

Malaysia	:	Investment holding and providing full corporate and financial support to the Group, property development, owner and operator of hotels and resorts, travel and tours related services, payment card issuing and acquiring services, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry, design, building and fabrication of coaches, and bus maintenance and related services and owns and operates language centre.
Singapore	:	Design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry, provision of management and investment holdings.
Africa and Middle East	:	Operate and manage hotels and resorts, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.
Europe	:	Operate and manage hotels and resorts.
Others	:	Operate and manage hotels and resorts, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.

36. **SEGMENT INFORMATION (Continued)**

Geographical segments

The following table provides an analysis of the Group's revenue, segment assets and additions to non-current assets (other than financial instruments and deferred tax assets) by geographical segment:

	Revenue		**Segment assets**		**Additions to non-current assets (other than financial instruments and deferred tax assets)**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	249,603	234,168	517,267	498,435	8,308	4,971
Singapore	1,227	2,070	34,280	30,616	395	28
Africa & Middle East	5,625	7,678	3,532	4,304	66	156
Europe	12,535	13,461	47,634	52,434	206	170
Others	14,593	8,546	69,440	62,303	1,230	7,672
	283,583	265,923	672,153	648,092	10,205	12,997

Major customers

There are no major customers with revenue equal or more than 10% of the Group total revenue.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are not carried at fair value and whose carrying amounts are reasonably approximated to fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial Assets	
Trade and other receivables	15
Cash and bank balances and short term deposits	18
Financial Liabilities	
Trade and other payables	24
Borrowings	22
ICULS	21

The carrying amount of these financial assets and liabilities is reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings is reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximate their fair value as the loans to be repaid to market interest rate on or near report date.

The fair value of the liability component and the equity component were determined at the issuance of ICULS.

(b) Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

(i) Level 1 - Unadjusted quoted prices in active market for identical financial instruments

(ii) Level 2 - Inputs other than quoted prices include within Level 1 that are observable either directly or indirectly

(iii) Level 3 - Inputs that are not based on observable market data

37. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(b) **Fair value hierarchy (Continued)**

The following table provides fair value measurement hierarchy of the Group's and the Company's financial instruments:

		Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**					
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Fair value**	**Carrying amount**
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
2018											
Financial Assets											
Investment securities:	12										
- Fair value through other comprehensive income financial assets		6,515	-	2,872	9,387	-	-	-	-	9,387	9,387
- Fair value through profit or loss financial assets		-	-	37,636	37,636	-	-	-	-	37,636	37,636
- Held for trading investments		410	-	-	410	-	-	-	-	410	410
Foreign currency held for trading	17	317	-	-	317	-	-	-	-	317	317
Financial Liabilities											
Borrowings:	22										
- Hire purchase payable		-	-	-	-	-	-	71	71	71	71
- Term loans		-	-	-	-	-	-	67,715	67,715	67,715	67,715

37. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(b) **Fair value hierarchy (Continued)**

The following table provides fair value measurement hierarchy of the Group's and the Company's financial instruments (Continued):

		Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**					
	Note	**Level 1** RM'000	**Level 2** RM'000	**Level 3** RM'000	**Total** RM'000	**Level 1** RM'000	**Level 2** RM'000	**Level 3** RM'000	**Total** RM'000	**Fair value** RM'000	**Carrying amount** RM'000
Group											
2017											
Financial Assets											
Investment securities:	12										
- Available-for-sale financial assets		9,650	-	4,036	13,686	-	-	-	-	13,686	13,686
- Fair value through profit or loss financial assets		-	-	28,879	28,879	-	-	-	-	28,879	28,879
- Held for trading investments		459	-	-	459	-	-	-	-	459	459
Foreign currency held for trading	17	361	-	-	361	-	-	-	-	361	361
Financial Liabilities											
Borrowings:	22										
- Finance lease payable		-	-	-	-	-	-	23,017	23,017	23,017	23,017
- Hire purchase payable		-	-	-	-	-	-	134	193	193	193
- Term loans		-	-	-	-	-	-	37,612	37,612	37,612	37,612
ICULS	21	-	-	-	-	-	-	60,832	60,832	60,832	60,832
Company											
2017											
Financial Liabilities											
ICULS	21	-	-	-	-	-	-	60,832	60,832	60,832	60,832

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value hierarchy (Continued)

Policy on transfer between levels

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

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the ICULS.

The reconciliation of Level 3 fair value of ICULS is as disclosed in Note 21 to the financial statements.

The Group adopted the following valuation methodologies in estimating the fair values of the financial assets designated at fair value through profit or loss:

(i) Cost approach: This is applied to estimate fair value of companies in very preliminary development stage where revenue forecast is difficult to estimate with any degree of certainty, and assumes the book value or cost of an asset approximates its fair value. Adjustments, such as impairment allowance, are made to assets on a case-by-case basis if this assumption does not hold true.

(ii) Option Pricing Model ("OPM"): The OPM, which applies the Black-Scholes formula for option pricing, is a generally accepted valuation methodology used in estimating fair values of early stage companies, in particular those with different classes of shares. In applying the OPM to determine the fair value of an investee, management considers terms such as level of seniority among the securities, dividend policy, conversion ratios, and cash allocations of the various stockholders' agreements with the investee that would affect the distributions to each class of equity upon a liquidity event. In addition, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date.

The key assumptions used in applying the Black-Scholes formula which are unobservable inputs, are as follows:

Unobservable inputs	2018	2017	Sensitivity of inputs to fair value
Risk free rates (range)	1.9%–8.16%	1.69%–6.12%	Increase (decrease) of the inputs would result in decrease (increase) in fair values
Asset volatility (range)	51.46%–60.34%	38.0%–60.0%	
Expected terms (years)	3 to 5	5 to 5.38	

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value hierarchy (Continued)

Level 3 fair value (Continued)

The group has the policy to regularly assess and evaluate the appropriate valuation methodologies in ascertaining the fair value of the investments.

The valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

The fair value of the revolving credit, hire purchase payable, term loans and finance lease payable are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

Transfer between levels of fair values hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

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

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. It is the Group's and the Company's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group and the Company is exposed to minimal credit risk.

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Exposure to credit risk

As at end of financial year, the Group has no significant concentration of credit risk other than an amount owing from a debtor of RM3.68 million (2017: RM9.28 million). The Group does not anticipate the carrying amounts as at the end of financial year to be significantly different from the values that would eventually be received.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2018		2017	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Investment holding	34	0.0%	33	0.0%
Property development	1	0.0%	699	0.8%
Hotels and resorts	6,245	8.4%	8,384	9.5%
Information and communications technology	44,271	59.2%	45,964	52.0%
Travel and tours	8,726	11.7%	13,675	15.5%
Others	15,484	20.7%	19,633	22.2%
	74,761	100.0%	88,388	100.0%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15 to the financial statements. Deposits with banks and other financial institutions, investment securities and derivatives are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 15 to the financial statements.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM114.26 million (2017: RM78.24 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Financial guarantees (Continued)

As at the end of the reporting period, it was not probable that the counter party to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantee is NIL.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

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

			← Contractual cash flows →			
2018	**Carrying Amount** RM'000	**Contractual interest rate** %	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**More than 5 Years** RM'000	**Total** RM'000
Group						
Financial Liabilities						
Trade and other payables	74,910	-	74,910	-	-	74,910
Revolving credit	41,000	5.77-5.80	41,000	-	-	41,000
Finance lease payable	23,017	5.50	23,599	-	-	23,599
Hire purchase payables	134	2.70	68	74	-	142
Bank overdrafts	2,404	8.57	2,404	-	-	2,404
Term loans	71,228	4.55-7.96	7,580	29,255	66,496	103,331
Banker acceptance	900	3.66	900			900
Debtor financing	5,228	8.50	5,228			5,228
Company						
Other payables	232,240	-	232,240	-	-	232,240

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk (Continued)

Maturity analysis (Continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (Continued):

			← Contractual cash flows			→
2017	**Carrying Amount** RM'000	**Contractual interest rate** %	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**More than 5 Years** RM'000	**Total** RM'000
Group						
Financial Liabilities						
Trade and other payables	92,420	-	92,420	-	-	92,420
Revolving credit	35,000	5.55	35,000	-	-	35,000
Finance lease payable	23,017	5.50	1,203	23,599	-	24,802
Hire purchase payables	193	2.70	68	142	-	210
Bank overdrafts	1,728	7.44	1,728	-	-	1,728
Term loans	39,864	4.65-7.71	4,049	15,670	37,600	57,319
ICULS	60,832	2.00	75,426	-	-	75,426
Company						
Other payables	228,643	-	228,643	-	-	228,643
ICULS	60,832	2.00	75,426	-	-	75,426

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The Company manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Note	2018 Weighted Average Effective Interest Rate %	2018 Carrying Amount RM'000	2017 Weighted Average Effective Interest Rate %	2017 Carrying Amount RM'000
Fixed Rate					
Group					
Financial Liabilities					
Finance lease payable	22(c)	5.50	23,017	5.50	23,017
Hire purchase payables	22(d)	5.10	134	5.10	193
Banker acceptance		3.66	900	-	-
Debtor financing		8.50	5,228	-	-
			29,279		23,210
ICULS	21	-	-	7.00	60,832
			29,279		84,042
Company					
ICULS	21	-	-	7.00	60,832
Floating Rate					
Group					
Financial Assets					
Short term deposits	18	3.16	73,872	3.14	78,655
Financial Liabilities					
Bank overdrafts	22(a)	8.57	2,404	7.44	1,728
Revolving credit	22(b)	5.80	41,000	5.55	35,000
Term loans	22(e)	5.46	71,228	5.16	39,864
			114,632		76,592
Company					
Financial Assets					
Short term deposits	18	2.70	6,550	2.70	3,850

Sensitivity analysis for interest rate risk

(i) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

38. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(c) **Interest Rate Risk (Continued)**

Sensitivity analysis for interest rate risk (Continued)

(ii) **Cash flow sensitivity analysis for variable rate instruments**

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM0.31 million and RM0.05 million higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and higher/lower interest income from floating rate fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

(d) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM, Singapore Dollar ("SGD") and US Dollar ("USD"). The foreign currencies in which these transactions mainly denominated in US Dollar ("USD"), Chinese Renminbi ("RMB") and European Euro ("Euro").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	← Functional currencies →				
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
2018	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Investment securities					
Renminbi	-	1,693	-	-	1,693
Trade receivables					
US Dollar	7,381	-	905	-	8,286
Australia Dollar	673	-	-	-	673
Others	43	-	-	-	43
	8,097	-	905	-	9,002
Other receivables					
US Dollar	6	-	82	-	88

38. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(d) **Foreign Currency Risk (Continued)**

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	←	Functional currencies		→	
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
2018	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Financial assets held for trading					
Australia Dollar	17	-	-	-	17
Euro	23	-	-	-	23
Hong Kong Dollar	11	-	-	-	11
Pound Sterling	12	-	-	-	12
Singapore Dollar	19	-	-	-	19
US Dollar	104	-	-	-	104
Others	132	-	-	-	132
	318	-	-	-	318
Cash and bank balances					
Australia Dollar	3	-	-	-	3
Euro	34	5	-	-	39
Pound Sterling	3	-	-	-	3
Singapore Dollar	-	289	-	-	289
US Dollar	5,198	-	3,522	13	8,733
Others	5	-	-	-	5
	5,243	294	3,522	13	9,072
Trade payables					
US Dollar	1,671	-	319	-	1,990
Euro	380	-	-	-	380
Others	373	-	-	-	373
	2,424	-	319	-	2,743

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign Currency Risk (Continued)

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	← Functional currencies →				
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
2017	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Investment securities					
Renminbi	-	1,693	-	-	1,693
Trade receivables					
US Dollar	9,476	-	975	-	10,451
Australia Dollar	7,893	-	-	-	7,893
Euro	15	-	-	-	15
Others	791	-	9	-	800
	18,175	-	984	-	19,159
Other receivables					
US Dollar	9	-	12	-	21

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign Currency Risk (Continued)

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	← Functional currencies →				
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
2017	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Financial assets held for trading					
Australia Dollar	12	-	-	-	12
Euro	16	-	-	-	16
Hong Kong Dollar	22	-	-	-	22
Pound Sterling	40	-	-	-	40
Singapore Dollar	23	-	-	-	23
US Dollar	83	-	-	-	83
Others	156	-	-	-	156
	352	-	-	-	352
Cash and bank balances					
Australia Dollar	3	-	-	-	3
Euro	92	6	-	-	98
Pound Sterling	4	-	-	-	4
Singapore Dollar	15	728	-	-	743
US Dollar	5,573	-	1,033	16	6,622
Others	5	-	-	-	5
	5,692	734	1,033	16	7,475
Trade payables					
US Dollar	9,810	-	270	-	10,080
Euro	667	-	-	-	667
Others	376	-	36	-	412
	10,853	-	306	-	11,159

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign Currency Risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's post tax profit to a reasonably possible change in the USD, SGD and RMB exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

		Group **2018** RM'000 Profit/loss for the year
RMB/USD	- strengthened 10%	169
	- weakened 10%	(169)
USD/SGD	- strengthened 10%	419
	- weakened 10%	(419)
USD/RM	- strengthened 10%	1,102
	- weakened 10%	(1,102)

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Securities. These instruments are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10 percent strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM0.65 million and post tax profit or loss by RM0.04 million. A 10 percent weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

39. CAPITAL MANAGEMENT

The Group actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Group will be able to continue as a going concern while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

The capital structure of the Group consists of debt which includes borrowings (Note 22 to the financial statements), cash and cash equivalents (Statements of Cash Flows), and equity attributable to equity holders of the Company.

The Group's overall capital management strategy remains unchanged from 2017 and this includes maintaining a healthy gearing ratio taking into consideration the objectives of the Group. As at reporting date, the gearing ratio calculated as total borrowings divided by total equity is as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Total borrowings	143,911	99,802
Less : Cash and cash equivalents	(94,438)	(114,289)
Subtotal	49,473	(14,487)
Total equity	486,889	496,069
Debt-to-equity ratio	0.10	*

* Not applicable

There were no changes in the Group's approach to capital management during the year.

Certain subsidiaries are required to comply with the necessary capital requirements as prescribed in the rules & regulations of Bank Negara Malaysia and the Mainboard listing requirements of Singapore Exchange Securities Trading Limited.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:

(a) The ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company. Following the conversion of all outstanding 502,151,541 ICULS, a total of 251,075,761 new ordinary shares in the Company were allotted on 30 January 2018.

40. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)**

The significant events during the financial year are as follows (Continued):

(b) On 30 November 2018, Advance Synergy Realty Sdn. Bhd. ("ASR"), a wholly-owned subsidiary of the Company, completed the proposed acquisitions pursuant to the following two (2) Sale and Purchase Agreements entered into on 16 January 2018:

(i) Sale and Purchase Agreement with Petaling Garden Sdn. Bhd. for the proposed acquisition of 70% interest in a detached commercial 5-storey building block with car park bearing postal address No. 17, Jalan Yap Ah Shak, 50300 Kuala Lumpur for a cash purchase consideration of RM18.90 million; and

(ii) Sale and Purchase Agreement with Temasya Development Co. Sdn. Bhd. for the proposed acquisition of 70% interest in a detached commercial 4-storey building block bearing postal address No. 9, Jalan Kajibumi U1/70, Seksyen U1, Temasya Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan for a cash purchase consideration of RM22.05 million.

(c) On 13 December 2018, the proposed disposal by ASHR, a wholly-owned subsidiary of the Company, of its entire 6,811,628 ordinary shares representing 40% equity interest in HVKL to Ri-Yaz Assets (Kuala Lumpur) Sdn. Bhd. (formerly known as Aurora Arena Sdn. Bhd.) for a cash consideration of RM11.20 million pursuant to a share sale agreement entered into on 1 November 2017 was completed. Consequential thereto, HVKL will ceased to be a 40%-owned associated company of ASHR.

41. **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

On 21 December 2018, 57-59 Philbeach Gardens Limited ("PGL"), a wholly-owned subsidiary incorporated in United Kingdom, of Arosa, a 65%-owned indirect subsidiary of the Company, entered into a Share Sale Agreement to acquire 100% equity interest (represented by 1,100 ordinary shares of GBP1.00 each) in Beaver Hotels Limited ("Beaver") for a cash consideration of GBP10.25 million (equivalent to approximately RM55.63 million). Upon completion of the proposed acquisition on 21 February 2019, Beaver became an indirect 65%-owned subsidiary of the Company held via PGL.

Statement By Directors

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

We, **LEE SU NIE** and **YONG TECK MING**, being two of the directors of ADVANCE SYNERGY BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 99 to 231 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and their financial performance and cash flows for the financial year then ended.

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

LEE SU NIE
Director

YONG TECK MING
Director

Selangor Darul Ehsan
Date: 12 April 2019

Statutory Declaration

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

I, **LEE SU NIE**, being the director primarily responsible for the financial management of ADVANCE SYNERGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 99 to 231 are 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.

LEE SU NIE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur, Wilayah Persekutuan on 12 April 2019.

Before me,
HADINUR MOHD SYARIF
No.: W761

Commissioner for Oaths
Malaysia

Independent Auditors' Report

to the Members of Advance Synergy Berhad

Report on the Audited Financial Statements

Opinion

We have audited the financial statements of Advance Synergy Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies, as set out on pages 99 to 231.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Impairment of goodwill (Notes 4(a) and 8 to the financial statements)

Risk:

The carrying amount of the goodwill relating to the information and communications technology ("ICT") cash generating unit ("CGU") amounted to RM83,684,000. The recoverable amount of the CGU was determined based on its value in use ("VIU"). Cash flow projections used in the VIU calculation were based on financial budgets and forecasts approved by management covering a five years period using a discount rate and forecasted growth rate. Significant judgements arise over the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margins.

Our audit response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- assessing the methodology adopted by the Group;
- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates and gross profit margins.

Fair value of unquoted investment (Notes 4(b), 10 and 12 to the financial statements)

Risk:

The financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discounted rates.

Our audit response:

As the unquoted investments are held in a component where we are not the auditors, we performed our review of the work of the component auditors in accordance with ISA 600 *Special Considerations – Audits of Group Financial Statements* (including the Work of Component Auditors) and their audit procedures performed included, among others:

- discussing with management the basis used in determining the fair values;
- reviewing work of in-house specialist, especially in determining whether such valuation methodology is consistent with market practice;
- ensuring that the assumptions used and key inputs used has been assessed by the component auditors:
- testing the mathematical accuracy of the valuation methodology used; and
- reviewing the adequacy of the disclosures made in the financial statements in compliance with MFRS 9 Financial Instruments.

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

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

The directors of the Company are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
No. LLP0019411-LCA & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2020 J
Chartered Accountant

Kuala Lumpur
Date: 12 April 2019

OTHER INFORMATION

Contents

List of Properties

The top 10 properties of the Group as at 31 December 2018 are as follows:

Location	Description	Approx. land area	Approx. age of building (Years)	Tenure	Carrying Amount (RM'000)	Date of last revaluation / acquisition
* GM1126 Lot 1301, GM424 Lot 1302, GM857 Lot 1303, GM405 Lot 1305, HS(M) 1096 PT 1300 & HS(M) 1082 PT 1303 Mukim Sungai Karang Cherating Pahang Darul Makmur	Land with hotel building, recreational facilities, restaurants and apartment block	15 acres	25.5 - 31	Freehold	36,916	15.04.2016
Geran 85, Lot 2034 69, Jalan Haji Hussein 50300 Kuala Lumpur	18 storey hotel building	3,214 sq. m.	43	Freehold	32,801	04.05.2016
72, Pesiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan	Industrial land and buildings	61,492 sq. m.	25	Freehold	31,191	03.06.2003
9, Jalan Kajibumi U1/70 Seksyen U1 Temasya Glenmarie 40150 Shah Alam Selangor Darul Ehsan	Four storey commercial building	3,314 sq. m.	1	Freehold	23,030	30.11.2018
17, Jalan Yap Ah Shak 50300 Kuala Lumpur	Five storey commercial building	722 sq. m.	1	Freehold	19,759	30.11.2018

The top 10 properties of the Group as at 31 December 2018 are as follows (continued):

Location	Description	Approx. land area	Approx. age of building (Years)	Tenure	Carrying Amount (RM'000)	Date of last revaluation / acquisition
Oberseepromenade Postfach 289 CH 7050 Arosa Switzerland	Land	1,606 sq. m.	-	Freehold	19,055	30.09.2016
Suite No. 3A-5-1 Level 5, Block 3A Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur	Office Suite	749 sq. m. (floor area)	15	Freehold	7,000	12.01.2011
GRN 49945, Lot 39472 Mukim of Petaling District of Kuala Lumpur 20, Jalan Menara Gading 1 Taman Connaught, Cheras 56000 Kuala Lumpur	Three storey mid terrace shop office	164 sq. m.	13	Freehold	2,698	20.12.2013
B-16-8, Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur	Office	364 sq. m. (floor area)	20	Freehold	1,936	10.01.2013
GRN 232740, Lot 3063 Pekan Kinrara District of Petaling 167, Jalan Kenari 23A Bandar Puchong Jaya 47170 Puchong Selangor Darul Ehsan	Three and a half storey mid terrace shop office	156 sq. m.	9	Freehold	1,736	20.09.2013

Notes:

* Hotel property under finance lease.

Statement on Directors' Interests in the Company

and related corporations as at 28 March 2019

	Ordinary shares	
	Number	**Percentage**
Direct Interest in the Company		
Dato' Ahmad Sebi Bakar *	76,810,009	8.27
Kam Kin Foong	900,000	0.10
Deemed Interest in the Company		
Dato' Ahmad Sebi Bakar *	①139,391,853	15.00
Anton Syazi Dato' Ahmad Sebi	②30,467,000	3.28
Lee Su Nie	③365,000	0.04
Puan Sri Datin Masri Khaw Abdullah	④12,000,000	1.20
Direct Interest in related corporation		
Captii Limited		
Anton Syazi Dato' Ahmad Sebi	517,600	1.62
Lee Su Nie	20,000	0.06
Arcylic Synergy Sdn Bhd		
Anton Syazi Dato' Ahmad Sebi	1	negligible
Deemed Interest in related corporation		
Captii Limited		
Kam Kin Foong	⑤55,000	0.17
Segi Koleksi Sdn Bhd		
Dato' Ahmad Sebi Bakar	⑥105,000	30.00
Anton Syazi Dato' Ahmad Sebi	⑦105,000	30.00
Aryati Sasya Dato' Ahmad Sebi	⑦105,000	30.00
Metroprime Corporation Sdn Bhd		
Dato' Ahmad Sebi Bakar	⑧350,000	100.00
Anton Syazi Dato' Ahmad Sebi	⑨350,000	100.00
Aryati Sasya Dato' Ahmad Sebi	⑨350,000	100.00
	Ordinary shares of CHF500.00 each	
Posthotel Arosa AG		
Anton Syazi Dato' Ahmad Sebi	⑩3,150	35.00
Aryati Sasya Dato' Ahmad Sebi	⑩3,150	35.00
	Ordinary shares GBP1.00 each	
57-59 Philbeach Gardens Limited		
Anton Syazi Dato' Ahmad Sebi	⑪1	100.00
Aryati Sasya Dato' Ahmad Sebi	⑪1	100.00
Beaver Hotels Limited		
Anton Syazi Dato' Ahmad Sebi	⑫1,100	100.00
Aryati Sasya Dato' Ahmad Sebi	⑫1,100	100.00

Notes:

* By virtue of his interest in the Company, Dato’ Ahmad Sebi Bakar is also deemed to be interested in the shares of all investee companies (including subsidiaries) to the extent that the Company has an interest.

① By virtue of his interest in Bright Existence Sdn Bhd (“BESB”) and Suasana Dinamik Sdn Bhd (“SDSB”), Dato’ Ahmad Sebi Bakar is also deemed to be interested in the shares to the extent that BESB and SDSB have an interest respectively.

② By virtue of his interest in Eighth Review (M) Sdn Bhd (“ERSB”), Mr Anton Syazi Dato’ Ahmad Sebi is also deemed to be interested in the shares that ERSB has an interest.

③ This is her spouse’s interest in the ordinary shares of the Company which shall be treated as her interest in the ordinary shares of the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

④ By virtue of her interest in ASH Holdings Sdn Bhd (“ASH”), Puan Sri Datin Masri Khaw Abdullah is deemed to be interested in the shares that ASH has an interest.

⑤ This is her spouse's interest in the ordinary shares of Captii Limited which shall be treated as her interest in the ordinary shares of Captii Limited pursuant to Section 59(11)(c) of the Companies Act 2016.

⑥ This is the interest of his children (Ms Aryati Sasya Dato’ Ahmad Sebi and Mr Anton Syazi Dato’ Ahmad Sebi) in Segi Koleksi Sdn Bhd (“SKSB”) which shall be treated as his interest in the ordinary shares of SKSB pursuant to Section 59(11)(c) of the Companies Act 2016.

⑦ By virtue of their interest in Pacific Existence Sdn Bhd (“PESB”), Ms Aryati Sasya Dato’ Ahmad Sebi and Mr Anton Syazi Dato’ Ahmad Sebi are also deemed to be interested in the shares to the extent that PESB has an interest in SKSB.

⑧ By virtue of his interest in SKSB pursuant to Section 8 of the Companies Act 2016, Dato’ Ahmad Sebi Bakar is deemed to be interested in the shares to the extent that SKSB has an interest in its wholly-owned subsidiary, Metroprime Corporation Sdn Bhd (“MCSB”).

⑨ By virtue of their interest in SKSB via PESB, Ms Aryati Sasya Dato’ Ahmad Sebi and Mr Anton Syazi Dato’ Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest in MCSB.

⑩ By virtue of their interest in Kibar Konsep Sdn Bhd (“KKSB”), Ms Aryati Sasya Dato’ Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest in Posthotel Arosa AG (“Arosa”).

⑪ By virtue of their interest in Arosa via KKSB, Ms Aryati Sasya Dato’ Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are deemed to be interested in the shares to the extent Arosa has an interest in 57-59 Philbeach Gardens Limited (“PGL”).

⑫ By virtue of their interest in PGL via Arosa, Ms Aryati Sasya Dato’ Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are deemed to be interested in the shares to the extent that PGL has an interest in Beaver Hotels Limited.

Statistics on Shareholdings

as at 28 March 2019

TOTAL NUMBER OF ISSUED SHARES	:	929,194,943
ISSUED SHARE CAPITAL	:	RM381,376,644.99
CLASS OF SHARE	:	Ordinary Shares
VOTING RIGHT	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of issued shares
Less than 100 shares	328	1.74	9,765	negligible
100 - 1,000 shares	4,266	22.61	3,827,813	0.41
1,001 - 10,000 shares	9,278	49.18	40,962,988	4.41
10,001 - 100,000 shares	4,166	22.08	148,211,999	15.95
100,001 - less than 5% of issued shares	825	4.37	519,980,516	55.96
5% and above of issued shares	3	0.02	216,601,862	23.27
	18,866	100.00	929,194,943	100.00

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of shares held	Percentage
1.	SJ Sec Nominees (Tempatan) Sdn Bhd Suasana Dinamik Sdn Bhd	80,799,926	8.70
2.	Dato' Ahmad Sebi Bakar	76,810,009	8.27
3.	SJ Sec Nominees (Tempatan) Sdn Bhd Bright Existence Sdn Bhd	58,591,927	6.31
4.	SJ Sec Nominees (Tempatan) Sdn Bhd Eighth Review (M) Sdn Bhd	30,467,000	3.28
5.	Lim Hong Liang	27,690,850	2.98
6.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Julius Baer & Co. Ltd.	25,605,400	2.75
7.	Chew Lee Hwa	19,856,000	2.14
8.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Sai Kim	13,472,000	1.45
9.	ASH Holdings Sdn Bhd	12,000,000	1.29
10.	Malpac Capital Sdn Bhd	11,269,150	1.21

LIST OF TOP 30 SHAREHOLDERS (continued)

No.	Name	No. of shares held	Percentage
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Sai Kim	10,547,625	1.13
12.	Malpac Capital Sdn Bhd	10,000,000	1.08
13.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd	9,874,361	1.06
14.	Maybank Nominees (Tempatan) Sdn Bhd Lay Man Wan @ Lai Mun Wan	8,800,360	0.95
15.	Goh Boon Seng	7,021,450	0.75
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Hock Fatt	7,000,000	0.75
17.	Chung Kin Chuan	6,600,000	0.71
18.	Tan Pak Nang	6,320,000	0.68
19.	Goh Geok Choo	5,750,300	0.62
20.	Chun Kim Seng	5,634,300	0.61
21.	Yeoh Swee Leng	5,121,750	0.55
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lim Soon	5,000,000	0.54
23.	Addeen Construction & Services Sdn Bhd	4,284,600	0.46
24.	Tay Teck Ho	3,805,000	0.41
25.	Mohd Jamel Abdul Munin	3,151,100	0.34
26.	Chang Meei Meei	3,051,825	0.33
27.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	2,984,050	0.32
28.	Lu Yong Lam	2,981,600	0.32
29.	Chan Kid Ching	2,500,000	0.27
30.	Wong Ten An	2,467,500	0.26
		469,458,083	50.52

SUBSTANTIAL SHAREHOLDERS

Name of substantial shareholders	No. of shares held		% of issued share capital	
	Direct	Deemed	Direct	Deemed
Dato' Ahmad Sebi Bakar	76,810,009	139,391,853	8.27	15.00
Suasana Dinamik Sdn Bhd	80,799,926	-	8.70	-
Bright Existence Sdn Bhd	58,591,927	-	6.31	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Ninety-fifth ANNUAL GENERAL MEETING** ("95th AGM") of Advance Synergy Berhad will be held at the Auditorium, Level 4, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 28 June 2019 at 9.00 a.m. for the following purposes:

1.	To receive the audited financial statements for the financial year ended 31 December 2018 and the Directors' and Auditors' reports thereon.	**Please refer to Explanatory Note**
2.	To declare a single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2018.	**Resolution 1**
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2018.	**Resolution 2**
4.	To approve the payment of benefits to the Directors from 29 June 2019 until the conclusion of the next annual general meeting of the Company.	**Resolution 3**
5.	To re-elect the following Directors:	
	5.1 Dato' Ahmad Sebi Bakar	**Resolution 4**
	5.2 Ms Lee Su Nie	**Resolution 5**
	5.3 Puan Sri Datin Masri Khaw Abdullah	**Resolution 6**
6.	To elect Ms Kam Kin Foong as Director.	**Resolution 7**
7.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 8**

SPECIAL BUSINESS
To consider and, if thought fit, pass with or without modifications the following resolutions:

8. **Ordinary Resolution 1 – Retention of Independent Non-Executive Director** — **Resolution 9**

"THAT authority be and is hereby given for Mr Yong Teck Ming who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

9. **Ordinary Resolution 2 – Authority to allot and issue securities** **Resolution 10**

"THAT subject always to the Companies Act 2016, Articles of Association of the Company and/or approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Section 75(1) and Section 76(1) of the Companies Act 2016 to allot and issue new shares or convertible securities in the Company, from time to time at such price and upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares or convertible securities to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding any treasury shares) of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares or convertible securities so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

10. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 95th AGM, a first and final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2018 will be paid on 15 August 2019 to the shareholders whose names appear in the Record of Depositors on 26 July 2019.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 26 July 2019 in respect of transfer; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

HO TSAE FENG
Secretary

Selangor Darul Ehsan
30 April 2019

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 June 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
5. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) shall be deposited at the Registered Office of the Company at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 95th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 95th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 95th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Agenda 1 – Audited Financial Statements for financial year ended 31 December 2018

The audited financial statements for the financial year ended 31 December 2018 are laid in accordance with Section 340(1)(a) of the Companies Act ("CA") 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting

Resolution 2 – Directors' Fees
Resolution 3 – Directors' Benefits

Following the enforcement of Section 230(1) of the CA 2016 effective 31 January 2017, it provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Resolution 2, if passed, will authorise the payment of Directors' fees for the financial year ended 31 December 2018 amounting to RM306,000 (2017: RM315,000).

The proposed Resolution 3, if passed, will authorise the payment of benefits to the Directors if any from 29 June 2019 until the conclusion of the next annual general meeting of the Company as and when incurred. The Board is of the view that it is just and equitable for these benefits to be paid as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the said period.

Resolutions 4, 5 and 6 – Re-election of Directors

Details of the Directors standing for re-election under proposed Resolutions 4, 5 and 6 are stated in Directors' profile on pages 51 to 54 of this Annual Report. Their securities holdings in the Company and its subsidiaries are stated on page 242 of this Annual Report.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 9 – Retention of Independent Non-Executive Director

The Nomination Committee had assessed the independence of Mr Yong Teck Ming, who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and the Board had discussed and agreed with the recommendation of the Nomination Committee that in his long service to the Company, he has performed very well as an Independent Non-Executive Director and there is no reason to believe that he would not continue to act independently and to contribute to the Company taking into consideration the following:

(a) he fulfilled the Independent Director criteria under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus is able to function as a check and balance and to bring an element of objectivity to the Board;

(b) he is a member of the Institute of Chartered Accountants, Australia, New Zealand and a member of the Institute of Chartered Secretaries and Administrators, United Kingdom. He has vast experience in accounting and a diverse range of business which would enable him to provide the Board with constructive opinion.

(c) he has been with the Company for more than nine (9) years and is familiar with the Company's business operations which will enable him to contribute actively and effectively during deliberation at meetings of the Board and Board Committees;

(d) he has exercised his objective and independent judgement on all Board deliberations;

(e) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making;

(f) he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and

(g) he has been providing invaluable contributions to the Board in his role as an Independent Non-Executive Director and Chairman of the Audit Committee and Risk Management Committee.

Resolution 10 – Authority to allot and issue securities

The proposed Resolution 10 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Ninety-Fourth Annual General Meeting held on 7 June 2018 as there were no requirements for such fund raising activities.

The proposed Resolution 10, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares or convertible securities for the purpose of funding the Company's future investment project(s), working capital and/ or acquisition(s), by the issuance of shares or convertible securities in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares or convertible securities issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

At this juncture, there is no decision to issue new shares or convertible securities. If there should be a decision to issue new shares or convertible securities after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

Statement Accompanying Notice of Annual General Meeting

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

Details of individuals who are standing for election as Director

Details of the Director standing for election under the proposed Resolution 7 are as stated in the Directors' Profile on page 57 of this Annual Report. Her securities holdings in the Company and its subsidiaries are stated on page 242 of this Annual Report.

ADMINISTRATIVE DETAILS

Registration

1. Registration will start at 8.00 a.m. at Ground Floor, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

2. Please read the signage to ascertain where you should register yourself for the meeting and join the queue accordingly.

3. Please produce your ORIGINAL Identification Document at the registration counter for verification.

4. You will be given an identification wristband and will only be allowed to enter the Auditorium if you are wearing the identification wristband.

5. After registration and signing on the Attendance List, please proceed to the Auditorium, Level 4, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

Parking

6. Please register at the Guardhouse and park your vehicle at the designated visitor parking bays.

Refreshment

7. Light refreshment will be provided after the conclusion of the AGM.

Voting procedure

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.

ADVANCE SYNERGY BERHAD (Company No: 1225-D)

Proxy Form

I/We ____________________ Contact No. ____________________
(full name in block letters)

NRIC/Company No. ____________________ or CDS Account No. ____________________
(for nominee companies only)

of ____
(full address)

being a shareholder/shareholders of ADVANCE SYNERGY BERHAD, hereby appoint ____________________

____________________ NRIC No. ____________________
(full name in block letters)

of ____
(full address)

or failing him/her, ____________________ NRIC No. ____________________
(full name in block letters)

of ____
(full address)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Ninety-fourth Annual General Meeting of the Company to be held at the Auditorium, Level 4, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 28 June 2019 at 9.00 a.m. and at any adjournment thereof and thereat to vote as indicated below:

Please indicate with (✓) how you wish to cast your vote. If neither "**FOR**" nor "**AGAINST**" is indicated, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTION	FOR	AGAINST
1.	Declaration of dividend.		
2.	Approval of the payment of Directors' fees.		
3.	Approval of the payment of benefits to the Directors from 29 June 2019 until the next annual general meeting of the Company.		
4.	Re-election of Dato' Ahmad Sebi Bakar as Director.		
5.	Re-election of Ms Lee Su Nie as Director.		
6.	Re-election of Puan Sri Datin Masri Khaw Abdullah as Director.		
7.	Election of Ms Kam Kin Foong as Director.		
8.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as auditors of the Company and authorisation for the Directors to fix their remuneration.		
9.	Retention of Mr Yong Teck Ming as Independent Non-Executive Director.		
10.	Authorisation for Directors to allot and issue new securities pursuant to Sections 75(1) and 76(1) of the Companies Act 2016.		

Dated this ____________ day of ____________________ 2019

Number of shares held	

____
Signature

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 June 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
5. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) shall be deposited at the Registered Office of the Company at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof.

Personal Data Privacy: *By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2019.*

Fold this flap for sealing

Please fold here

AFFIX STAMP

THE SECRETARY

ADVANCE SYNERGY BERHAD
Level 3, East Wing, Wisma Synergy
No. 72, Pesiaran Jubli Perak
Seksyen 22
40000 Shah Alam
Selangor Darul Ehsan

Please fold here

ADVANCE SYNERGY BERHAD (1225-D)
Level 3, East Wing, Wisma Synergy, 72 Pesiaran Jubli Perak, Seksyen 22
40000 Shah Alam, Selangor Darul Ehsan, Malaysia