O&C RESOURCES BERHAD

(Incorporated in Malaysia)

Company No: 440503 - K

FINANCIAL REPORT
for the financial year ended 31 July 2017

Contents

Page

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	**The Company** RM
Profit/(Loss) after taxation for the financial year	2,842,927	(6,478,475)
Attributable to:-		
Owners of the Company	3,849,502	(6,478,475)
Non-controlling interests	(1,006,575)	-
	2,842,927	(6,478,475)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

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.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up ordinary shares from RM57,120,200 to RM68,745,171 by way of:-

    (i) an issuance of 9,317,920 new ordinary shares from the exercise of Warrants 2011/2016 at the exercise price of RM0.35 per warrant;

    (ii) an issuance of 2,560,000 new ordinary shares from the exercise of Share of Issuance Scheme ("SIS") at the exercise price of RM0.33 per share; and

    (iii) an issuance of 16,768,800 new ordinary shares from the conversion of 16,768,800 Irredeemable Convertible Preference Shares ("ICPS") with combination of one (1) ICPS and RM0.45 in cash.

    The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

SHARE ISSUANCE SCHEME

The Company's SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 27 June 2012, and the SIS was implemented on 30 August 2012 and will be in force for a period of 5 years from the effective date. The share options had expired on 29 August 2017.

The details of the SIS are disclosed in Note 16(d) to the financial statements.

WARRANTS 2011/2016

Pursuant to a Deed Poll dated 26 July 2011 ("Deed Poll"), the Company issued 56,420,285 warrants ("Warrants B") in conjunction with the issue of 94,033,811 renounceable rights issue at a nominal value of RM0.25 in 2011.

The salient features of the Warrants B as stated in the Deed Poll are as follows:

(a) Each Warrant B entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.35 per ordinary share;

(b) The exercise price and the number of Warrants B are subjected to adjustment in accordance with the conditions provided in the Deed Poll;

(c) Where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then;

   (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant B holders, or some persons designated by them for such purpose by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant B holders; and

   (ii) in any other case, every Warrant B holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by that Warrant B to the extent specified in the exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new ordinary shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.

(d) The exercise period is approximately 5 years from the date of issue to the expiry date on 4 September 2016; and

(e) The Warrants B which have not been exercised will lapse and ceased to be valid for any purpose.

The Warrants B were granted for listing and quotation with effect from 13 September 2011.

There were a total of 9,317,920 Warrants B being exercised and 7,225,965 Warrants B being lapsed up to the expiry date on 4 September 2016. These expired warrants were removed from the official List of Bursa Malaysia Securities Berhad with effect from 5 September 2016.

The movement of Warrants B during the financial year is as follows:-

	Entitlement of Ordinary Shares			
	At 1.8.2016	Exercised	Lapsed	At 31.7.2017
Number of unexercised Warrants B	16,543,885	(9,317,920)	(7,225,965)	-

WARRANTS 2016/2021

Pursuant to a Deed Poll dated 28 July 2016 ("Deed Poll"), the Company issued 66,141,269 free detachable warrants ("Warrants C") to the entitled shareholders of the Company pursuant to the renounceable rights issue of 661,412,697 new irredeemable convertible preference shares of RM0.05 each in the Company ("ICPS") on the basis in conjunction with the issue of 661,412,697 renounceable rights issue at a nominal value of RM0.05 in 2016.

The salient features of the Warrants C as stated in the Deed Poll are as follows:

(a) Each Warrant C entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.50 per ordinary share;

(b) The exercise price and the number of Warrants C are subjected to adjustment in accordance with the conditions provided in the Deed Poll;

(c) Where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then;

   (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant C holders, or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant C holders; and

   (ii) in any other case, every Warrant C holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise from duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

(d) The exercise period is approximately 5 years from the date of issue expiring on 24 July 2021; and

(e) The Warrants C which are not exercised during the exercise period will thereafter lapse and void.

The Warrants C were granted for listing and quotation with effect from 28 July 2016.

As at 31 July 2017, 66,141,269 Warrants C have yet to be exercised.

The movement of Warrants C during the financial year is as follows:-

	Entitlement of Ordinary Shares			
	At 1.8.2016	Exercised	Lapsed	At 31.7.2017
Number of unexercised Warrants C	66,141,269	-	-	66,141,269

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 34 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Ong Kah Hoe
Tee Tze Chern, JP
Tunku Azudinshah Ibni Tunku Annuar
Abdullah Bin Abdul Rahman
Dato' Lim Heng Ee
Lee Chin Cheh
Lim Teck Seng (Appointed on 15.12.2016)
Datuk Azrulnizam Bin Abdul Aziz (Appointed on 23.12.2016)
Yap Sing Khon (Appointed on 13.3.2017)
Ahmad Ruslan Zahari Bin Zakaria (Resigned on 14.12.2016)
Yong Mong Huay (Resigned on 15.08.2016)
Tan Ooi Jin (Resigned on 15.08.2016)

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

Abdul Hamid Bin Busu
Arlida Binti Ariff
Badrushah Bin Abdul Rahim
Lew Wai Kong
Lily Tee
Mohd Zabidi Bin Yaakub
Muhammad Suleiman Bin Mohd Amin
Muhammad Yusuf Bin Mohd Amin
Ong Kah Wee
Ong Yew Ming
Shahran Bin Yahya
Tan Ban Tatt
Toh Foo Hing
Yong Mong Huay
Lim Boon Huay (Resigned on 2.12.2016)
Yap Kian Mun (Resigned on 2.12.2016)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.8.2016	**Bought**	**Sold**	**At 31.7.2017**
Direct Interests in the Company				
Ong Kah Hoe	16,087,300	6,873,700	-	22,961,000
Tee Tze Chern, JP	88	-	-	88
Indirect Interests In The Company				
Ong Kah Hoe*	41,378,800	-	-	41,378,800

	Number of ICPS			
	At 1.8.2016	**Bought**	**Sold**	**At 31.7.2017**
Direct Interests in the Company				
Ong Kah Hoe	48,261,900	-	-	48,261,900
Indirect Interests In The Company				
Ong Kah Hoe*	123,536,400	-	-	123,536,400

	Number Of Warrants 2016/2021			
	At 1.8.2016	**Bought**	**Sold**	**At 31.7.2017**
Direct Interests in the Company				
Ong Kah Hoe	4,826,190	-	-	4,826,190
Indirect Interests In The Company				
Ong Kah Hoe*	12,353,640	-	-	12,353,640

* *Deemed interested by virtue of his substantial shareholding in OCR Land Holdings Sdn. Bhd. and via his parents and siblings.*
^ *Deemed interested via his father's shareholdings in the Company.*

DIRECTORS' INTERESTS (CONT'D)

By virtue of his shareholding in the Company, Ong Kah Hoe is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and/or warrants in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 31 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of insurance premium paid for the directors of the Company are RM763. There is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group or the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 38 to the financial statements.

AUDITORS

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

The auditors' remuneration are disclosed in Note 24 to the financial statements.

Signed in accordance with a resolution of the directors dated 2 November 2017.

Ong Kah Hoe

Datuk Azrulnizam Bin Abdul Aziz

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ong Kah Hoe and Datuk Azrulnizam Bin Abdul Aziz, being two of the directors of O&C Resources Berhad, state that, in the opinion of the directors, the financial statements set out on pages 18 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 2 November 2017.

Ong Kah Hoe **Datuk Azrulnizam Bin Abdul Aziz**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ong Kah Hoe, being the director primarily responsible for the financial management of O&C Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 18 to 134 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Ong Kah Hoe,
at Kuala Lumpur
on this 2 November 2017

Ong Kah Hoe

Before me

Datin Hajah Raihela Wanchik
Commissioner for Oaths
No. W275

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No : 440503 - K

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of O&C Resources Berhad, which comprise the statements of financial position as at 31 July 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 134.

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 July 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Cont'd)

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

Inventories - Property Development Cost Refer to Note 4.1(c), 4.11(b), 4.19(a)(ii) and 9(b) to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Property development revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). In making the estimate, management relies on opinion/service of experts, past experience and the continuous monitoring mechanism.	Our audit procedures included, amongst others: (i) Reviewed the budgets prepared by management for property development projects. (ii) Reviewed actual development costs incurred to determine its appropriateness and that they are recorded in the correct accounting period. (iii) Reviewed the accounting treatment for the borrowing costs incurred on property development projects in accordance with the requirements of MFRS 123 Borrowing Costs. (iv) Performed site visit to assess the status of the development projects.

Trade and other receivables Refer to Note 4.1(h), and 10 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group carried significant trade and other receivables amounting to RM22,394,723 and RM24,152,541 as disclosed in Note 10 to the financial statements and are subject to credit risk exposures. The assessment of adequacy of allowance for impairment losses involved judgement and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current trends, customer payment terms, etc.	Our audit procedures included, amongst others: (i) Reviewed the ageing analysis of receivables and tested the reliability thereof. (ii) Reviewed subsequent collection for major receivables and overdue amounts. (iii) Compared management's view on the recoverability of overdue amounts to historical patterns of collections. (iv) Evaluated the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
O&C RESOURCES BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No : 440503 - K

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Revenue Recognition and Contract Accounting
Refer to Note 4.1(d), 4.12, 4.19(a)(iii), 12 and 23 in the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>Revenue is one of the largest accounts in the financial statements and an important driver of the Group's operating results.

Given the significant risks involved when auditing revenue, revenue recognition and contract accounting is an area of audit emphasis as it requires significant management judgement and estimate including amongst others:-

(i) assessment of the stage of completion and timing of revenue recognition.

(ii) determining cost budgets.

(iii) determining project costs to complete.

(iv) recognition of variation orders.

(v) provision for foreseeable losses and liquidated ascertained damages.

The contract assets represent the amount of revenue earned on contract but yet to be billed to customer.

There is significant judgement involved in the assessment of recoverability of contract assets, particularly regarding estimation of future cash collection and in calculating allowance for foreseeable losses.</td><td>Our procedures included, amongst others:-

(i) Assessed the basis used in determining the budgeted contract costs;

(ii) Verified the progress billings and contract costs incurred;

(iii) Test the percentage of completion to ensure contract costs incurred to-date reflects the actual work performed;

(iv) Reviewed calculation of recognition of revenue, cost and profit to be consistent with the percentage of completion; and

(v) Assessed the reasonableness and adequacy of provision for foreseeable loss and liquidated ascertained damages.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF O&C RESOURCES BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No : 440503 - K

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

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 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chong Tuck Wai
Approval No: 03023/03/19 J
Chartered Accountant

Kuala Lumpur

2 November 2017

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF FINANCIAL POSITION AT 31 JULY 2017

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	15,197,940	15,077,820
Investment in an associate	6	792,498	490,000	-	-
Property, plant and equipment	7	16,551,414	15,847,164	844,486	605,789
Investment property	8	1,912,322	1,953,669	1,912,322	1,953,669
Inventories	9	17,728,339	11,262,038	-	-
Trade and other receivables	10	11,441,847	10,584,443	7,000,000	7,000,000
Deferred tax asset	11	420,000	-	-	-
		48,846,420	40,137,314	24,954,748	24,637,278
CURRENT ASSETS					
Inventories	9	38,451,927	44,609,769	-	-
Trade and other receivables	10	54,971,699	22,266,162	73,456,351	37,619,767
Contract assets	12	22,456,264	489,166	-	-
Current tax assets		344,545	24,545	-	-
Fixed deposits with licensed banks	13	5,128,055	120,000	-	-
Cash and bank balances		2,740,871	33,972,339	744,385	32,345,543
		124,093,361	101,481,981	74,200,736	69,965,310
TOTAL ASSETS		172,939,781	141,619,295	99,155,484	94,602,588
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	68,745,171	57,120,200	68,745,171	57,120,200
Irredeemable convertible preference shares ("ICPS")	15	32,232,195	33,070,635	32,232,195	33,070,635
Reserves	16	1,176,758	(4,627,099)	(3,323,348)	1,349,328
Equity attributable to owners of the Company		102,154,124	85,563,736	97,654,018	91,540,163
Non-controlling interests		(817,311)	(30,722)	-	-
TOTAL EQUITY		101,336,813	85,533,014	97,654,018	91,540,163

STATEMENTS OF FINANCIAL POSITION AT 31 JULY 2017 (CONT'D)

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
	Note	RM	RM	RM	RM
NON-CURRENT LIABILITIES					
Long-term borrowings	17	10,618,719	9,249,686	628,695	744,679
Deferred tax liability	11	258,000	258,000	-	-
Trade and other payables	18	22,220,494	30,637,989	-	500,000
		33,097,213	40,145,675	628,695	1,244,679
CURRENT LIABILITIES					
Trade and other payables	18	27,361,835	11,570,461	753,705	1,704,492
Short-term borrowings	19	2,901,917	2,910,427	119,066	113,254
Provision for taxation		2,194,711	66,217	-	-
Bank overdrafts	20	6,047,292	1,393,501	-	-
		38,505,755	15,940,606	872,771	1,817,746
TOTAL LIABILITIES		71,602,968	56,086,281	1,501,466	3,062,425
TOTAL EQUITY AND LIABILITIES		172,939,781	141,619,295	99,155,484	94,602,588

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
REVENUE	23	88,772,538	38,450,976	-	-
COST OF SALES		(61,015,102)	(30,162,911)	-	-
GROSS PROFIT		27,757,436	8,288,065	-	-
OTHER INCOME		995,135	1,264,892	125,684	1,313,800
		28,752,571	9,552,957	125,684	1,313,800
SELLING AND DISTRIBUTION EXPENSES		(981,141)	(1,421,853)	-	-
ADMINISTRATIVE EXPENSES		(16,929,929)	(9,994,170)	(6,333,688)	(3,694,635)
OTHER EXPENSES		(3,550,368)	(1,941,279)	(228,434)	(974,873)
FINANCE COSTS		(333,688)	(217,846)	(42,037)	(34,753)
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX		(187,502)	-	-	-
PROFIT/(LOSS) BEFORE TAXATION	24	6,769,943	(4,022,191)	(6,478,475)	(3,390,461)
INCOME TAX EXPENSE	25	(3,927,016)	(62,696)	-	-
PROFIT/(LOSS) AFTER TAXATION		2,842,927	(4,084,887)	(6,478,475)	(3,390,461)
OTHER COMPREHENSIVE INCOME/(EXPENSES), NET OF TAX					
<u>Items that May Be Reclassified Subsequently to Profit or Loss</u>					
- Foreign currency translation		148,556	442,868	-	-
- Reclassification to profit or loss on disposal of a subsidiary	26	-	(267,939)	-	-
		148,556	174,929	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		2,991,483	(3,909,958)	(6,478,475)	(3,390,461)

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
	Note	RM	RM	RM	RM
PROFIT/(LOSS) AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		3,849,502	(4,092,456)	(6,478,475)	(3,390,461)
Non-controlling interest		(1,006,575)	7,569	-	-
		2,842,927	(4,084,887)	(6,478,475)	(3,390,461)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		3,998,058	(3,917,527)	(6,478,475)	(3,390,461)
Non-controlling interest		(1,006,575)	7,569	-	-
		2,991,483	(3,909,958)	(6,478,475)	(3,390,461)
EARNINGS/(LOSS) PER SHARE (SEN)					
- Basic	27	1.61	(1.94)		
- Diluted		1.14	(1.94)		

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

The Group	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
Balance at 1.8.2015		51,075,450	-	3,302,847	12,941,164	248,339	-	(19,044,619)	48,523,181	(1,291)	48,521,890
Loss after taxation for the financial year		-	-	-	-	-	-	(4,092,456)	(4,092,456)	7,569	(4,084,887)
Other comprehensive income for the financial year, net of tax: - Foreign currency translation		-	-	-	-	174,929	-	-	174,929	-	174,929
Total comprehensive expenses for the financial year		-	-	-	-	174,929	-	(4,092,456)	(3,917,527)	7,569	(3,909,958)
Balance carried forward		51,075,450	-	3,302,847	12,941,164	423,268	-	(23,137,075)	44,605,654	6,278	44,611,932

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

The Group	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
Balance brought forward		51,075,450	-	3,302,847	12,941,164	423,268	-	(23,137,075)	44,605,654	6,278	44,611,932
Contributions by and distributions to owners of the Company:											
- Acquisition of subsidiaries	28	-	-	-	-	-	-	-	-	(41,950)	(41,950)
- Warrants B exercised		6,044,750	-	-	2,417,900	-	-	-	8,462,650	-	8,462,650
- Rights issue of ICPS with warrants		-	33,070,635	890,326	-	-	-	(890,326)	33,070,635	-	33,070,635
- Expenses incurred in relation to rights issue of ICPS with warrants	16(b)	-	-	-	(575,203)	-	-	-	(575,203)	-	(575,203)
Transfer of share premium for Warrants B exercised		-	-	(1,961,048)	1,961,048	-	-	-	-	-	-
Changes in a subsidiary's ownership interest that do not result in a loss of control		-	-	-	-	-	-	-	-	4,950	4,950
Balance at 31.7.2016		57,120,200	33,070,635	2,232,125	16,744,909	423,268	-	(24,027,401)	85,563,736	(30,722)	85,533,014

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

The Group	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
Balance at 31.7.2016/ 1.8.2016		57,120,200	33,070,635	2,232,125	16,744,909	423,268	-	(24,027,401)	85,563,736	(30,722)	85,533,014
Profit after taxation for the financial year		-	-	-	-	-	-	3,849,502	3,849,502	(1,006,575)	2,842,927
Other comprehensive income for the financial year, net of tax:											
- Foreign currency translation		-	-	-	-	148,556	-	-	148,556	-	148,556
Total comprehensive income for the financial year		-	-	-	-	148,556	-	3,849,502	3,998,058	(1,006,575)	2,991,483
Balance carried forward		57,120,200	33,070,635	2,232,125	16,744,909	571,824	-	(20,177,899)	89,561,794	(1,037,297)	88,524,497

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

The Group	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
Balance brought forward		57,120,200	33,070,635	2,232,125	16,744,909	571,824	-	(20,177,899)	89,561,794	(1,037,297)	88,524,497
Contributions by and distributions to owners of the Company:											
- Acquisition of subsidiaries	28	-	-	-	-	-	-	-	-	100,010	100,010
- Warrants B exercised		2,329,480	-	-	931,792	-	-	-	3,261,272	-	3,261,272
- SIS exercised		761,976	-	-	82,824	-	-	-	844,800	-	844,800
- Conversion of ICPS		7,545,960	-	-	-	-	-	-	7,545,960	-	7,545,960
- Expenses incurred in relation to Warrants B exercised and conversion of ICPS	16(b)	-	-	-	(141,370)	-	-	-	(141,370)	-	(141,370)
- Share-based compensation pursuant to SIS		-	-	-	-	-	1,081,668	-	1,081,668	-	1,081,668
Balance carried forward		67,757,616	33,070,635	2,232,125	17,618,155	571,824	1,081,668	(20,177,899)	102,154,124	(937,287)	101,216,837

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

The Group	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
Balance brought forward		67,757,616	33,070,635	2,232,125	17,618,155	571,824	1,081,668	(20,177,899)	102,154,124	(937,287)	101,216,837
Transfer to share premium upon Warrants B exercised		-	-	(755,734)	755,734	-	-	-	-	-	-
Transfer to accumulated losses upon expiry of Warrants B		-	-	(586,065)	-	-	-	586,065	-	-	-
Transfer to share capital upon conversion of ICPS		838,440	(838,440)	-	-	-	-	-	-	-	-
Transfer to share capital and share premium upon SIS exercised		149,115	-	-	101,253	-	(250,368)	-	-	-	-
Changes in a subsidiary's ownership interest that do not result in a loss of control		-	-	-	-	-	-	-	-	119,976	119,976
Balance at 31.7.2017		68,745,171	32,232,195	890,326	18,475,142	571,824	831,300	(19,591,834)	102,154,124	(817,311)	101,336,813

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

The Company	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 1.8.2015		51,075,450	-	3,302,847	12,941,164	-	(13,346,919)	53,972,542
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	-	(3,390,461)	(3,390,461)
Contributions by and distributions to owners of the Company:								
- Warrants B exercised		6,044,750	-	-	2,417,900	-	-	8,462,650
- Rights issue of ICPS with warrants		-	33,070,635	890,326	-	-	(890,326)	33,070,635
- Expenses incurred in relation to rights issue of ICPS with warrants	16(b)	-	-	-	(575,203)	-	-	(575,203)
Transfer of share premium for Warrants B exercised		-	-	(1,961,048)	1,961,048	-	-	-
Balance at 31.7.2016		57,120,200	33,070,635	2,232,125	16,744,909	-	(17,627,706)	91,540,163

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

The Company	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 31.7.2016/1.8.2016		57,120,200	33,070,635	2,232,125	16,744,909	-	(17,627,706)	91,540,163
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	-	(6,478,475)	(6,478,475)
Contributions by and distributions to owners of the Company:								
- Warrants B exercised		2,329,480	-	-	931,792	-	-	3,261,272
- SIS exercised		761,976	-	-	82,824	-	-	844,800
- Conversion of ICPS		7,545,960	-	-	-	-	-	7,545,960
- Expenses incurred in relation to Warrants B exercised and conversion of ICPS	16(b)	-	-	-	(141,370)	-	-	(141,370)
- Shares-based compensation pursuant to SIS		-	-	-	-	1,081,668	-	1,081,668
Transfer to share premium upon Warrants B exercised	16(b)	-	-	(755,734)	755,734	-	-	-
Transfer to accumulated losses upon expiry of Warrants B		-	-	(586,065)	-	-	586,065	-
Transfer to share capital upon conversion of ICPS		838,440	(838,440)	-	-	-	-	-
Transfer to share capital and share premium upon SIS exercised		149,115	-	-	101,253	(250,368)	-	-
Balance at 31.7.2017		68,745,171	32,232,195	890,326	18,475,142	831,300	(23,520,116)	97,654,018

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		The Group		The Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FOR OPERATING ACTIVITIES					
Profit/(Loss) before taxation		6,769,943	(4,022,191)	(6,478,475)	(3,390,461)
Adjustments for:-					
Bad debts written off		488,407	-	-	435,064
Depreciation of:					
- investment property		41,347	41,348	41,347	41,348
- property, plant and equipment		1,512,870	1,297,929	187,084	89,702
Goodwill written off		-	9,977	-	-
Impairment losses on:					
- plant and equipment		-	1,540	-	-
- other receivables		-	45,798	-	-
- trade receivables		1,521,959	186,432	-	-
Interest expense		333,688	217,846	42,037	34,753
Inventories written off		-	46,113	-	-
Plant and equipment written off		35,157	119,324	-	-
Share of loss in an associate		187,502	-	-	-
SIS expense		1,081,668	-	964,083	-
Bad debts recovered		(6,557)	-	-	-
Gain on disposal of plant and equipment		(64,426)	(8,457)	-	-
Gain on disposal of subsidiaries	26	-	(270,856)	-	(296,240)
Interest income		(80,068)	(57,364)	-	-
Reversal of impairment loss on:					
- amount owing by a subsidiary		-	-	-	(500,000)
- trade receivables		(20,702)	(27,600)	-	-
Unrealised gain on foreign exchange		(76,284)	(66,206)	(76,284)	(99,800)
Operating profit/(loss) before working capital changes		11,724,504	(2,486,367)	(5,320,208)	(3,685,634)
Inventories		(1,759,653)	(13,264,017)	-	-
Contract assets		(21,967,098)	(489,166)	-	-
Receivables		(35,434,681)	703,465	3,301,233	682,659
Payables		15,201,373	2,795,504	(1,455,787)	2,061,779
CASH FOR OPERATIONS		(32,235,555)	(12,740,581)	(3,474,762)	(941,196)
Net tax paid		(2,538,521)	(36,931)	-	-
NET CASH FOR OPERATING ACTIVITIES		(34,774,076)	(12,777,512)	(3,474,762)	(941,196)

O&C RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents	28	100,000	(4,981,199)	(120,120)	(5,005,092)
Acquisition of an associate		(490,000)	(490,000)	-	-
Advances to subsidiaries		-	-	(38,943,948)	(13,307,270)
Increase in pledged fixed deposits with licensed banks		(5,008,055)	-	-	-
Acquisition of land held for development		(6,466,301)	-	-	-
Interest received		80,068	57,364	-	-
Net cash inflow from disposal of subsidiaries	26	-	9,089,276	-	-
Proceeds from disposal of:					
- plant and equipment		148,500	53,868	-	-
- subsidiaries	26	-	-	-	9,205,000
Purchase of property, plant and equipment	29	(2,299,115)	(1,682,925)	(425,781)	(118,077)
NET CASH (FOR)/ FROM INVESTING ACTIVITIES		(13,934,903)	2,046,384	(39,489,849)	(9,225,439)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017 (CONT'D)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(333,688)	(217,846)	(42,037)	(34,753)
Issuance of shares to non-controlling interests		119,976	-	-	-
Proceeds from issuance of ordinary shares pursuant to:					
- exercise of SIS		844,800	-	844,800	-
- exercise of Warrants B		3,261,272	8,462,650	3,261,272	8,462,650
- conversion of ICPS		7,545,960	-	7,545,960	-
Proceeds from issuance of ICPS with warrants		-	33,070,635	-	33,070,635
Expenses incurred for:					
- Warrants B exercised and conversion of ICPS		(141,370)	-	(141,370)	-
- ICPS with warrants		-	(575,203)	-	(575,203)
Advances from/(Repayment to) directors		90,000	(68,000)	5,000	2,000
Drawdown from factoring loan		1,736,295	-	-	-
Repayment of:					
- hire purchase		(304,781)	(355,586)	(39,181)	(8,760)
- term loans		(70,991)	(68,386)	(70,991)	(68,386)
NET CASH FROM FINANCING ACTIVITIES		12,747,473	40,248,264	11,363,453	40,848,183
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(35,961,506)	29,517,136	(31,601,158)	30,681,548
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		76,247	(4,099)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		32,578,838	3,065,801	32,345,543	1,663,995
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	(3,306,421)	32,578,838	744,385	32,345,543

1. GENERAL INFORMATION

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

Registered office	:	49-B, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka.
Principal place of business	:	8.01, 8th Floor, Persoft Tower, 6B Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 2 November 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

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

3.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

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

MFRS 14 Regulatory Deferral Accounts

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

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

Amendments to MFRS 101: Disclosure Initiative

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

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

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

3. BASIS OF PREPARATION (CONT'D)

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

The amendments to MFRS 101 explore how financial statement disclosures can be improved. The amendments provide clarification on a number of issues, including presentation of items of other comprehensive income (OCI) arising from equity-accounted investments whereby an entity's share of OCI of equity-accounted associates and joint ventures should be aggregated as a single item in the statement of other comprehensive income based on whether or not it will subsequently be reclassified to profit or loss. There is no financial impact on the financial statements of the Group upon its initial application of these amendments other than the presentation format of its consolidated statement of profit or loss and other comprehensive income.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

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

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation of Property, Plant and Equipment

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

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

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

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

(c) Profit Recognition on Property Development Activities

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(e) Income Taxes

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

(f) Impairment of Non-Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(g) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(h) Impairment of Trade and Other Receivables

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

(i) Classification of Leasehold Land

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

(j) Share-based Payment

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations (Cont'd)

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

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

4.4 FINANCIAL INSTRUMENTS

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

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

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

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

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

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

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

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

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

As at the end of the reporting period, there were no financial assets classified under this category.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

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

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

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets

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

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

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

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

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

As at the end of the reporting period, there were no financial assets under this category.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Preference Shares

Preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary. Dividends on preference shares are recognised as distributions within equity.

Preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(d) Derecognition

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) Warrants

The Group issued Warrants 2011/2016 and Warrants 2016/2021 at no cost and these are not recognised in the financial statements. Each warrant is convertible into one new ordinary share of RM0.25 each at the adjusted exercise price of RM0.35 and RM0.50 per share respectively during the exercise period and will only be recognised as equity instruments upon conversion.

(f) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. **The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.**

4.5 INVESTMENTS IN SUBSIDIARIES

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 July 2017. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Leasehold land	Over the lease period of 60 years
Buildings	2%
Motor vehicles	10%-20%
Plant and machinery	7.5%-20%
Renovation, furniture and fittings	10%-33%
Tools and equipment	10%-40%

Capital-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital-in-progress is stated at cost, and will be transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVESTMENT PROPERTIES

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

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

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

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment property is fifty (50) years.

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

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

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

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (CONT'D)

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount 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 are not reversed in subsequent periods.

(b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 LEASED ASSETS

(a) Finance Assets

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

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

(b) Operating Lease

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

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

4.11 INVENTORIES

(a) Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realised value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INVENTORIES (CONT'D)

(a) Land Held for Property Development (Cont'd)

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(b) Property Development Costs

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer.

(c) Trading Goods

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 CONTRACT ASSETS/CONTRACT LIABILITIES

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.

4.13 CASH AND CASH EQUIVALENTS

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

4.14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

4.15 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

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

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

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

Upon expiry of the share option, the share issuance scheme reserve is transferred to retained profits.

When the share options are exercised, the share issuance scheme is transferred to share capital or share premium if new ordinary shares are issued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 RELATED PARTIES

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

(b) An entity is related to a reporting entity if any of the following conditions applies:-

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 CONTINGENT LIABILITIES

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

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

4.19 REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from contracts with customers (Cont'd)

Recognition and Measurement

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices. A good or service is distinct if:-

- the customer can either benefit from the good or service on its own or together with other readily available resources; and
- the good or service is separately identifiable from other promises in the contract.

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured based on the consideration specified in a contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances a customer-controlled asset; or
- the Group's performance does not create an asset with alternative use and the Group has a right to payment for performance completed to date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from contracts with customers (Cont'd)

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

The revenue recognition policies for each of the Group's major activities are described below:-

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and the Group has a present right to payment for goods sold. Revenue is measured based on the consideration specified in a contract with customer and where applicable, net of GST, expected returns, cash and trade discounts.

(ii) Property Development Activities

Revenue is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. 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.

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.

(iii) Construction Activities

Revenue is recognised progressively when construction 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 construction costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE AND OTHER INCOME (CONT'D)

(b) Other Income

(i) Interest Income

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

(ii) Rental Income

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

4.20 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 OPERATING SEGMENTS

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

4.22 EARNING/LOSS PER SHARE

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

Diluted earnings/loss per ordinary share for the financial year is calculated by dividing the profit/loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017	**2016**
	RM	RM
Unquoted shares, at cost		
At 1 August	32,839,555	32,688,465
Additions during the financial year	120,120	5,755,090
Disposals during the financial year	-	(5,604,000)
At 31 July	32,959,675	32,839,555
Accumulated impairment losses		
At 1 August	(17,761,735)	(21,250,735)
Disposals during the financial year	-	3,489,000
At 31 July	(17,761,735)	(17,761,735)
	15,197,940	15,077,820
Represented by:		
Unquoted shares		
- in Malaysia	14,348,790	14,228,670
- outside Malaysia	849,150	849,150
	15,197,940	15,077,820

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Takaso Rubber Products Sdn. Bhd. ("TRP")	Malaysia	100	100	Manufacturing of rubber products and baby products, and trading in baby accessories and apparels.
Japlo Healthcare Sdn. Bhd.	Malaysia	100	100	Distributing and retailing of baby products.
O&C Commerce Sdn. Bhd. (formerly known as Takaso Commerce Sdn. Bhd.)	Malaysia	100	100	Dormant.
Takaso Industries Pte. Ltd. ("TIPL") ^	The Republic of Singapore	100	100	Trading of electrical and mechanical products.
O&C Construction Sdn. Bhd. (formerly known as Takaso Land Sdn. Bhd.)	Malaysia	100	100	Construction of residential and commercial properties and property development.
O&C Development (Kuantan) Sdn. Bhd. (formerly known as Takaso Development (Kuantan) Sdn. Bhd.)	Malaysia	70	70	Property development and property investment.
Tristar City Sdn. Bhd.	Malaysia	100	100	Construction of residential and commercial properties and property development.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Grand Superland Sdn. Bhd. ("GSSB")	Malaysia	100	100	Construction of residential and commercial properties and property development.
Pangkal Teguh Sdn. Bhd. ("PTSB")	Malaysia	70	70	Construction of residential and commercial properties and property development.
Kita Mampan Sdn. Bhd. ("KMPSB")	Malaysia	70	70	Construction of residential and commercial properties.
O&C Makok Isola Sdn. Bhd. (formerly known as Masbe Coffee Sdn. Bhd.) ("OMISB")	Malaysia	50.01	50.01	Property development and property investment.
Sunrise Meadow Sdn. Bhd. ("SMSB") ^	Malaysia	100	-	Property development and property investment.
Kirana Masyhur Sdn. Bhd. ("KMSB")	Malaysia	100	-	Dormant
O&C Properties (Kuantan) Sdn. Bhd. (formerly known as Jaringan Jasa Sdn. Bhd.) ("OPKSB")	Malaysia	90	-	Property development and property investment.
YP O&C Development Sdn. Bhd. (formerly known as Lotus Leap Sdn. Bhd.) ("YPODSB")	Malaysia	100	-	Dormant

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business	Percentage of Issued Share Capital Held by Parent 2017	2016	Principal Activities
Subsidiary of TRP:-				
Takaso Marketing Sdn. Bhd.	Malaysia	100	100	Marketing of rubber products, baby products, and trading in baby accessories and apparels.
Subsidiary of TIPL:-				
P.T.Takaso Indonesia Global Manufacturing# ("TIGM")	Indonesia	51	51	Dormant.
Subsidiaries of GSSB:-				
Visi Anggun Properties Sdn. Bhd. ("VAPSB")	Malaysia	80	-	Dormant
Greatway Capital Sdn. Bhd. ("GCSB")	Malaysia	100	-	Dormant

^ These subsidiaries were audited by other firms of chartered accountants.
\# As at the end of the reporting period, no capital injection has been effected into TIGM.

(a) On 24 August 2016, the Company acquired entire share capital of SMSB comprising two ordinary shares of RM1 each fully paid up for a total consideration of RM2.

(b) On 24 November 2016, the Company further subscribed for 120,024 ordinary shares of RM1 each issued by its subsidiary, OMISB for a total consideration of RM120,024 to retain its equity interest of 50.01%.

(c) On 2 December 2016, the Company acquired entire share capital of KMSB comprising two ordinary shares of RM1 each fully paid up for a total consideration of RM2.

(d) On 22 December 2016, GSSB entered into Share Sale Agreements to acquire 400,000 ordinary shares of RM1 each representing 80% of the issued and paid-up share capital of VAPSB for a cash consideration of RM400,000.

(e) On 31 March 2017, GSSB acquired entire share capital of GCSB comprising one ordinary share for a total consideration of RM1.

(f) On 15 May 2017, the Company acquired entire share capital of OPKSB comprising one ordinary share of RM1 each fully paid up for a total consideration of RM1. The Company further subscribed for 89 ordinary shares of RM1 each issued by OPKSB for a total consideration of RM89. Following the share subscription, the Company's equity interest in OPKSB stands at 90%.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(g) On 18 May 2017, the Company acquired entire share capital of YPODSB comprising two ordinary shares of RM1 each fully paid up for a total consideration of RM2.

The above acquisitions have no significant effect on the financial results of the Group for the current financial year and the financial position of the Group as at the end of the current reporting period.

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

	Effective Equity Interest		The Group	
	2017	2016	**2017**	**2016**
	%	%	RM	RM
OMISB	49.99	49.99	784,964	22,699
Other individually immaterial subsidiaries			32,347	8,023
			817,311	30,722

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

	OMISB	
	2017	**2016**
	RM	RM
<u>At 31 July</u>		
Non-current assets	13,391,843	10,584,443
Current assets	29,111,237	34,619,496
Non-current liabilities	(31,444,607)	(37,782,729)
Current liabilities	(12,628,715)	(7,482,485)
Net assets	(1,570,242)	(61,275)
<u>Financial Year Ended 31 July</u>		
Revenue	-	-
Loss for the financial year/ Total comprehensive expenses	(1,748,967)	(20,700)
Total comprehensive expenses attributable to non-controlling interests	(874,309)	(10,085)
Net cash flows for operating activities	(4,757,693)	(5,340,134)
Net cash flows (for)/from investing activities	(1,677,186)	84,965
Net cash flows from financial activities	6,493,902	5,127,259

6. INVESTMENT IN AN ASSOCIATE

	The Group	
	2017	**2016**
	RM	RM
Unquoted shares in Malaysia, at cost		
At 1 August	490,000	-
Addition during the financial year	490,000	490,000
At 31 July	980,000	490,000
Share of post acquisition loss	(187,502)	-
	792,498	490,000

(a) The details of the associate are as follows:-

Name of Associate	**Principal Place of Business**	**Effective Equity Interest**		**Principal Activities**
		2017	**2016**	
		%	%	
Associate of KMPSB				
AES Builders Sdn. Bhd. ("AES")	Malaysia	34.3	34.3	Construction of residential and commercial properties.

(b) The Group recognised its share of results of AES based on the unaudited financial statements drawn up to the most recent reporting date, which is 31 July 2017.

In the last financial year, the results of this associate has not been equity accounted as the amount involved was insignificant as the associate was dormant and the intended activities were contractor of residential and commercial properties.

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

(c) The summarised unaudited financial information of the associate is as follows:-

	AES 2017 RM
At 31 July	
Non-current assets	47,372
Current assets	1,870,725
Current liabilities	(315,333)
Net assets	1,602,764
13-month Period Ended 31 July	
Revenue	-
Loss for the financial period/ Total comprehensive expenses	(546,653)
Group's share of loss for the financial year	(187,502)
Reconciliation of Net Assets to Carrying Amount	
Group's share of net assets above	549,748
Goodwill on acquisition	242,750
Carrying amount of the Group's interests in this associate	792,498

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.8.2016 RM	Additions RM	Disposal RM	Written Off (Note 24) RM	Depreciation Charges (Note 24) RM	Currency Translation Difference RM	Reclassification RM	At 31.7.2017 RM
2017								
Net Book Value								
Freehold land	4,120,000	-	-	-	-	-	-	4,120,000
Leasehold land	1,182,687	-	-	-	(39,225)	-	-	1,143,462
Buildings	5,853,449	-	-	-	(135,600)	-	-	5,717,849
Motor vehicles	1,974,254	-	-	-	(474,273)	32,150	-	1,532,131
Plant and machinery	82,280	-	-	-	(158,566)	-	603,701	527,415
Renovation, furniture and fittings	383,815	2,163,368	-	(35,157)	(323,565)	5,086	-	2,193,547
Tools and equipment	2,250,679	135,747	(84,074)	-	(381,641)	-	(603,701)	1,317,010
	15,847,164	2,299,115	(84,074)	(35,157)	(1,512,870)	37,236	-	16,551,414

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

The Group	At 1.8.2015 RM	Additions RM	Disposals RM	Written Off (Note 24) RM	Depreciation Charges (Note 24) RM	Impairment Loss (Note 24) RM	Disposal of Subsidiaries (Note 26) RM	Currency Translation Difference RM	At 31.7.2016 RM
2016									
Net Book Value									
Freehold land	6,014,481	-	-	-	-	-	(1,999,829)	105,348	4,120,000
Leasehold land	1,221,912	-	-	-	(39,225)	-	-	-	1,182,687
Buildings	5,989,049	-	-	-	(135,600)	-	-	-	5,853,449
Motor vehicles	1,005,586	1,415,862	-	-	(387,197)	-	(106,087)	46,090	1,974,254
Plant and machinery	121,558	209,977	(34,068)	-	(193,853)	-	(21,334)	-	82,280
Renovation, furniture and fittings	540,986	89,503	(11,342)	(65,018)	(127,614)	(1,540)	(52,387)	11,227	383,815
Tools and equipment	2,503,283	235,658	-	(54,306)	(414,440)	-	(19,516)	-	2,250,679
Capital work-in-progress	5,464,721	885,828	-	-	-	-	(6,654,431)	303,882	-
	22,861,576	2,836,828	(45,410)	(119,324)	(1,297,929)	(1,540)	(8,853,584)	466,547	15,847,164

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

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Net Book Value RM
2017				
Freehold land	4,120,000	-	-	4,120,000
Leasehold land	1,569,000	(425,538)	-	1,143,462
Buildings	6,780,000	(1,062,151)	-	5,717,849
Motor vehicles	3,262,748	(1,730,617)	-	1,532,131
Plant and machinery	18,774,038	(17,117,938)	(1,128,685)	527,415
Renovation, furniture and fittings	6,276,482	(3,820,395)	(262,540)	2,193,547
Tools and equipment	14,796,093	(11,082,784)	(2,396,299)	1,317,010
	55,578,361	(35,239,423)	(3,787,524)	16,551,414
2016				
Freehold land	4,120,000	-	-	4,120,000
Leasehold land	1,569,000	(386,313)	-	1,182,687
Buildings	6,780,000	(926,551)	-	5,853,449
Motor vehicles	3,466,277	(1,492,023)	-	1,974,254
Plant and machinery	18,170,337	(16,959,372)	(1,128,685)	82,280
Renovation, furniture and fittings	4,217,468	(3,571,113)	(262,540)	383,815
Tools and equipment	15,352,547	(10,705,569)	(2,396,299)	2,250,679
	53,675,629	(34,040,941)	(3,787,524)	15,847,164

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

The Company	At 1.8.2016 RM	Addition RM	Depreciation Charges (Note 24) RM	At 31.7.2017 RM
2017				
Net Book Value				
Motor vehicle	421,143	-	(102,726)	318,417
Renovation, furniture and fittings	184,646	425,781	(84,358)	526,069
	605,789	425,781	(187,084)	844,486

2016	At 1.8.2015 RM	Additions RM	Depreciation Charges (Note 24) RM	At 31.7.2016 RM
Net Book Value				
Motor vehicle	149,533	326,715	(55,105)	421,143
Renovation, furniture and fittings	174,881	44,362	(34,597)	184,646
	324,414	371,077	(89,702)	605,789

The Company	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2017			
Motor vehicle	482,479	(164,062)	318,417
Renovation, furniture and fittings	652,618	(126,549)	526,069
	1,135,097	(290,611)	844,486
2016			
Motor vehicle	482,479	(61,336)	421,143
Renovation, furniture and fittings	226,837	(42,191)	184,646
	709,316	(103,527)	605,789

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

(a) Included in the property, plant and equipment of the Group and the Company at the end of the reporting period were motor vehicles with a total net book value of RM1,430,344 and RM243,650 (2016: RM1,816,932 and RM308,993), which were acquired under hire purchase terms.

(b) At the end of reporting period, property, plant and equipment of the Group with a carrying amount of RM2,983,468 (2016: RM3,034,543) are pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 20 to the financial statements.

(c) Included in motor vehicles of the Group with a carrying amount of RM362,062 (2016: RM1,421,663) is held in trust under the name of directors of a subsidiary.

8. INVESTMENT PROPERTY

The Group/The Company	At 1.8.2016 RM	Depreciation Charge (Note 24) RM	At 31.7.2017 RM
Net Book Value			
Freehold land and building	1,953,669	(41,347)	1,912,322

	At 1.8.2015 RM	Depreciation Charge (Note 24) RM	At 31.7.2016 RM
Net Book Value			
Freehold land and building	1,995,017	(41,348)	1,953,669

8. INVESTMENT PROPERTY (CONT'D)

The Group/The Company	At Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
2017			
Freehold land and building	2,067,375	(155,053)	1,912,322
2016			
Freehold land and building	2,067,375	(113,706)	1,953,669

	The Group/The Company	
	2017 RM	**2016** RM
Fair Value	2,300,000	2,300,000

(a) The freehold land and building of the Group and the Company have been pledged to a licensed bank for credit facilities granted to the Company as disclosed in Note 22 to the financial statements.

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

9. INVENTORIES

	The Group	
	2017	**2016**
	RM	RM
Non-current		
Land held for development (Note 9 (a))	17,728,339	11,262,038
Current		
Property development costs (Note 9 (b))	33,565,422	39,413,981
Trading goods (Note 9 (c))	4,886,505	5,195,788
	38,451,927	44,609,769
	56,180,266	55,871,807

(a) Land held for development (non-current)

	The Group	
	2017	**2016**
	RM	RM
At 1 August:		
- Leasehold land	9,316,165	-
- Property development costs	1,945,873	-
	11,262,038	-
Additions during the financial year:		
- Leasehold land	6,419,717	9,316,165
- Property development costs	46,584	1,945,873
	6,466,301	11,262,038
At 31 July	17,728,339	11,262,038
Represented by:		
- Leasehold land	15,735,882	9,316,165
- Property development costs	1,992,457	1,945,873
	17,728,339	11,262,038

In the previous financial year, included in the land cost of the Group, the title of a piece of leasehold land with a carrying value of RM9,316,165 was in the process of being issued to the Company by the relevant authorities.

9. INVENTORIES (CONT'D)

(b) Property development costs (current)

	The Group	
	2017	**2016**
	RM	RM
Freehold land, at cost		
At 1 August	35,177,263	-
Arising from acquisition of a subsidiary (Note 28)	-	35,177,263
Reduction in land proprietary entitlement	(7,917,495)	-
At 31 July	27,259,768	35,177,263
Development costs		
At 1 August	4,236,718	-
Arising from acquisition of a subsidiary (Note 28)	-	2,318,800
Costs incurred during the financial year	2,068,936	1,917,918
At 31 July	6,305,654	4,236,718
Cumulative property development costs	33,565,422	39,413,981

(i) The freehold land has been pledged for banking facility to the Group as disclosed in Note 22.

(ii) In accordance with the Joint Venture Agreement ("JVA") with Makok Intl Sdn. Bhd. ("MISB"), OMISB, a subsidiary of the Company is obliged to pay MISB's entitlement of 50% of the development profit (as defined in the JVA) generated by the development of the parcel of land belonging to MISB progressively. A total entitlement of RM22,220,494 (2016: RM30,137,989) has been included in the property development costs. As of 31 July 2017, RM22,220,494 (2016: RM30,137,989) has been recognised as part of land cost payable in Note 18.

(c) Trading goods

	The Group	
	2017	**2016**
	RM	RM
At cost:-		
Raw materials	1,010,400	1,168,731
Work-in-progress	765,292	1,030,018
Finished goods	3,110,813	2,997,039
	4,886,505	5,195,788

The amount of inventories recognised as an expense in cost of sales was RM26,151,008 (2016: RM23,292,429).

10. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
		RM	RM	RM	RM
Non-current					
Other receivables:-					
Amount owing by a subsidiary	(a)	-	-	7,000,000	7,000,000
Third party	(b)	11,441,847	10,584,443	-	-
Total non-current portion		11,441,847	10,584,443	7,000,000	7,000,000
Current					
Trade receivables: -					
Third parties		11,495,721	7,878,322	-	-
Related party		13,277,327	1,745,310	-	-
		24,773,048	9,623,632	-	-
Less: Allowance for impairment losses: -					
At 1 August		(841,985)	(852,877)	-	-
Addition		(1,521,959)	(186,432)	-	-
Disposal of subsidiaries		-	184,353	-	-
Reversal		20,702	27,600	-	-
Currency translation difference		(35,083)	(14,629)	-	-
At 31 July		(2,378,325)	(841,985)	-	-
Total trade receivables	(c)	22,394,723	8,781,647	-	-

10. TRADE AND OTHER RECEIVABLES (CONT'D)

		The Group		The Company	
		2017 RM	**2016** RM	**2017** RM	**2016** RM
Other receivables:-					
Third parties		12,756,492	4,884,289	501,508	4,384,950
Less: Allowance for impairment losses		(45,798)	(45,798)	-	-
	(d)	12,710,694	4,838,491	501,508	4,384,950
Amount owing by subsidiaries	(e)	-	-	73,151,284	34,013,467
Amount owing by an associate	(f)	986,590	-	-	-
Less: Allowance for impairment losses:-					
At 1 August		-	-	(850,000)	(1,350,000)
Reversal		-	-	-	500,000
At 31 July		-	-	(850,000)	(850,000)
		986,590	-	72,301,284	33,163,467
Deposits	(g)	13,956,257	6,247,052	543,694	67,302
Prepayments	(h)	4,923,435	2,398,972	109,865	4,048
Total current portion		54,971,699	22,266,162	73,456,351	37,619,767

(a) The amount owing by a subsidiary, TRP, represents advances and payment made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. This amount is, in substance, a part of the Company's net investment in the subsidiary.

(b) The amount is receivable from MISB within 3 years from the date of the Promissory Note or upon completion of the development project under JVA whichever is later or at such other date as may be instructed by OMISB, a subsidiary of the Company. The amount is subject to interest charged proportionately from the interest expenses incurred on the basis of the bank loan balance at the end of reporting date.

(c) Included in trade receivables at the end of reporting period, is an amount of RM5,483,287 (2016: Nil) in the Group were pledged as security for bank borrowings as disclosed in Note 19 to the financial statements.

The Group's normal trade credit terms range from cash term to 120 days (2016: cash term to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Included in other receivables at the end of reporting period:

(i) was an amount of RM116,402 (2016: RM109,170) in the Group, being advance payments made to suppliers for future supply of goods; and

(ii) an amount of RM8,475,059 (2016: Nil) in the Group which represented unsecured and interest-free advances to a joint venturer for the purpose of a housing development project as disclosed in Note 37(c).

In the previous financial year, there was an amount of RM4,200,000 in the Group and the Company which was receivable from purchasers in relation to sale proceeds from the disposal of subsidiaries. The amount was interest-free and subjected to fixed receivable terms which settled in cash.

(e) The amount owing by subsidiaries represents unsecured interest-free advances and payments made on behalf. The amount owing is receivable on demand and is to be settled in cash.

(f) The amount owing by an associate represents unsecured interest-free advances and payments made on behalf. The amount owing is receivable on demand and is to be settled in cash.

(g) Included in deposits at the end of reporting period:-

(i) is an amount of RM5 million (2016: RM5 million) in the Group which represents deposit paid by ODKSB upon execution of the Joint Venture Agreement with SSPP Development Sdn. Bhd. in relation to a proposed development on a parcel of land in Bandar Kuantan, Kuantan, Pahang;

(ii) is an amount of RM936,007 (2016: RM936,007) in the Group which represents a performance bond made to a company in which a director of the Company has a substantial financial interest for a construction contract awarded to the Group; and

(iii) is an amount of RM7,200,000 (2016: Nil) in the Group which represents refundable earnest deposits paid to a lawyer as a stakeholder sum for proposed acquisition of properties.

(h) Included in prepayments at the end of the reporting period is an amount of RM2,032,500 (2016: RM2,032,500) in the Group which represents prepayment made for technical liaison and consultancy fees in relation to the proposed development in Bandar Kuantan, Kuantan, Pahang.

11. DEFERRED TAX (ASSET)/LIABILITY

	The Group	
	2017	**2016**
	RM	RM
At 1 August	258,000	258,000
Recognised in profit or loss (Note 25)	(420,000)	-
At 31 July	(162,000)	258,000
Represented by:		
Deferred tax asset	(420,000)	-
Deferred tax liability	258,000	258,000
At 31 July	(162,000)	258,000

The deferred tax asset/liability is attributable to the following:-

	The Group	
	2017	**2016**
	RM	RM
Deferred tax asset:		
Unutilised tax losses	(420,000)	-
Deferred tax liability:		
Asset revaluation surplus	258,000	258,000

The deferred tax asset on unutilised tax losses has been recognised on the basis that it is probable that future taxable profits of a subsidiary will be available against which temporary differences can be utilised.

No deferred tax assets are recognised in respect of the below items as it is not probable that taxable profits of the Company and subsidiaries will be available against which the deductible temporary differences can be utilised:

	The Group	
	2017	**2016**
	RM	RM
Accelerated capital allowances	(7,320,000)	(6,948,500)
Unutilised tax losses	18,919,008	17,348,000
Unabsorbed capital allowances	14,750,699	13,690,000
Unabsorbed reinvestment allowances	5,710,000	5,710,000
Other deductible timing differences	8,269,000	8,475,300
	40,328,707	38,274,800

12. CONTRACT ASSETS

	The Group	
	2017	**2016**
	RM	RM
At 1 August	489,166	-
Construction revenue recognised on performance obligation during the financial year	50,164,257	5,675,145
Less: billings during the financial year	(28,197,159)	(5,185,979)
At 31 July	22,456,264	489,166
Contract costs incurred to date	38,428,976	5,172,920
Attributable profit	17,410,426	502,225

The amount represents the Group's rights to consideration for construction services rendered but not billed at the end of the reporting period. This balance will be billed progressively in the future upon the fulfilment of contractual milestones.

13. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rates of the deposits of the Group at the end of the reporting period ranging from 2.95% to 3.30% (2016: 3.30%) per annum. The deposits have a maturity period of 12 months (2016: 12 months).

The fixed deposit with licensed banks of the Group at the end of the reporting period has been pledged to the licensed banks as security for banking facilities granted to the Group as disclosed in Note 20.

14. SHARE CAPITAL

	The Group/The Company			
	2017	**2016**	**2017**	**2016**
	Number Of Shares		RM	RM
Authorised				
Ordinary shares of RM0.25 each				
At 1 August	N/A	400,000,000	N/A	100,000,000
Created during the financial year	N/A	1,200,000,000	N/A	300,000,000
At 31 July	N/A	1,600,000,000	N/A	400,000,000

14. SHARE CAPITAL (CONT'D)

The movements in the issued and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2017	**2016**	**2017**	**2016**
	Number Of Shares		RM	RM
Issued And Fully Paid-Up				
Ordinary Shares with No Par Value (2016: Par Value of RM0.25 each)				
At 1 August	228,480,799	204,301,799	57,120,200	51,075,450
Issuance of shares pursuant to:-				
- SIS	2,560,000	-	761,976	-
- Warrants B	9,317,920	24,179,000	2,329,480	6,044,750
- ICPS	16,768,800	-	7,545,960	-
Transfer to share capital upon conversion of ICPS	-	-	838,440	-
Transfer to share capital				-
upon SIS exercised	-	-	149,115	-
At 31 July	257,127,519	228,480,799	68,745,171	57,120,200

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

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

During the financial year, the Company increased its issued and paid-up ordinary shares from RM57,120,200 to RM68,745,171 by way of:-

(a) an issuance of 9,317,920 new ordinary shares from the exercise of Warrants 2011/2016 at the exercise price of RM0.35 per warrant;

(b) an issuance of 2,560,000 new ordinary shares from the exercise of SIS at the exercise price of RM0.33 per share; and

(c) an issuance of 16,768,000 new ordinary shares from the conversion of ICPS with combination of one (1) ICPS and RM0.45 in cash.

The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

15. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	The Group/The Company			
	2017	**2016**	**2017**	**2016**
	Number Of Shares		RM	RM
Authorised				
ICPS of RM0.05 each				
At 1 August	N/A	-	N/A	-
Created during the financial year	N/A	2,000,000,000	N/A	100,000,000
At 31 July	N/A	2,000,000,000	N/A	100,000,000
Issued And Fully Paid-Up				
ICPS with No Par Value (2016: Par Value of RM0.05 each)				
At 1 August	661,412,697	-	33,070,635	-
Issuance of new shares for cash	-	661,412,697	-	33,070,635
Conversion to ordinary share capital	(16,768,800)	-	(838,440)	-
At 31 July	644,643,897	661,412,697	32,232,195	33,070,635

N/A - Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed below.

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ICPS in issue or the relative entitlement of any of the members as a result of this transition.

15. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONT'D)

In the previous financial year, the Company issued 661,412,697 ICPS at a nominal value of RM0.05 each at an issue price of RM0.05 each.

The salient terms of ICPS are as follows:-

(a)	Dividend rate	No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by the Company. The Company shall have the discretion to decide whether to declare any dividend. Dividend, if declared, shall be in priority over all ordinary shares of our Company, where the dividend rate is a non-cumulative preference dividend rate of 5% per annum calculated based on the nominal value of the ICPS, to be declared and payable annually in arrears.
(b)	Tenure	Five (5) years commencing from and inclusive of the date of issue of the ICPS.
(c)	Maturity date	The day immediately preceding the fifth (5^{th}) anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
(d)	Conversion rights	(i) Each ICPS carries the entitlement to be converted into new OCR Shares at the Conversion Ratio through the surrender of the ICPS. (ii) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. (iii) If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
(e)	Conversion period	(i) The ICPS may be converted at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price. (ii) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new OCR Shares at the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.
(f)	Conversion ratio and conversion price	The Conversion Ratio and Conversion Price have been fixed at either ten (10) ICPS to be converted into one (1) new OCR Share or a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

16. RESERVES

		The Group		The Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
Warrant reserve	(a)	890,326	2,232,125	890,326	2,232,125
Share premium	(b)	18,475,142	16,744,909	18,475,142	16,744,909
Foreign exchange translation reserve	(c)	571,824	423,268	-	-
Accumulated losses		(19,591,834)	(24,027,401)	(23,520,116)	(17,627,706)
SIS reserve	(d)	831,300	-	831,300	-
		1,176,758	(4,627,099)	(3,323,348)	1,349,328

(a) Warrant Reserve

The warrant reserve arose from the allocation of the proceeds received from the issuance of the Warrants B and Warrants C by reference to the fair value of the Warrants B and Warrants C net of discount, amounting to RM0.08 and RM0.013 respectively and net of expenses incurred in relation to the Rights Issue completed on 13 September 2011 and 28 July 2016 respectively.

(b) Share Premium

The movement of the share premium of the Group and of the Company are as follows:

	The Group/The Company	
	2017	2016
	RM	RM
At 1 August	16,744,909	12,941,164
Issuance of shares pursuant to:		
- Warrants B	931,792	2,417,900
- SIS exercised	82,824	-
Transfer of share premium upon:		
- SIS exercised	101,253	-
- Warrants B exercised	755,734	1,961,048
Expenses incurred for:		
- Warrants B exercised and conversion of ICPS	(141,370)	(575,203)
At 31 July	18,475,142	16,744,909

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company have not consolidated the share premium into share capital until the expiry of the transitional period.

16. RESERVES (CONT'D)

(c) Foreign Exchange Translation Reserve

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

(d) Share Issuance Scheme

The Company's SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 27 June 2012, and the SIS was implemented on 30 August 2012 and will be in force for a period of 5 years from the effective date. The share options had expired on 29 August 2017.

The salient features of the SIS are as follows:

(i) The SIS is administered by a committee appointed by the Board of Directors.

The aggregate number of SIS options offered and to be offered shall not in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the SIS. Furthermore, the allocation of SIS options to the directors and senior management of the Group shall not, in aggregate, exceed fifty percent (50%) of the new shares available under the SIS. In addition, not more than ten percent (10%) of the new shares available under the SIS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with such person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(ii) Any employee of the Group shall be eligible to participate in the SIS as at the date of offer:

(a) the employee is at least eighteen (18) years of age; and

(b) is employed full time by and on the payroll and employment has been confirmed by any company in the Group.

(iii) Any director of the Group shall be eligible to participate in the SIS if as at the date of offer:

(a) the director is at least eighteen (18) years of age;

(b) the director is a director named in the register of directors of the Group; and

(c) specific allocation of new shares to the director of the Company under SIS must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the SIS.

16. RESERVES (CONT'D)

(d) Share Issuance Scheme (Cont'd)

The salient features of the SIS are as follows: (Cont'd)

(iv) The SIS option price for each share shall be determined by the Board of the Company based on the five (5) days volume weighted average market price of the shares of the Company immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as maybe permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the SIS; or at the par value of the shares, whichever is the higher.

(v) The new shares to be allotted and issued upon the exercise of any SIS options granted will, upon allotment, issuance and full payment, rank pari passu in all respects with the then existing issued and paid-up shares of the Company, save and except that the new shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of such new shares. The new shares will be subjected to the provisions of the Articles of Association of the Company. The SIS options shall not carry any rights to vote at any general meeting of the Company.

On 8 September 2016, the Company granted share options to employees of the Company and a subsidiary to purchase shares in the Company under the SIS approved by the shareholders of the Company on 27 June 2012.

The number of share options are as follows:

	Number of ordinary shares of RM0.33 each granted under options			
	The Group		**The Company**	
	2017	**2016**	**2017**	**2016**
At 1 August	-	-	-	-
Granted	11,160,000	-	9,945,000	-
Exercised	(2,560,000)	-	(1,345,000)	-
Cancellation	(100,000)	-	(100,000)	
At 31 July	8,500,000	-	8,500,000	-

16. RESERVES (CONT'D)

(d) Share Issuance Scheme (Cont'd)

The fair value of the share options granted were estimated by using the binomial option pricing model, taking into consideration the terms and conditions upon which the options were granted. The fair value of the share options measured at the grant date and the assumptions are as follows:-

	2017
Fair value of share options at the grant date (RM per share)	0.0978
Exercise price per option (RM)	0.33
Expected volatility (%)	45.25
Expected life (years)	0.97
Risk free rate (%)	2.55

17. LONG-TERM BORROWINGS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Hire purchase payables (Note 21)	928,742	1,211,384	162,831	204,377
Term loans (Note 22)	9,689,977	8,038,302	465,864	540,302
	10,618,719	9,249,686	628,695	744,679

18. TRADE AND OTHER PAYABLES

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
	Note	RM	RM	RM	RM
Non-current					
Other payables:-					
Third parties	(a)	-	500,000	-	500,000
Land cost payable	9(b)	22,220,494	30,137,989	-	-
		22,220,494	30,637,989	-	500,000
Current					
Trade payables:-	(b)				
Third party		12,946,041	4,538,435	-	-
Related party		527,341	747,759	-	-
Retention sum		1,430,805	498,483	-	-
		14,904,187	5,784,677	-	-
Other payables:-					
Third parties	(a)	2,914,478	4,073,555	609,538	1,094,001
Amount owing to directors	(c)	558,066	468,066	19,000	14,000
Accruals		8,985,104	1,244,163	125,167	596,491
		12,457,648	5,785,784	753,705	1,704,492
		27,361,835	11,570,461	753,705	1,704,492

(a) Included in other payables at the end of the reporting period, there is an amount of RM500,000 (2016: RM1,500,000) in the Group and the Company payable to a seller in relation to the balance of purchase consideration for acquisition of a subsidiary in the previous financial year. The amount was interest free and subject to fixed repayment terms and was settled in cash.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from cash term to five months (2016: cash term to five months).

(c) The amount owing to directors represent mainly advances and remuneration payable, which are unsecured, interest-free and payable upon demand in cash.

19. SHORT-TERM BORROWINGS

		The Group		The Company	
	Note	**2017**	**2016**	**2017**	**2016**
		RM	RM	RM	RM
Hire purchase payables	21	312,897	335,036	42,228	39,863
Term loans	22	852,725	2,575,391	76,838	73,391
Factoring loan	(a)	1,736,295	-	-	-
		2,901,917	2,910,427	119,066	113,254

(a) This secured factoring loan is repayable on demand and bears interest at 3.67% per annum.

At 31 July 2017, the Group had available RM1,101,855 (2016: Nil) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Notwithstanding the above, the factoring loan is subject to repayment in the event of an excess in the borrowing account due to insufficient account receivable balances.

The factoring loan is secured by personal guarantees and pledge of trade receivables as disclosed in Note 10(c) to the financial statements.

20. BANK OVERDRAFTS

The bank overdrafts of the Group bore weighted average effective interest rates ranging from 7.90% to 9.15% (2016: 9.31%) per annum as at the end of the reporting period.

The bank overdrafts of the Group are secured by:-

(i) a fixed charge over the property, plant and equipment with a total carrying amount of RM2,983,468 (2016: RM3,034,543) as disclosed in Note 7 to the financial statements;

(ii) a personal guarantee of a director of the Company; and

(ii) fixed deposits with licensed banks as disclosed in Note 13 to the financial statements.

These bank overdrafts are also guaranteed by the Company.

21. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Minimum hire purchase payments:				
- not later than one year	373,078	404,180	53,400	53,386
- later than one year and not later than five years	997,120	1,179,331	182,717	160,158
- later than five years	39,160	195,793	-	75,291
	1,409,358	1,779,304	236,117	288,835
Less: Future finance charges	(167,719)	(232,884)	(31,058)	(44,595)
Present value of hire purchase payables	1,241,639	1,546,420	205,059	244,240
Current portion (Note 19):				
- not later than one year	312,897	335,036	42,228	39,863
Non-current portion (Note 17):				
- later than one year and not later than five years	890,585	1,065,783	162,831	175,425
- later than five years	38,157	145,601	-	28,952
	928,742	1,211,384	162,831	204,377
	1,241,639	1,546,420	205,059	244,240

The hire purchase payables of the Group and the Company bore effective interest rates ranging from 4.62% to 7.14% (2016: 4.62% to 7.14%) and 5.26% to 7.14% (2016: 5.26% to 7.14%) per annum at the end of the reporting period.

22. TERM LOANS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Non-current (Note 17):				
- later than one year and not later than five years	9,689,977	7,828,126	465,864	330,126
- later than five years	-	210,176	-	210,176
	9,689,977	8,038,302	465,864	540,302
Current (Note 19):				
- not later than one year	852,725	2,575,391	76,838	73,391
	10,542,702	10,613,693	542,702	613,693

The repayment terms of the term loans are as follows:-

Term loan	Effective interest rate	Number of monthly instalment	Monthly instalment amount RM	Date of commencement of repayment	**The Group** Amount outstanding **2017** RM	**2016** RM	**The Company** **2017** RM	**2016** RM
1	4.65% (2016: 4.65%)	120	8,330	1 October 2013	542,702	613,693	542,702	613,693
2	7.71% (2016: 7.81%)	24	417,000 or repayment via redemption sum per unit	5 May 2018	10,000,000	10,000,000	-	-
					10,542,702	10,613,693	542,702	613,693

Term loan 1 is secured by:-

(a) a fixed charge over the investment property as disclosed in Note 8 to the financial statements; and

(b) a corporate guarantee of the Company.

Term loan 2 is secured by:-

(a) a 3rd party all monies first legal charge over Geran 34386, Lot 95, Seksyen 43, Jalan Yap Kwan Seng, Mukim of Kuala Lumpur as disclosed in Note 9(b) to the financial statements; and

(b) a personal guarantee of a director of the Company and a corporate guarantee of the Company.

23. REVENUE

	The Group	
	2017	**2016**
	RM	RM
Sales of goods	35,000,781	32,775,831
Contract revenue	53,771,757	5,675,145
	88,772,538	38,450,976

24. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees				
- auditors of the Company	116,500	101,500	34,000	34,000
- other auditors	34,665	30,105	-	-
- underprovision in the previous financial year	-	1,000	-	-
- non-statutory audit	8,500	23,500	8,500	23,500
Bad debts written off	488,407	-	-	435,064
Depreciation of:				
- property, plant and equipment (Note 7)	1,512,870	1,297,929	187,084	89,702
- investment property (Note 8)	41,347	41,348	41,347	41,348
Directors' remuneration (Note 31 (a))	1,710,401	1,392,932	569,509	615,355
Goodwill written off	-	9,977	-	-
Impairment losses on:				
- plant and equipment (Note 7)	-	1,540	-	-
- trade receivables (Note 10)	1,521,959	186,432	-	-
- other receivables (Note 10)	-	45,798	-	-

24. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting) (Cont'd):-				
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdrafts	200,373	113,643	-	-
- hire purchase	70,610	24,237	14,219	3,179
- term loans	54,544	79,966	27,818	31,574
- others	8,161	-	-	-
Inventories written off	-	46,113	-	-
Gain on disposal of plant and equipment	(64,426)	(8,457)	-	-
(Gain)/Loss on foreign exchange:				
- realised	40,541	132,614	-	-
- unrealised	(76,284)	(66,206)	(76,284)	(99,800)
Rental of premises	475,406	544,104	34,610	133,728
Staff costs:				
- defined contribution benefits	1,132,768	541,609	368,456	167,709
- short term employee benefits	10,006,827	5,073,948	3,400,751	1,480,371
- share option expenses	1,081,668	-	964,083	-
Plant and equipment written off (Note 7)	35,157	119,324	-	-
Bad debts recovered	(6,557)	-	-	-
Gain on disposal of subsidiaries (Note 26)	-	(270,856)	-	(296,240)
Interest income	(80,068)	(57,364)	-	-
Rental income	(24,000)	(33,000)	-	(9,000)
Reversal of impairment loss on:				
- amount owing by a subsidiary (Note 10)	-	-	-	(500,000)
- trade receivables (Note 10)	(20,702)	(27,600)	-	-

25. INCOME TAX EXPENSE

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Income tax:				
- Foreign tax	-	65,584	-	-
- Local tax	4,358,285	-		
- Overprovision of income tax in the previous financial year	(11,269)	(2,888)	-	-
Deferred tax (Note 11):				
- origination of temporary differences	(420,000)	-	-	-
	3,927,016	62,696	-	-

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Profit/(Loss) before taxation	6,769,943	(4,022,191)	(6,478,475)	(3,390,461)
Tax at the statutory tax rate of 24%	1,624,786	(965,326)	(1,554,834)	(813,711)
Tax effects of:-				
Non-deductible expenses	1,880,602	1,417,878	1,554,834	1,067,957
Non-taxable income	-	(464,089)	-	(289,200)
Deferred tax assets not recognised during the financial year	402,866	152,164	-	34,954
Utilisation of deferred tax assets previously not recognised	(70,580)	-	-	-
Differential in tax rates	100,611	(75,043)	-	-
Overprovision in the previous financial year:				
- income tax	(11,269)	(2,888)	-	-
Income tax expense for the financial year	3,927,016	62,696	-	-

26. DISPOSAL OF SUBSIDIARIES

(a) On 11 September 2015, the Company had entered into a Share Sale Agreement with Mr. Cheah Kim Tee and Puan Norhalimah Binti Rahim to dispose of its 100% equity interest in its wholly-owned subsidiary, Benchmark Vista Sdn. Bhd. ("BVSB"), representing 1,000,000 ordinary shares of RM1 each for a cash consideration of RM655,000.

On 8 December 2015, the disposal of BVSB was completed. Thus, BVSB ceased to be a subsidiary of the Company.

(b) On 2 October 2015, the Company had accepted a conditional Letter of Intent dated 22 September 2015 from Lay Hong Berhad to acquire 200,000 ordinary shares of THB 100 each in Takaso SC (Thailand) Ltd. ("TSC"), being 100% of the issued and paid-up share capital of TSC, from the Company at an indicative consideration of RM9,000,000.

On 13 May 2016, the Company had entered into a conditional Supplemental Agreement with Lay Hong Berhad, to amend specific clauses in the Shares Sale Agreement dated on 4 February 2016.

On 10 June 2016, the disposal of TSC was completed. Thus, TSC ceased to be a subsidiary of the Company.

(c) On 31 December 2015, the Company entered into a Shares Sale Agreement with Yap Kien Ming and Chin Qwee Ling to dispose of its entire shareholding of 1,000,000 ordinary shares of RM1 each in its wholly-owned subsidiary, Takaso Trading Sdn. Bhd. ("TTSB") for a total cash consideration of RM50,000 and consequently TTSB ceased to be a subsidiary of the Company.

In the previous financial year, the financial effects of the disposal at the date of disposal are summarised as below:-

	The Group RM	The Company RM
Investment in subsidiaries	-	2,115,000
Property, plant and equipment	8,853,584	-
Inventories	422,752	-
Trade and other receivables	420,422	6,793,760
Cash and bank balances	115,724	-
Current tax assets	5,135	-
Trade and other payables	(615,534)	-
Carrying amount of net assets disposed of	9,202,083	8,908,760
Transfer from foreign exchange translation reserve	(267,939)	-
Gain on disposal of subsidiaries	270,856	296,240
Consideration received	9,205,000	9,205,000
Less: Cash and cash equivalents of subsidiaries disposed of	(115,724)	-
Net cash inflow on disposal of subsidiaries	9,089,276	9,205,000

27. EARNINGS/(LOSS) PER SHARE

(a) Basic

The calculation of basic earnings/(loss) per share was based on the profit/(loss) attributable to equity holders of the Company and divided by the weighted average number of ordinary shares in issue during the year under review.

	The Group	
	2017	**2016**
Earnings/(Loss) attributable to owners of the Company (RM)	3,849,502	(4,092,456)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 August	228,480,799	204,301,799
Effect of SIS	1,074,155	-
Effect of Warrants B	8,645,618	6,372,810
Effect of ICPS	1,126,650	-
Weighted average number of ordinary shares at 31 July	239,327,222	210,674,609
Basic earnings/(loss) per share (Sen)	1.61	(1.94)

(a) Diluted

The calculation of diluted earnings per share was based on the profit/(loss) attributable to equity holders of the Company and divided by the weighted average number of ordinary shares that would been in issue upon full exercise of the SIS and conversion of ICPS, adjusted for the number of such shares that would have been issued at fair value during the year under review.

	The Group 2017
Earnings attributable to owners of the Company (RM)	3,849,502
Weighted average number of ordinary shares for basic of earnings/(loss) per share	239,327,222
Effect of potential exercise of SIS	9,934,593
Effect of potential conversion of ICPS	88,360,834
Weighted average number of ordinary shares at 31 July	337,622,649
Diluted earnings per share (Sen)	1.14

27. EARNINGS/(LOSS) PER SHARE (Cont'd)

(a) Diluted (Cont'd)

The comparative figures is not presented as the diluted loss per share was equal to the basic earnings per share as there is an anti-dilutive effect arising from the assumed conversion of the ICPS and exercise of the warrants.

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements except for the exercise of SIS and conversion of ICPS into 8,500,000 and 100,000 ordinary shares respectively.

28. ACQUISITION OF SUBSIDIARIES

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	The Group	
	2017	**2016**
	RM	RM
Property, plant and equipment	5,696,800	-
Property development cost	-	37,496,063
Other receivables	10	10,173,852
Cash and bank balances	620,121	18,943
Other payables	(5,696,800)	(32,740,643)
Term loan	-	(10,000,000)
Net identifiable assets	620,131	4,948,215
Add: Non-controlling interest, measured at the proportionate share of fair value of the net identifiable net assets	(100,010)	41,950
Add: Goodwill on acquisition	-	9,977
Purchase consideration – to be settled by cash	520,121	5,000,142
Less: Cash and cash equivalents of subsidiaries acquired	(620,121)	(18,943)
Net cash (inflow)/outflow of acquisition of subsidiaries	(100,000)	4,981,199

The acquired subsidiaries have contributed the following results to the Group:-

	RM	RM
Loss after taxation	(47,079)	(3,781)

If the acquisition had taken place at the beginning of the financial year, the Group's profit/(loss) after taxation for the financial year would have been RM6,722,864 (2016: RM4,105,420).

28. ACQUISITION OF SUBSIDIARIES (CONT'D)

	The Company	
	2017	**2016**
	RM	RM
Purchase consideration – to be settled by cash	120,121	5,005,092

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	2,299,115	2,836,828	425,781	371,077
Amount financed through hire purchase	-	(1,153,903)	-	(253,000)
Cash disbursed for purchase of property, plant and equipment	2,299,115	1,682,925	425,781	118,077

30. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Fixed deposits with licensed banks	5,128,055	120,000	-	-
Cash and bank balances	2,740,871	33,972,339	744,385	32,345,543
Bank overdrafts (Note 20)	(6,047,292)	(1,393,501)	-	-
	1,821,634	32,698,838	744,385	32,345,543
Less: fixed deposit pledged to licensed banks (Note 13)	(5,128,055)	(120,000)	-	-
	(3,306,421)	32,578,838	744,385	32,345,543

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	70,000	72,000	70,000	72,000
- salaries, bonuses and other benefits	456,529	537,655	326,529	397,655
	526,529	609,655	396,529	469,655
Defined contribution benefits	54,480	60,000	38,880	43,200
	581,009	669,655	435,409	512,855
Non-executive Directors				
Short-term employee benefits:				
- fees	132,000	100,000	132,000	100,000
- other benefits	2,100	2,500	2,100	2,500
	134,100	102,500	134,100	102,500
	715,109	772,155	569,509	615,355

31. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Directors				
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	910,030	549,997	-	-
Defined contribution benefits	85,262	70,780	-	-
	995,292	620,777	-	-
Total director remuneration (Note 24)	1,710,401	1,392,932	569,509	615,355
Other Key Management Personnel				
Short-term employee benefits	130,829	138,655	-	-
Defined contribution benefits	15,600	16,560	-	-
	146,429	155,215	-	-

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	2017	**2016**
	Number of Directors	
Executive Directors		
Below RM50,000	2	1
RM150,000 – RM200,000	1	1
RM200,000 – RM250,000	-	-
RM300,000 – RM350,000	1	1
Non-executive Directors		
Below RM50,000	8	5
	12	8

32. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2017	**2016**
	RM	RM
Sales to a company which is connected to a director of the Company	235,097	906,984
Billboard rental services rendered by a company in which a director has a substantial financial interest	79,100	-
Purchases from a company in which a director has a substantial financial interest	1,184,254	1,812,941
Progress billing to a company which is connected to a director of the Company	22,219,875	5,185,979

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

33. OPERATING SEGMENTS

The Group are principally engaged in the manufacturing of rubber products and baby products as well as trading in baby apparels and toiletries, trading of electrical and mechanical products, construction of residential and commercial properties and property development.

The Group has arrived at five reportable segments that are organised and managed separately according to the nature of products and services. The reportable segments are summarised as follows:-

Manufacturing	:	Manufacturing of condoms and baby products and moulds
Trading	:	Trading and retailing in rubber products, baby apparels, toiletries, electrical and mechanical products.
Construction	:	Construction of residential and commercial properties.
Property development	:	Property development.
Others	:	Consist of investment holding company and subsidiaries which are dormant.

The accounting policies of operating segments are the same as those disclosed in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms. Inter-segment revenue is eliminated in the consolidated financial statements.

Segment assets exclude tax asset.

Segment liabilities exclude tax liabilities.

33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Others RM	**Group** RM
2017						
Revenue						
External revenue	7,419,279	27,581,502	53,771,757	-	-	88,772,538
Inter-segment revenue	2,774,362	29,784	-	-	-	2,804,146
	10,193,641	27,611,286	53,771,757	-	-	91,576,684
Consolidation adjustments and eliminations						(2,804,146)
Consolidated revenue						88,772,538

33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Others RM	**Group** RM
2017						
Results						
Results before the following adjustments	(123,113)	750,301	18,460,958	(2,081,365)	(5,361,132)	11,645,649
Consolidation adjustments and eliminations	-	(9,181)	-	-	208,645	199,464
Other material items of income (Note a)	70,983	20,702	-	-	76,284	167,969
Depreciation of investment property	-	-	-	-	(41,347)	(41,347)
Depreciation of property, plant and equipment	(821,593)	(355,180)	(1,823)	(147,190)	(187,084)	(1,512,870)
Other material items of expenses (Note b)	(33,447)	(2,052,617)	(118,827)	-	(962,841)	(3,167,732)
Segment results	(907,170)	(1,645,975)	18,340,308	(2,228,555)	(6,267,475)	7,291,133
Finance costs						(333,688)
Share of results in an associate						(187,502)
Income tax expense						(3,927,016)
Consolidated profit after taxation						2,842,927

33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Others RM	**Group** RM
2017						
Assets						
Segment assets	17,266,371	11,325,808	48,077,405	71,908,106	23,597,546	172,175,236
Current tax assets	24,545	-	-	320,000	-	344,545
Deferred tax asset	-	-	-	420,000	-	420,000
Consolidated total assets	17,290,916	11,325,808	48,077,405	72,648,106	23,597,546	172,939,781
Liabilities						
Segment liabilities	5,046,005	5,838,791	23,996,726	32,754,734	1,514,001	69,150,257
Deferred tax liability	258,000	-	-	-	-	258,000
Provision for taxation	-	62,975	2,131,736	-	-	2,194,711
Consolidated total liabilities	5,304,005	5,901,766	26,128,462	32,754,734	1,514,001	71,602,968
Other segment items						
Additions to non-current assets other than financial instruments:-						
- property, plant and equipment	135,747	41,761	18,640	1,677,186	425,781	2,299,115

33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Others RM	**Group** RM
2016						
Revenue						
External revenue	9,023,392	23,752,439	5,675,145	-	-	38,450,976
Inter-segment revenue	3,082,424	38,705	-	-	-	3,121,129
	12,105,816	23,791,144	5,675,145	-	-	41,572,105
Consolidation adjustments and eliminations						(3,121,129)
Consolidated revenue						38,450,976

33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Others RM	**Group** RM
2016						
Results						
Results before the following adjustments	447,575	1,279,568	44,942	(150,606)	3,351,643	4,973,122
Consolidation adjustments and eliminations	-	10,918	-	-	(7,290,406)	(7,279,488)
Other material items of income (Note a)	16,931	27,600	-	-	337,062	381,593
Depreciation of investment property	-	-	-	-	(41,348)	(41,348)
Depreciation of property, plant and equipment	(880,814)	(326,828)	(586)	-	(89,701)	(1,297,929)
Other material items of expenses (Note b)	(109,590)	(430,705)	-	-	-	(540,295)
Segment results	(525,898)	560,553	44,356	(150,606)	(3,732,750)	(3,804,345)
Finance costs						(217,846)
Income tax expense						(62,696)
Consolidated loss after taxation						(4,084,887)

33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Others RM	**Group** RM
2016						
Assets						
Segment assets	19,674,321	9,787,367	4,144,243	68,627,518	39,361,301	141,594,750
Current tax assets	24,545	-	-	-	-	24,545
Consolidated total assets	19,698,866	9,787,367	4,144,243	68,627,518	39,361,301	141,619,295
Liabilities						
Segment liabilities	6,499,384	2,772,966	2,777,263	40,438,422	3,274,029	55,762,064
Deferred tax liability	258,000	-	-	-	-	258,000
Provision for taxation	-	54,948	11,269	-	-	66,217
Consolidated total liabilities	6,757,384	2,827,914	2,788,532	40,438,422	3,274,029	56,086,281
Other segment items						
Additions to non-current assets other than financial instruments:-						
- property, plant and equipment	979,243	594,362	-	-	1,263,223	2,836,828

33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

(a) Other material items of income consist of the following:-

	The Group	
	2017	**2016**
	RM	RM
Gain on disposal of plant and equipment	64,426	16,931
Gain on disposal of subsidiaries	-	270,856
Bad debts recovered	6,557	-
Reversal of impairment losses on trade receivables	20,702	27,600
Unrealised gain on foreign exchange	76,284	66,206
	167,969	381,593

(b) Other material items of expenses consist of the following:-

	The Group	
	2017	**2016**
	RM	RM
Allowance for impairment losses on:		
- trade receivables	1,521,959	186,432
- other receivables	-	45,798
Bad debts written off	488,407	-
Impairment loss of plant and equipment	-	1,540
Inventories written off	-	46,113
Loss on disposal of plant and equipment	-	8,474
Plant and equipment written off	35,157	119,324
Realised loss on foreign exchange	40,541	132,614
Share options expense	1,081,668	-
	3,167,732	540,295

33. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

	Revenue		Non-current Assets	
	2017	**2016**	**2017**	**2016**
Group	RM	RM	RM	RM
Malaysia	59,051,302	7,357,650	48,190,028	39,220,864
Other Asian countries	27,827,905	29,924,048	656,392	916,450
European countries	4,463	21,532	-	-
African countries	407,743	120,201	-	-
Others	1,481,125	1,027,545	-	-
	88,772,538	38,450,976	48,846,420	40,137,314

MAJOR CUSTOMER

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group		Segment
	2017	**2016**	
	RM	RM	
Customer#1	33,215,145	5,675,145	Construction
Customer#2	9,924,500	-	Construction

34. CONTINGENT LIABILITY

	The Company	
	2017	**2016**
	RM	RM
Corporate guarantees given:		
- to financial institutions for credit facilities granted to subsidiaries	16,047,292	1,393,501

35. CAPITAL COMMITMENT

	The Group	
	2017	**2016**
	RM	RM
<u>Contracted but not provided for</u>		
Acquisition of new subsidiaries	2,183,247	2,063,100

36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

36.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	United States Dollar RM	Singapore Dollar RM	Others RM	Ringgit Malaysia RM	**Total** RM
2017					
Financial Assets					
Trade and other receivables	184,640	5,725,845	55,373	55,524,253	61,490,111
Fixed deposits with licensed banks	-	-	-	5,128,055	5,128,055
Cash and bank balances	126,517	1,519,110	16,431	1,078,813	2,740,871
	311,157	7,244,955	71,804	61,731,121	69,359,037

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Singapore Dollar RM	Others RM	Ringgit Malaysia RM	**Total** RM
2017					
Financial Liabilities					
Hire purchase payables	-	681,241	-	560,398	1,241,639
Term loans	-	-	-	10,542,702	10,542,702
Factoring loan	-	1,736,295	-	-	1,736,295
Trade and other payables	547,938	3,271,752	278,588	45,484,051	49,582,329
Bank overdrafts	-	-	-	6,047,292	6,047,292
	547,938	5,689,288	278,588	62,634,443	69,150,257
Net financial assets/(liabilities)	(236,781)	1,555,667	(206,784)	(903,322)	208,780
Less: Net financial liabilities denominated in the respective entities' functional currencies	-	(1,555,667)	-	903,322	(652,345)
Currency Exposure	(236,781)	-	(206,784)	-	(443,565)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Singapore Dollar RM	Others RM	Ringgit Malaysia RM	**Total** RM
2016					
Financial Assets					
Trade and other receivables	54,292	4,986,950	55,373	25,355,018	30,451,633
Fixed deposits with licensed banks	-	-	-	120,000	120,000
Cash and bank balances	270,622	934,087	4,506	32,763,124	33,972,339
	324,914	5,921,037	59,879	58,238,142	64,543,972

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Singapore Dollar RM	Others RM	Ringgit Malaysia RM	**Total** RM
2016					
Financial Liabilities					
Hire purchase payables	-	814,855	-	731,565	1,546,420
Term loans	-	-	-	10,613,693	10,613,693
Trade and other payables	1,366,259	3,467,514	334,441	37,040,236	42,208,450
Bank overdrafts	-	-	-	1,393,501	1,393,501
	1,366,259	4,282,369	334,441	49,778,995	55,762,064
Net financial (liabilities)/assets	(1,041,345)	1,638,668	(274,562)	8,459,147	8,781,908
Less: Net financial liabilities denominated in the respective entities' functional currencies	-	(1,638,668)	-	(8,459,147)	(10,097,815)
Currency Exposure	(1,041,345)	-	(274,562)	-	(1,315,907)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	Singapore Dollar RM	Ringgit Malaysia RM	**Total** RM
2017			
Financial Assets			
Trade and other receivables	1,743,185	71,603,301	73,346,486
Cash and bank balances	-	744,385	744,385
	1,743,185	72,347,686	74,090,871
Financial Liabilities			
Trade and other payables	-	753,705	753,705
Hire purchase payables	-	205,059	205,059
Term loans	-	542,702	542,702
	-	1,501,466	1,501,466
Net financial assets	1,743,185	70,846,220	72,589,405
Less: Net financial assets denominated in the entity's functional currency	-	(70,846,220)	(70,846,220)
Currency Exposure	1,743,185	-	1,743,185

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	Singapore Dollar RM	Ringgit Malaysia RM	**Total** RM
2016			
Financial Assets			
Trade and other receivables	1,666,901	35,948,818	37,615,719
Cash and bank balances	-	32,345,543	32,345,543
	1,666,901	68,294,361	69,961,262
Financial Liabilities			
Trade and other payables	-	2,204,492	2,204,492
Hire purchase payables	-	244,240	244,240
Term loans	-	613,693	613,693
	-	3,062,425	3,062,425
Net financial assets	1,666,901	65,231,936	66,898,837
Less: Net financial assets denominated in the entity's functional currency	-	(65,231,936)	(65,231,936)
Currency Exposure	1,666,901	-	1,666,901

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

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

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Effects on Profit/(Loss) After Taxation				
United States Dollar:				
- strengthened by 10%	-17,995	-79,142	-	-
- weakened by 10%	+17,995	+79,142	-	-
Singapore Dollar:				
- strengthened by 10%	-	-	-132,482	+126,684
- weakened by 10%	-	-	+132,482	-126,684

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since they carrying amount nor the future cash flows will flucture because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 19, 20 and 22 to the financial statements.

<u>Interest rate risk sensitivity analysis</u>

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

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Effects on Profit/(Loss) After Taxation				
Increase of 100 basis points	-139,280	+89,154	-4,125	+4,664
Decrease of 100 basis points	+139,280	-89,154	+4,125	-4,664

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by one (1) customer which constituted approximately 58% of its trade receivables as at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including amount owing by related parties) at the end of the reporting period is as follows:-

	The Group	
	2017	**2016**
	RM	RM
Malaysia	16,755,839	3,645,000
Other Asian Countries	5,603,644	5,040,986
European Countries	14,238	72,660
African Countries	21,002	23,001
	22,394,723	8,781,647

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2017				
Not past due	7,179,285	-	-	7,179,285
Past due:				
- less than 3 months	9,008,229	(927,157)	-	8,081,072
- 3 to 6 months	6,565,088	(842,568)	-	5,722,520
- more than 6 months	2,020,446	(608,600)	-	1,411,846
	24,773,048	(2,378,325)	-	22,394,723
2016				
Not past due	4,980,717	-	-	4,980,717
Past due:				
- less than 3 months	3,539,745	-	-	3,539,745
- 3 to 6 months	133,644	-	-	133,644
- over 6 months	969,526	(841,985)	-	127,541
	9,623,632	(841,985)	-	8,781,647

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

The Group believes that no additional impairment allowance is necessary in respect of these trade receivables that are past due but not impaired because they companies with good collection track record and no recent history of default.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2017						
Non-derivative Financial Liabilities						
Hire purchase payables	4.62 - 7.14	1,241,639	1,409,358	373,078	997,120	39,160
Term loans	4.65 - 7.71	10,542,702	11,929,273	1,042,421	10,763,684	123,168
Factoring loan	-	1,736,295	1,736,295	1,736,295	-	-
Trade and other payables	-	49,582,329	49,582,329	27,361,835	-	22,220,494
Bank overdrafts	7.90 - 9.31	6,047,292	6,047,292	6,047,292	-	-
		69,150,257	70,704,547	36,560,921	11,760,804	22,382,822

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2016						
Non-derivative Financial Liabilities						
Hire purchase payables	4.62 - 7.14	1,546,420	1,779,304	404,180	1,179,331	195,793
Term loans	4.65 - 7.81	10,613,693	10,720,397	2,602,188	7,898,754	219,455
Trade and other payables	-	42,208,450	42,208,450	11,570,461	500,000	30,137,989
Bank overdrafts	9.31	1,393,501	1,393,501	1,393,501	-	-
		55,762,064	56,101,652	15,970,330	9,578,085	30,553,237

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2017						
Non-derivative Financial Liabilities						
Trade and other payables	-	753,705	753,705	753,705	-	-
Hire purchase payables	5.26 – 7.14	205,059	236,117	53,400	182,717	-
Term loans	4.65	542,702	625,273	100,421	401,684	123,168
		1,501,466	1,615,095	907,526	584,401	123,168
2016						
Non-derivative Financial Liabilities						
Trade and other payables	-	2,204,492	2,204,492	1,704,492	500,000	-
Hire purchase payables	5.26 – 7.14	244,240	288,835	53,386	160,158	75,291
Term loans	4.65	613,693	720,397	100,188	400,754	219,455
		3,062,425	3,213,724	1,858,066	1,060,912	294,746

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2017 RM	**2016** RM
Factoring loan (Note 19)	1,736,295	-
Bank overdrafts (Note 20)	6,047,292	1,393,501
Hire purchase payables (Note 21)	1,241,639	1,546,420
Term loans (Note 22)	10,542,702	10,613,693
	19,567,928	13,553,614
Less: Fixed deposits with licensed banks (Note 13)	(5,128,055)	(120,000)
Less: Cash and bank balances	(2,740,871)	(33,972,339)
Net debt	11,699,002	-
Total Equity	101,336,813	85,533,014
Debt-to-equity ratio	0.12	Not applicable

There was no change in the Group's approach to capital management during the financial year.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Financial Asset				
Loans and Receivables Financial Assets				
Trade and other receivables	61,490,111	30,451,633	73,346,486	37,615,719
Fixed deposits with licensed banks	5,128,055	120,000	-	-
Cash and bank balances	2,740,871	33,972,339	744,385	32,345,543
	69,359,037	64,543,972	74,090,871	69,961,262
Financial Liability				
Other Financial Liabilities				
Factoring loan	1,736,295	-	-	-
Hire purchase payables	1,241,639	1,546,420	205,059	244,240
Term loans	10,542,702	10,613,693	542,702	613,693
Trade payables and other payables	49,582,329	42,208,450	753,705	2,204,492
Bank overdrafts	6,047,292	1,393,501	-	-
	69,150,257	55,762,064	1,501,466	3,062,425

36.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
The Group					
2017					
<u>Financial Asset</u>					
Other receivable	-	11,441,847	-	11,441,847	11,441,847
<u>Financial Liabilities</u>					
Other payable	-	22,220,494	-	22,220,494	22,220,494
Hire purchase payables	-	1,241,639	-	1,241,639	1,241,639
Term loan	-	10,542,702	-	10,542,702	10,542,702

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period (Cont'd):-

‘

	Fair Value of Financial Instruments not Carried at Fair Value				
	Level 1 RM	Level 2 RM	Level 3 RM	**Total Fair Value** RM	**Carrying Amount** RM
The Group					
2016					
Financial Asset					
Other receivable	-	10,584,443	-	10,584,443	10,584,443
Financial Liabilities					
Other payable	-	30,637,989	-	30,637,989	30,637,989
Hire purchase payables	-	1,546,420	-	1,546,420	1,546,420
Term loan	-	10,613,693	-	10,613,693	10,613,693

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period (Cont'd):-

'

	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	**Total Fair Value** RM	**Carrying Amount** RM
The Company					
2017					
<u>Financial Liabilities</u>					
Hire purchase payables	-	205,059	-	205,059	205,059
Term loan	-	542,702	-	542,702	542,702
2016					
<u>Financial Liabilities</u>					
Hire purchase payables	-	244,240	-	244,240	244,240
Term loan	-	613,693	-	613,693	613,693

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 8 September 2016, PTSB, a 70% equity interest of a subsidiary, has received a letter of award for its appointment as project management consultant from Yayasan Pahang for its project, Affordable Housing Development Scheme, in the state of Pahang which consist of approximately 25,000 units of residential properties.

(b) On 8 September 2016, the Company had granted 11,160,000 share options pursuant to the SIS with and exercise price of RM0.33 per new ordinary share to eligible employees of the Company and its subsidiary.

(c) On 24 November 2016, GSSB, has entered into a Joint Venture Agreement with Arra Inovasi Sdn. Bhd. ("AISB") wherein AISB shall be the Land Owner cum Developer and GSSB as the Main Contractor to undertake the construction and development of a proposed housing project on a piece of 8.7 acres land situated in Teras Jernang, Bangi , Selangor Darul Ehsan into residential properties.

(d) On 15 December 2016, AES has appointed by Perbadanan PR1MA Malaysia to carry out the design, planning, procurement, construction and completion of a Project located at Lot 37827 (PT 13688) Jalan Alam Sutera Utama, Mukim Petaling, Bukit Jalil, Wilayah Persekutuan Kuala Lumpur at a total contract value of approximately RM155 million.

(e) On 5 January 2017, VAPSB signed a Memorandum of Understanding with Universiti Sains Islam Malaysia to declare their respective intentions and to establish a basis of co-operation and collaboration between both parties in the following areas:

(i) In-Campus Students' accommodations (Kolej Kediaman Kedua) by way of a Build-Operate-Transfer concept for 3,000 students; and

(ii) In-Campus Students' accommodations (Kolej Kediaman Pelajar Perubatan) by way of Build-Operate-Transfer concept for 1,200 students.

(f) The Companies Act 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

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

(i) Removal of the authorised share capital;
(ii) Ordinary and preference shares ceased to have par or nominal value; and
(iii) Share premium account transferred to share capital account.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to the financial statements.

(g) On 27 March 2017, the Company proposed to undertake a Private Placement. The Company announced to fix the issue price for the Proposed Private Placement of 26,567,700 new shares to be issued at RM0.60 per placement share on 16 October 2017.

The Proposed Private Placement is pending for completion as at the date of this report date.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT"D)

(h) On 17 July 2017, the Company has received a Letter of Award from Damansara Realty (Johor) Sdn. Bhd. to develop its project known as Perumahan Penjawat Awam 1Malaysia ("PPA1M") on all that piece of land held under No. Lot PT 12952 (597) in the district of Precinct 5 in the state of Putrajaya measuring approximately 11.898 acres.

38. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 10 August 2017, OPKSB has entered into a Joint Venture Agreement with Yayasan Pahang in relation to the development of a piece of leasehold land into a mixed development which includes commercial development and an affordable housing scheme known as "PRIYA Scheme".

(b) On 25 August 2017, an allotment of a total 8,500,000 new ordinary shares at an exercise price of RM0.33 each per share for cash pursuant to the conversion of SIS of the Company.

(c) On 30 August 2017, 28 September 2017 and 30 October 2017, there are allotments of a total 200,000 new ordinary shares at an exercise price of RM0.50 each per share for cash pursuant to the conversion of ICPS of the Company.

(d) On 27 September 2017, KMSB has entered into a Share Sale Agreement to acquire 100,001 ordinary shares representing 50.0005% of the issued and paid-up share capital of Mampan Esa (Melaka) Sdn. Bhd. from Mampan 19 Berhad for a consideration of RM100,001.

(e) On 25 October 2017, the Company proposed to change its name from "O&C Resources Berhad" to "OCR Group Berhad" ("Proposed Change of Name"). The proposed name, "OCR Group Berhad", has been approved and reserved by the Companies Commission of Malaysia ("CCM"). The Proposed Change of Name is subject to the approval of the shareholders of the Company which will be tabled as a special resolution at the Annual General Meeting of the Company to be convened on a later date.

(f) On 31 October 2017, the Company further subscribed for 4,250,000 ordinary shares of RM1 each issued by its wholly-owned subsidiary, O&C Construction Sdn. Bhd. (formerly known as Takaso Land Sdn. Bhd.) for a cash consideration of RM4,250,000.

39. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

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

	The Group		**The Company**	
	2017 RM	**2016** RM	**2017** RM	**2016** RM
Total accumulated losses of the Company and its subsidiaries				
- realised	(19,830,118)	(23,835,605)	(23,596,400)	(17,727,506)
- unrealised	238,284	(191,796)	76,284	99,800
At 31 July	(19,591,834)	(24,027,401)	(23,520,116)	(17,627,706)