ENCORP BERHAD

200001004231 (506836-X)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2023

200001004231 (506836-X)

Encorp Berhad
(Incorporated in Malaysia)

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Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The principal activities of the Company are investment holding and provision of general management support services.

The principal activities and other information of the subsidiaries are disclosed in Note 16 to the financial statements.

Results

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
(Loss)/profit, net of tax	(8,484)	370
(Loss)/profit attributable to:		
Owners of the Company	(9,188)	370
Non-controlling interests	704	-
	(8,484)	370

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 11 to the financial statements.

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

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Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Haji Jaafar Bin Abu Bakar	
Mahadzir Bin Mustafa	
Haji Lukman Bin Abu Bakar	
Dato' Dr Suzana Idayu Wati Binti Osman	
Mohd Yusmadi Bin Mohd Yusoff	(Appointed on 29 September 2023)
Haji Sr. Mohd Ali Bin Abd Karim	(Resigned on 29 September 2023)

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Raja Dato' Idris Bin Raja Halid	
Hazurin Bin Harun	
Ezzuddin Bin Hassan	
Datin Emilia Rosemawati Binti Uzir	(Appointed on 1 April 2023)
Azura Binti Ramli	(Appointed on 16 October 2023)
Khairul Abidi Bin Ghazlan	(Appointed on 16 October 2023)
Hajah Nor Azlina Binti Haji Amran	(Resigned on 15 October 2023)
Nurul Nisaq Binti Ahmad Shah	(Appointed on 17 January 2024)
Ir. Ts. Haji Ahmad Feruz Bin Izharuddin	(Resigned on 15 October 2023)
Mazlee Bin Muhammad Junid	(Resigned on 30 September 2023)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any 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.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Non-executive:		
Fees	753	537
Allowances and other emoluments	171	94
	924	631

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Directors' interests

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related companies.

Holding company and body

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The directors regard the Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

Other statutory information

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

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

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

(b) At the date of this report, the directors are not aware of any circumstances:

   (i) the amount written off for any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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Other statutory information (cont'd.)

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

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

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

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

(f) In the opinion of the directors:

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

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Indemnity and insurance for directors and officers

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover of the directors of the Company. The amount of insurance premium paid during the year amounted to RM42,000.

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	303	95

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Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 27 March 2024.

Mohd Yusmadi Bin Mohd Yusoff
Director

Datuk Haji Jaafar Bin Abu Bakar
Director

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

We, Mohd Yusmadi Bin Mohd Yusoff and Datuk Haji Jaafar Bin Abu Bakar, being two of the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 16 to 117 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 27 March 2024.

Mohd Yusmadi Bin Mohd Yusoff
Director

Datuk Haji Jaafar Bin Abu Bakar
Director

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

I, Seow Yoke Wei @ Seow Yoke Loong, being the officer primarily responsible for the financial management of Encorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 16 to 117 are in my opinion 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 the abovenamed Seow Yoke Wei @ Seow Yoke Loong
at Petaling Jaya in the Selangor Darul Ehsan
on 27 March 2024

Seow Yoke Wei @
Seow Yoke Loong
CA 21381

Before me,
Ahmad Zaidi Bin Ahmad (No. B805)
Commissioner for Oaths

Independent auditors' report to the members of
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Encorp Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 16 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and cash flows for the 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent auditors' report to the members of
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Report on the audit of the financial statements (cont'd.)

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 year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

a) Revenue and cost of sales from property development activities

For the financial year ended 31 December 2023, revenue of RM69,436,000 and cost of sales of RM44,257,000 from property development activities (including sale of completed properties) account for approximately 54% and 77% of the total Group's revenue and cost of sales respectively.

The Group recognises revenue and profit from its property development activities by reference to the progress towards completion of a performance obligation that is satisfied over time. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales from property development activities recognised by reference to the progress towards completion as matters requiring audit focus as these are areas which involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the progress towards completion and gross profit margin of property development activities undertaken by the Group).

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Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

a) Revenue and cost of sales from property development activities (cont'd.)

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Reviewed samples of sales and purchase agreements entered into with customers to obtain an understanding of the significant performance obligations, terms and conditions to be satisfied;

- Obtained an understanding of management's internal control over the revenue recognition process, including controls over the timing of revenue recognition and the estimation of property development costs, profit margin and progress towards completion of property development activities;

- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs;

- Evaluated the actual property development costs incurred by examining documentary evidence such as contractors' progress claims and suppliers' invoices; and

- Assessed the mathematical accuracy of the calculation of progress towards completion in respect of revenue and profit recognised.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 2.13, 2.14, 2.17(a), 3(a), 4, 5, and 15(b) respectively to the financial statements.

b) Valuation of investment properties

As at 31 December 2023, the carrying amount of investment properties amounted to RM303,330,000 representing approximately 42% and 27% of the Group's total non-current assets and total assets respectively.

Key audit matters (cont'd.)

b) Valuation of investment properties (cont'd.)

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions including, amongst others, estimated rental value per square feet, expected market rental growth, occupancy rate and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
- Reviewed the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
- Assessed the adequacy of the disclosures of the Group's accounting policies, significant judgement and estimates, including the basis and assumptions used in determining the fair values of the investment properties.

The Group's accounting policies, significant judgement and estimates and disclosures on investment properties are disclosed in Notes 2.9, 3(b), 8, 14 and 32 respectively to the financial statements.

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

c) Impairment of amount due from a subsidiary

MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries. Included in the amounts due from subsidiaries of the Company as at 31 December 2023 is an amount due from Encorp Development Pty. Ltd. ("EDPL") of RM54,379,000, net of accumulated impairment loss of RM35,483,000, resulting in a net carrying amount of RM18,896,000.

The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

This is an area of audit focus as the determination of the quantum of impairment loss is a subjective area due to significant level of judgement and assumptions applied by management.

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amount due from EDPL; and

- Evaluated the assumptions applied in the determination of the amount and timing of receipts from EDPL in light of the estimation of profits and the resulting cash flows to be derived from the operations of EDPL.

We also reviewed and assessed the adequacy of the disclosures in the financial statements relating to the impairment of the amount due from EDPL in Notes 8 and 18(c) to the financial statements.

Independent auditors' report to the members of
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Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

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

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

Report on the audit of the financial statements (cont'd.)

Responsibilities of the directors for the financial statements (cont'd.)

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

Auditors’ responsibilities for the audit of the financial statements

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

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

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

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

Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent auditors' report to the members of
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Report on the audit of the financial statements (cont'd.)

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 16 to the financial statements.

Other matters

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

Ernst & Young PLT	Chuan Yee Yang
202006000003 (LLP0022760-LCA) & AF 0039	No. 03489/03/2026 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
27 March 2024

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Statements of comprehensive income
For the year ended 31 December 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	129,193	137,494	3,840	3,840
Cost of sales	5	(57,151)	(43,268)	-	-
Gross profit		72,042	94,226	3,840	3,840
Other operating income	6	12,545	7,152	7,302	3,259
Selling and marketing expenses		(3,602)	(6,650)	-	-
Administrative expenses		(20,086)	(19,796)	(6,573)	(11,331)
Finance costs	7	(59,193)	(65,942)	(2,249)	(2,329)
Other operating expenses		(2,789)	(16,527)	(1,950)	(2,172)
(Loss)/profit before tax	8	(1,083)	(7,537)	370	(8,733)
Income tax expense	11	(7,401)	(10,667)	-	-
(Loss)/profit for the year		(8,484)	(18,204)	370	(8,733)
Other comprehensive income					
Revaluation of office building	26	5,866	-	-	-
Foreign currency translation	26	(1,634)	328	-	-
Total comprehensive (loss)/income for the year		(4,252)	(17,876)	370	(8,733)
(Loss)/profit for the year attributable to:					
Owners of the Company		(9,188)	(20,141)	370	(8,733)
Non-controlling interests		704	1,937	-	-
		(8,484)	(18,204)	370	(8,733)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(4,956)	(19,813)	370	(8,733)
Non-controlling interests		704	1,937	-	-
		(4,252)	(17,876)	370	(8,733)
Loss per ordinary share attributable to owners of the Company (sen per share):					
Basic/diluted	12	(2.90)	(6.37)		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statements of financial position
As at 31 December 2023

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets					
Non-current assets					
Property, plant and equipment	13	4,442	5,523	480	261
Investment properties	14	303,330	291,780	-	-
Land held for property development	15(a)	27,514	26,590	-	-
Investment in subsidiaries	16	-	-	129,960	129,960
Intangible assets	17	112	152	95	131
Trade and other receivables	18	361,667	457,023	26,683	23,117
Right-of-use assets	19(a)	13,309	15,585	13,208	15,540
Deferred tax assets	20	3,688	2,040	-	-
		714,062	798,693	170,426	169,009
Current assets					
Property development costs	15(b)	38,346	31,681	-	-
Inventories	15(c)	75,573	78,553	-	-
Trade and other receivables	18	133,288	107,011	53,725	48,396
Contract assets	22	14,063	7,558	-	-
Tax recoverable		180	1,242	-	-
Other investments	21	138,145	139,680	42	5,575
Other current assets	23	731	398	203	173
Cash and cash equivalents	24	16,322	36,070	276	90
		416,648	402,193	54,246	54,234
Total assets		1,130,710	1,200,886	224,672	223,243
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	25	399,016	399,016	399,016	399,016
Treasury shares	25	(327)	(327)	(327)	(327)
Other reserves	26	28,121	23,889	-	-
Accumulated losses		(97,830)	(88,642)	(261,020)	(261,390)
Owners' equity		328,980	333,936	137,669	137,299
Non-controlling interests		89,811	89,107	-	-
Total equity		418,791	423,043	137,669	137,299

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Statements of financial position
As at 31 December 2023 (cont'd.)

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Trade and other payables	27	30,402	30,867	-	-
Loans and borrowings	28	405,108	509,458	-	-
Lease liabilities	19(b)	14,947	17,066	14,938	17,066
Deferred tax liabilities	20	4,791	4,942	-	-
		455,248	562,333	14,938	17,066
Current liabilities					
Trade and other payables	27	76,727	69,540	55,501	52,396
Other current liabilities	29	3,823	3,823	-	-
Contract liabilities	22	8,055	3,923	-	-
Loans and borrowings	28	165,308	135,786	15,000	15,000
Lease liabilities	19(b)	1,664	1,532	1,564	1,482
Income tax payable		1,094	906	-	-
		256,671	215,510	72,065	68,878
Total liabilities		711,919	777,843	87,003	85,944
Total equity and liabilities		1,130,710	1,200,886	224,672	223,243

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Consolidated statement of changes in equity
For the year ended 31 December 2023

	Attributable to owners of the Company						
	Non-distributable						
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2023	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
(Loss)/profit for the year	-	-	-	(9,188)	(9,188)	704	(8,484)
Other comprehensive income	-	-	4,232	-	4,232	-	4,232
Total comprehensive income/(loss)	-	-	4,232	(9,188)	(4,956)	704	(4,252)
At 31 December 2023	399,016	(327)	28,121	(97,830)	328,980	89,811	418,791

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Consolidated statement of changes in equity
For the year ended 31 December 2023 (cont'd.)

	Attributable to owners of the Company						
	Non-distributable						
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022	399,016	(327)	23,561	(68,501)	353,749	87,095	440,844
(Loss)/profit for the year	-	-	-	(20,141)	(20,141)	1,937	(18,204)
Other comprehensive income	-	-	328	-	328	-	328
Total comprehensive income/(loss)	-	-	328	(20,141)	(19,813)	1,937	(17,876)
Transaction with owners:							
Incorporation and issuance of shares by a subsidiary	-	-	-	-	-	75	75
At 31 December 2022	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Encorp Berhad
(Incorporated in Malaysia)

Company statement of changes in equity
For the year ended 31 December 2023

	Non-distributable			
	Share capital (Note 25) RM'000	**Treasury shares (Note 25) RM'000**	**Accumulated losses RM'000**	**Total RM'000**
At 1 January 2023	399,016	(327)	(261,390)	137,299
Profit for the year	-	-	370	370
At 31 December 2023	399,016	(327)	(261,020)	137,669
At 1 January 2022	399,016	(327)	(252,657)	146,032
Loss for the year	-	-	(8,733)	(8,733)
At 31 December 2022	399,016	(327)	(261,390)	137,299

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Encorp Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2023

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash flows from operating activities				
(Loss)/profit before tax	(1,083)	(7,537)	370	(8,733)
Adjustments for:				
Depreciation of property, plant and equipment (Note 8)	437	344	94	72
Depreciation of right-of-use assets (Note 8)	1,953	2,012	1,822	1,828
Amortisation of intangible assets (Note 8)	40	36	36	35
Interest expense (Note 7)	59,193	65,942	2,249	2,329
Distribution income from money market investment securities (Note 6)	(998)	(195)	(2)	(3)
Gain on fair value adjustment of investment securities (Note 6)	(3,866)	(3,104)	(13)	(53)
Property, plant and equipment written off (Note 8)	4	2	4	2
Gain on disposal of property, plant and equipment (Note 6)	-	(28)	-	(27)
Interest income on: (Note 6)				
- subsidiaries companies	-	-	(2,743)	(3,162)
- others	(748)	(1,016)	(22)	(11)
Deposit forfeited (Note 6)	(136)	(228)	-	-
Provision for short-term accumulating compensated absences (Note 9)	269	245	98	82
Gain on fair value adjustment of investment properties (Note 6)	(3,800)	(1,463)	-	-
Inventories written down (Note 8)	360	13,635	-	-
Expected credit losses on: (Note 8)				
- trade receivables	434	519	480	480
- other receivables	1,050	500	221	4,741
Impairment of investment in a subsidiary (Note 8)	-	-	-	237
Unrealised (gain)/loss on foreign exchange (Note 8)	(2,373)	491	(2,373)	491
Gain on remeasurement of lease liabilities (Note 6)	(62)	-	(62)	-
Effects of modification on other liabilities at amortised costs (Note 6)	(44)	(8)	-	-
Sub-total carried forward	50,630	70,147	159	(1,692)

Encorp Berhad
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Statements of cash flows
For the year ended 31 December 2023 (cont'd.)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities (cont'd.)				
Sub-total brought forward	50,630	70,147	159	(1,692)
Reversal of liquidated and ascertained damages (Note 8)	-	(412)	-	-
Inventories written back (Note 6)	(1,349)	-	-	-
Reversal of expected credit losses:				
- trade receivables (Note 8)	(782)	(504)	-	-
- other receivables (Note 6 & 8)	(27)	-	(4,460)	(1,721)
Operating cash flows before working capital changes	48,472	69,231	(4,301)	(3,413)
Changes in working capital:				
Land held for development and development expenditure	(7,209)	(14,184)	-	-
Inventories	3,969	15,266	-	-
Trade and other receivables	70,913	85,348	(2,763)	14,773
Contract assets and contract liabilities	(2,373)	20,746	-	-
Other current assets	(333)	344	(30)	88
Trade and other payables	6,497	(12,329)	3,007	(983)
Other current liabilities	-	(420)	-	-
Cash generated from/(used in) operations	119,936	164,002	(4,087)	10,465
Interest paid	(38,084)	(41,642)	(1,212)	(1,219)
Income taxes paid	(7,950)	(7,778)	-	-
Net cash flows generated from/ (used in) operating activities	73,902	114,582	(5,299)	9,246
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 13)	(1,244)	(1,041)	(317)	(147)
Purchase of intangible assets (Note 17)	-	(109)	-	(88)
Additional costs incurred on investment properties (Note 14)	-	(27)	-	-
Proceeds from disposal of property, plant and equipment	-	28	-	27
Withdrawal/(investment in) other investments	5,401	(2,226)	5,546	(4,966)
Distribution income received	998	195	2	3
Interest received	748	1,016	2,765	3,173
Net cash flows generated from/ (used in) investing activities	5,903	(2,164)	7,996	(1,998)

Encorp Berhad
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Statements of cash flows
For the year ended 31 December 2023 (cont'd.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from financing activities				
Proceeds from issuance of shares to the non-controlling interests of a subsidiary	-	75	-	-
Withdrawal/(placement) of deposits	1,767	(23)	-	-
Drawdown of loans and borrowings	23,200	3,000	-	-
Repayment of loans and borrowings	(118,501)	(122,025)	-	(5,000)
Repayment of principal and interest portion of lease liabilities (Note (a))	(2,647)	(2,595)	(2,511)	(2,395)
Net cash flow used in financing activities	(96,181)	(121,568)	(2,511)	(7,395)
Net (decrease)/increase in cash and cash equivalents	(16,376)	(9,150)	186	(147)
Effect of exchange rate changes on cash and cash equivalents	(1,605)	246	-	-
Cash and cash equivalents at beginning of year	33,254	42,158	90	237
Cash and cash equivalents at end of year (Note 24)	15,273	33,254	276	90

Encorp Berhad
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Statements of cash flows
For the year ended 31 December 2023 (cont'd.)

(a) Reconciliation of movement of liabilities to cash flows arising from financing activities.

The movement of liabilities in the statements of cash flow is as follows:

At 31 December 2023

Group	As at 1 January 2023 RM'000	Net changes from financing cash flows RM'000	Others/ non-cash changes RM'000	As at 31 December 2023 RM'000
Loans and borrowings (Note 28)	645,244	(95,301)	20,473	570,416
Lease liabilities (Note 19(b))	18,598	(2,647)	660	16,611
Total liabilities from financing activities	663,842	(97,948)	21,133	587,027
Company				
Loans and borrowings (Note 28)	15,000	-	-	15,000
Lease liabilities (Note 19(b))	18,548	(2,511)	465	16,502
Total liabilities from financing activities	33,548	(2,511)	465	31,502

At 31 December 2022

Group	As at 1 January 2022 RM'000	Net changes from financing cash flows RM'000	Others/ non-cash changes RM'000	As at 31 December 2022 RM'000
Loans and borrowings (Note 28)	742,104	(119,025)	22,165	645,244
Lease liabilities (Note 19(b))	20,074	(2,595)	1,119	18,598
Total liabilities from financing activities	762,178	(121,620)	23,284	663,842
Company				
Loans and borrowings (Note 28)	20,000	(5,000)	-	15,000
Lease liabilities (Note 19(b))	19,833	(2,395)	1,110	18,548
Total liabilities from financing activities	39,833	(7,395)	1,110	33,548

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 40-3 (03A), Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 46-G, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of general management support services. The principal activities of the subsidiaries are disclosed in Note 16.

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The directors regard the Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 March 2024.

2. Summary of accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

The ability of the Company to continue as a going concern is closely related to the ability of the Group as a whole to continue as a going concern. The Company is an investment holding company and its main assets are the investment in subsidiaries which the Company controls. The Company’s main source of income is from the management fees charged to subsidiaries and interest income.

The management of the Company monitors the cash flows and utilisation of funds within the Group for the requirements of the Company as well as the subsidiaries on a Group-wide basis. This includes determining the timing and quantum of the repayment of amounts due from and due to the subsidiaries of the Company when required.

2. Summary of accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

As at 31 December 2023, the Group has net current assets and net assets of RM159,977,000 and RM418,791,000 respectively. The directors and the management of the Company have assessed and concluded that the going concern assumption remains appropriate for the Group and the Company.

2.2 Adoption of new and revised pronouncements

As of 1 January 2023, the Group and the Company have adopted the following pronouncements that are applicable and have been issued by the Malaysian Accounting Standards Board as listed below:

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts)
Amendments to MFRS 101	Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
Amendments to MFRS 108	Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies require the Group and the Company to disclose 'material', rather than 'significant', accounting policies. It impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 2.4 to Note 2.20.

Same as disclosed above, the adoption of the above standards did not have any significant effect on the financial statements of the Group and of the Company.

2. Summary of accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2024:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)
Amendments to MFRS 101	Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements (MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)
Amendments to MFRS 121	Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)

Deferred:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Venture)

The directors expect that the adoption of the above amendments to MFRSs and Interpretations will not have a material impact to the financial statements of the Group and of the Company in the year of initial application.

2. Summary of accounting policies (cont'd.)

2.4 Basis of consolidation

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

- Exposure, or rights, to variable returns from its involvement with the investee; and

- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holder(s) of the investee;

- Rights arising from other contractual arrangements; and

- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

2. Summary of accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2. Summary of accounting policies (cont'd.)

2.5 Business combinations and goodwill (cont'd.)

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

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Foreign currency

(a) Functional and presentation currency

The Group’s consolidated financial statements are presented in RM, which is also the parent company’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

2. Summary of accounting policies (cont'd.)

2.6 Foreign currency (cont'd.)

(b) Transactions and balances (cont'd.)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss are recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of an item can be measured reliably.

2. Summary of accounting policies (cont'd.)

2.7 Property, plant and equipment (cont'd.)

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicle	5 years
Office equipment, furniture and fittings	5 - 10 years
Office renovation	10 years
Buildings	50 years
Plant and machinery	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.10.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Leases

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

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

2. Summary of accounting policies (cont'd.)

2.8 Leases (cont'd.)

As a lessee

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

(i) Right-of-use assets

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

Office premise	15 years
Office equipments	3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.10.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Summary of accounting policies (cont'd.)

2.8 Leases (cont'd.)

As a lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

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

As a lessor

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

2.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuers applying a valuation model recommended by the International Valuation Standards Committee or internal appraisals by the directors.

2. Summary of accounting policies (cont'd.)

2.9 Investment properties (cont'd.)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment, set out in Note 2.7 up to the date of change in use.

2.10 Impairment of non-financial assets

The Group and the Company assess the carrying amounts of the Group’s and the Company's non-financial assets, other than deferred tax assets and inventories for completed properties, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating unit ("CGU’s") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2. Summary of accounting policies (cont'd.)

2.10 Impairment of non-financial assets (cont'd.)

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

An assessment for assets is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.11 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2. Summary of accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

The Group’s and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s and the Company's financial assets at amortised cost include trade and other receivables and cash and cash equivalents.

2. Summary of accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

Financial assets at fair value through profit or loss

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

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

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derecognition

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

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

  (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or

  (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2. Summary of accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

2.12 Impairment of financial assets

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

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

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

2. Summary of accounting policies (cont'd.)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as the cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

(a) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at the lower of cost or net realisable value.

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

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

2. Summary of accounting policies (cont'd.)

2.13 Inventories (cont'd.)

(b) Property development costs (cont'd.)

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities.

(c) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

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

2.14 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue or other income when the Group and the Company perform the contract.

2. Summary of accounting policies (cont'd.)

2.15 Financial liabilities

Initial recognition and measurement

The Group's and the Company's financial liabilities include trade and other payables, lease liabilities and loans and borrowings.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of MFRS 9.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

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

2. Summary of accounting policies (cont'd.)

2.15 Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables (excluding provision), lease liabilities and loans and borrowings.

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

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

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

Offsetting of financial instruments

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

2. Summary of accounting policies (cont'd.)

2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs will cease when the qualifying assets are ready for their intended used. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Revenue from contracts with customers

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

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

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

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

2. Summary of accounting policies (cont'd.)

2.17 Revenue from contracts with customers (cont'd.)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred at point in time unless one of the following overtime criteria is met:

- the Group’s and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- the Group’s and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

(a) Sale of development properties

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at point in time. The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). The input method depicts the Group’s progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sale of vacant land is recognised upon delivery of vacant land where the control of the vacant land has been transferred to the buyer.

2. Summary of accounting policies (cont'd.)

2.17 Revenue from contracts with customers (cont'd.)

(b) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method (“input method”), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Work done is measured based on external certification of project activities. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

(c) Sale of completed properties

Revenue from the sale of completed properties are recognised when the performance obligation in the contract with customer is satisfied (i.e. when the control of the asset underlying the particular performance obligation is transferred to the customer).

Revenue from the sale of completed properties are recognised upon handing over of vacant possession where control of the asset has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

(d) Concession income

Concession income is recognised when the performance obligation has been performed and fulfilled (i.e. when the ownership has passed upon the completion and handover of each unit of the teachers' quarters to the Government).

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period ("the residual concession period").

Accordingly, the Group is compensated with deferred payment income over time in accordance to the Privatisation Agreement. The concession will expire in the year 2028.

2. Summary of accounting policies (cont'd.)

2.17 Revenue from contracts with customers (cont'd.)

(e) Rental income

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

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of accounting policies (cont'd.)

2.18 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all unutilised deductible temporary differences, the carry forward of unabsorbed capital allowance and any unutilised tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unabsorbed capital allowance and unutilised tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. Summary of accounting policies (cont'd.)

2.19 Contingencies

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

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

2.20 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2. Summary of accounting policies (cont'd.)

2.20 Fair value measurements (cont'd.)

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

3. Significant accounting judgements and estimates

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

Key sources of estimation uncertainty

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

(a) Property development

The Group and the Company use percentage of completion method to recognise revenue and profit from its property development activities. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects. These areas involve significant judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group and the Company).

3. Significant accounting judgements and estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(a) Property development (cont'd.)

The revenues, cost of sales, carrying amounts of assets and liabilities of the Group and the Company arising from property development activities are disclosed in Notes 4, 5, 15(a) and 15(b).

(b) Fair value adjustments of investment properties

The Group and the Company carry its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company engaged independent valuation specialists to determine the fair values as disclosed in Notes 14 and 32. The key assumptions in determining the fair values of investment properties, including the sensitivity analysis of key assumptions are disclosed in Note 32.

(c) Allowance for expected credit losses of trade and other receivables and contract assets

When measuring ECL, the Group and the Company use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the effective

Significant estimate is required in determining the impairment of trade and other receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group’s and the Company's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period. Details are disclosed in Note 18(c).

4. Revenue

Revenue of the Group and of the Company consist of the following:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Derived from third parties				
Sale of development properties	64,668	55,568	-	-
Concession income	50,448	58,631	-	-
Sale of completed properties	4,768	17,820	-	-
Revenue from construction contracts	3,667	440	-	-
Facility management fees	425	-	-	-
Rental income	5,217	5,035	-	-
Derived from related companies				
Management fees from subsidiaries (Note 31(a))	-	-	3,840	3,840
	129,193	137,494	3,840	3,840
Timing and recognition				
Revenue recognised:				
- At a point in time	4,768	17,820	-	-
- Over time	124,425	119,674	3,840	3,840
	129,193	137,494	3,840	3,840

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, are as follows:

Group	2023 RM'000	2022 RM'000
Sale of development properties:		
Within one year	12,605	20,604
More than one year	2,835	-
	15,440	20,604

5. Cost of sales

	Group 2023 RM'000	Group 2022 RM'000
Property development costs (Note 15(b))	40,747	27,082
Costs of completed properties	3,510	7,518
Mall operating expenses	7,950	6,450
Construction cost	3,375	393
Consultancy service	1,569	1,825
	57,151	43,268

6. Other operating income

Included in other operating income are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on fair value adjustment of investment securities	3,866	3,104	13	53
Rental income	1,324	836	-	-
Interest income on:				
- subsidiaries companies	-	-	2,743	3,162
- others	748	1,016	22	11
Distribution income from money market investment securities	998	195	2	3
Gain on fair value adjustment of investment properties (Note 14)	3,800	1,463	-	-
Gain on disposal of property, plant and equipment	-	28	-	27
Deposit forfeited	136	228	-	-
Inventories written back	1,349	-	-	-
Reversal of expected credit losses:				
- other receivables (Note 18(c))	-	-	4,460	-
Gain on remeasurement of lease liabilities	62	-	62	-
Grant income #	-	5	-	-
Effects of modification on other liabilities at amortised costs*	44	8	-	-

Being amount received in prior year pursuant to the wage subsidy program by the Government of Malaysia.

* The recognition of time value of money of financial liabilities of the Group are measured at amortised cost.

7. Finance costs

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Sukuk Murabahah	52,387	59,917	-	-
- bank credit facilities, bank loans and bank overdrafts	4,707	3,942	859	776
- unwinding of discount on other liabilities at amortised costs*	701	521	-	-
- interest on advances from immediate holding company (Note 31(a))	353	443	353	443
Interest expenses on lease liabilities	1,045	1,119	1,037	1,110
	59,193	65,942	2,249	2,329

* The recognition of time value of money of financial liabilities of the Group are measured at amortised cost.

8. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Auditors' remuneration:				
- current year	281	298	85	115
- other service	22	18	10	10
Expected credit losses:				
- trade receivables (Note 18(c))	434	519	480	480
- other receivables (Note 18(c))	1,050	500	221	4,741
Depreciation of:				
- property, plant and equipment (Note 13)	437	344	94	72
- right-of-use assets (Note 19(a))	1,953	2,012	1,822	1,828
Amortisation of intangible assets (Note 17)	40	36	36	35
Property, plant and equipment written off	4	2	4	2

8. (Loss)/profit before tax (cont'd.)

The following items have been included in arriving at (loss)/profit before tax: (cont'd.)

	Group		Company	
	2023 **RM'000**	**2022** **RM'000**	**2023** **RM'000**	**2022** **RM'000**
Impairment of investment in a subsidiary	-	-	-	237
Inventories written down	360	13,635	-	-
Short-term lease payments on:				
- premises (Note 31(a))	-	-	243	439
- equipment (Note 19(c))	67	92	54	81
- others (Note 19(c))	38	7	35	3
Reversal of expected credit losses:				
- trade receivables (Note 18(c))	(782)	(504)	-	-
- other receivables (Note 18(c))	(27)	-	-	(1,721)
Unrealised (gain)/loss on foreign exchange	(2,373)	491	(2,373)	491
Reversal of liquidated and ascertained damages (Note 29(a))	-	(412)	-	-

9. Employee benefits expense

	Group		Company	
	2023 **RM'000**	**2022** **RM'000**	**2023** **RM'000**	**2022** **RM'000**
Wages and salaries	8,608	7,167	3,896	3,406
Social security contributions	100	75	41	33
Contributions to defined contribution plan	1,135	948	510	448
Provision for short-term accumulating compensated absences (Note 27(d))	269	245	98	82
Other benefits	3,403	2,462	1,575	1,261
	13,515	10,897	6,120	5,230

10. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-executive:				
Fees	753	560	537	444
Allowances and other emoluments	171	115	94	86
Total directors' remuneration	924	675	631	530

11. Income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statement of profit or loss:				
Current income tax:				
- Malaysian income tax	7,068	6,832	-	-
- Under/(over) provision in prior year	2,132	(56)	-	-
	9,200	6,776	-	-
Deferred tax (Note 20):				
- Relating to reversal and origination of temporary differences	(1,073)	3,953	-	-
- Over provision in prior year	(726)	(62)	-	-
	(1,799)	3,891	-	-
Income tax expense	7,401	10,667	-	-

11. Income tax expense (cont'd.)

Reconciliation between tax and accounting (loss)/profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/profit before tax	(1,083)	(7,537)	370	(8,733)
Tax (credit)/expense at Malaysian statutory tax rate of 24%	(260)	(1,809)	89	(2,096)
Different tax rates in other countries	14	9	-	-
Adjustments:				
Non-deductible expenses	3,465	6,629	290	1,178
Income not subject to tax	(2,253)	(85)	(1,074)	(20)
Deferred tax assets not recognised	5,586	6,246	695	938
Utilisation of previously unrecognised deferred tax assets	(25)	-	-	-
Under/(over) provision of tax expense in prior years:				
- current income tax	2,132	(56)	-	-
- deferred tax	(726)	(62)	-	-
Deferred tax recognised at different tax rate	(532)	(205)	-	-
Income tax expense recognised in profit or loss	7,401	10,667	-	-

11. Income tax expense (cont'd.)

On 28 October 2022, a subsidiary of the Group, Must Ehsan Development Sdn. Bhd. ("MEDSB") received notification from the Inland Revenue Board ("IRB") of additional income tax assessment and penalty amounting to RM18,793,000 for the year of assessment 2013.

The additional assessment and penalty were imposed by the IRB on the basis that the loss arising from the disposal of the Encorp Strand Mall and car park units to its subsidiary, Encorp Strand Mall Sdn. Bhd. is to be disregarded pursuant to Section 140(6) of the Income Tax Act 1967.

In a correspondence letter dated 22 November 2022, the IRB approved MEDSB's request to settle the additional tax payable and penalty in seven monthly instalments of RM313,000, with the remaining balance due on 15 May 2023. On 23 November 2022, MEDSB filed a Notice of Appeal to IRB regarding the assessment.

On 5 December 2023, Jabatan Resolusi Pertikaian of IRB made a settlement offer to MEDSB to adjust the disposal price of the Strand Mall to RM90,300,000 based on Jabatan Pernilaian Perkhidmatan Harta (“JPPH”) valuation and to waive all the penalties under Section 113(2) ITA. Based on the IRB proposal, MEDSB would need to pay additional tax of RM3,825,000 and was given a deadline of 9 January 2024 for MEDSB to accept the proposal.

On 8 January 2024, MEDSB accepted the settlement offer from IRB and agreed to the additional tax of RM3,825,000.

The Court has directed both parties to attend the mention fixed on 17 April 2024 to record the settlement agreement. The settlement of RM3,825,000 as a bullet payment would mean that there is no additional payment to be made as MEDSB has paid RM4,071,782 and there is an excess payment of RM246,782 to be refunded by IRB. Consequently, the amount of RM3,825,000 has been recognised as a tax expense in the statement of comprehensive income in the current financial year.

12. Loss per share

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

12. Loss per share (cont'd.)

(a) Basic (cont'd.)

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 31 December:

	2023 RM'000	2022 RM'000
Loss for the year attributable to owners of the Company used in the computation of basic loss per share	(9,188)	(20,141)

	Number of Shares 2023 '000	Number of Shares 2022 '000
Weighted average number of ordinary shares for basic loss per share computation*	316,299	316,299

* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions and net of treasury shares.

	2023 sen	2022 sen
Basic loss per share	(2.90)	(6.37)

(b) Diluted

Diluted loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

At the date of this report, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted loss per share is not presented as it is the same as the basic loss per share.

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13. Property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Buildings RM'000	Plant and machinery RM'000	Total RM'000
At 31 December 2023						
Cost						
At 1 January 2023	261	3,539	3,898	5,070	16	12,784
Additions	-	888	356	-	-	1,244
Transfer to investment properties	-	-	-	(2,360)	-	(2,360)
Written-off	-	(22)	-	-	-	(22)
At 31 December 2023	261	4,405	4,254	2,710	16	11,646
Accumulated depreciation						
At 1 January 2023	96	2,325	3,851	986	3	7,261
Recognised in profit or loss (Note 8)	37	305	22	70	3	437
Transfer to investment properties	-	-	-	(476)	-	(476)
Written-off	-	(18)	-	-	-	(18)
At 31 December 2023	133	2,612	3,873	580	6	7,204
Net carrying amount						
At 31 December 2023	128	1,793	381	2,130	10	4,442
At 31 December 2022						
Cost						
At 1 January 2022	432	2,782	3,898	5,070	-	12,182
Additions	183	842	-	-	16	1,041
Disposals	(354)	(82)	-	-	-	(436)
Written-off	-	(3)	-	-	-	(3)
At 31 December 2022	261	3,539	3,898	5,070	16	12,784
Accumulated depreciation						
At 1 January 2022	432	2,209	3,829	884	-	7,354
Recognised in profit or loss (Note 8)	18	199	22	102	3	344
Disposals	(354)	(82)	-	-	-	(436)
Written-off	-	(1)	-	-	-	(1)
At 31 December 2022	96	2,325	3,851	986	3	7,261
Net carrying amount						
At 31 December 2022	165	1,214	47	4,084	13	5,523

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13. Property, plant and equipment (cont'd.)

Company	Office renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 December 2023				
Cost				
At 1 January 2023	2,766	-	1,609	4,375
Additions	164	-	153	317
Written-off	-	-	(16)	(16)
At 31 December 2023	2,930	-	1,746	4,676
Accumulated depreciation				
At 1 January 2023	2,766	-	1,348	4,114
Recognised in profit or loss (Note 8)	11	-	83	94
Written-off	-	-	(12)	(12)
At 31 December 2023	2,777	-	1,419	4,196
Net carrying amount				
At 31 December 2023	153	-	327	480
At 31 December 2022				
Cost				
At 1 January 2022	2,766	354	1,520	4,640
Additions	-	-	147	147
Disposals	-	(354)	(55)	(409)
Written-off	-	-	(3)	(3)
At 31 December 2022	2,766	-	1,609	4,375
Accumulated depreciation				
At 1 January 2022	2,756	354	1,342	4,452
Recognised in profit or loss (Note 8)	10	-	62	72
Disposals	-	(354)	(55)	(409)
Written-off	-	-	(1)	(1)
At 31 December 2022	2,766	-	1,348	4,114
Net carrying amount				
At 31 December 2022	-	-	261	261

Included in property, plant and equipment of the Group is one unit (2022: two units) of terrace shop office amounting to RM2,130,000 (2022: RM4,084,000) which has been pledged as a fixed charge for term loans and revolving credit facilities as disclosed in Note 28(b).

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14. Investment properties

Investment properties comprising shopping mall, terrace shop offices and car park units which are held either to earn rental income or for capital appreciation or for both. The investment properties are classified as Level 3 in the fair value hierarchy as disclosed in Note 32.

At fair value	Shopping mall RM'000	Terrace shop offices RM'000	Car park units RM'000	Total RM'000
Group				
At 1 January 2022	164,000	118,490	7,800	290,290
Fair value adjustments (Note 6)	1,073	390	-	1,463
Capitalised cost	27	-	-	27
At 31 December 2022 and 1 January 2023	165,100	118,880	7,800	291,780
Transfer from property, plant and equipment (Note (a))	-	1,884	-	1,884
Fair value reserve (Note 26(c))	-	5,866	-	5,866
Fair value adjustments (Note 6)	2,900	900	-	3,800
At 31 December 2023	168,000	127,530	7,800	303,330
Fair value for financial reporting purposes				
Market value as estimated by the professional external valuers	168,000	127,530	7,800	303,330

(a) Transfer from property, plant and equipment

On 30 April 2023, the Group transferred 1 unit of office building from property, plant and equipment to investment properties due to the change in use.

The following are recognised in the profit or loss in respect of investment properties:

	Group 2023 RM'000	Group 2022 RM'000
Rental income	5,486	5,035
Direct operating expenses (exclude depreciation):		
- income generating investment properties	(8,077)	(6,450)
- non-income generating investment properties	(135)	(101)

14. Investment properties (cont'd.)

The following properties have been pledged as security for borrowings:

(i) During the year, 23 units (2022: 22 units) of terrace shop offices are charged as security for term loans and revolving credit facilities as disclosed in Note 28(b), 28(e) and 28(f).

(ii) Shopping mall included in the investment properties has been pledged as security for bank loan as disclosed in Note 28(b).

15. Inventories

	Note	Group 2023 RM'000	Group 2022 RM'000
Non-current			
Land held for property development (at lower of cost and net realisable value)	(a)	27,514	26,590
Current			
Property development cost (at cost)	(b)	38,346	31,681
Properties held for sale (at lower of cost and net realisable value)	(c)	75,573	78,553
		113,919	110,234
Total inventories at the lower of cost and net realisable value		141,433	136,824

15. Inventories (cont'd.)

(a) Land held for property development

Group	Freehold land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2023			
Cost			
At 1 January 2023	36,316	-	36,316
Addition	-	544	544
Exchange differences	830	-	830
At 31 December 2023	37,146	544	37,690
Accumulated write-down to net realisable value			
At 1 January 2023	(9,726)	-	(9,726)
Exchange differences	(450)	-	(450)
At 31 December 2023	(10,176)	-	(10,176)
Carrying amount			
At 31 December 2023	26,970	544	27,514

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2022				
Cost				
At 1 January 2022	18,123	3,687	5,041	26,851
Addition (Note (i))	18,360	-	-	18,360
Transfer to property development cost (Note 15(b))	-	(3,687)	(5,041)	(8,728)
Exchange differences	(167)	-	-	(167)
At 31 December 2022	36,316	-	-	36,316
Accumulated write-down to net realisable value				
At 1 January 2022	(9,817)	-	-	(9,817)
Exchange differences	91	-	-	91
At 31 December 2022	(9,726)	-	-	(9,726)
Carrying amount				
At 31 December 2022	26,590	-	-	26,590

15. Inventories (cont'd.)

(a) Land held for property development (cont'd.)

(i) Acquisition of freehold land in Daerah Kuantan, Pahang

Encorp Millennium Sdn. Bhd. ("EMLSB"), a subsidiary of the Group acquired a piece of freehold land on 9 September 2022 in Daerah Kuantan, Pahang from Touch Millennium Sdn. Bhd. ("TMSB") for a consideration of RM21,500,000. As a result of the deferred payment plan stipulated in the agreement with TMSB, the cost of the land was recorded at its present value of RM18,360,000.

(b) Property development costs

Group	**Freehold land RM'000**	**Leasehold land (Note (iii)) RM'000**	**Development expenditure (Note (i)) RM'000**	**Total RM'000**
At 31 December 2023				
Cumulative property development costs				
At 1 January 2023	26,127	42,390	590,971	659,488
Costs incurred during the year	-	232	47,180	47,412
At 31 December 2023	26,127	42,622	638,151	706,900
Cumulative costs recognised in profit or loss				
At 1 January 2023				(627,807)
Recognised during the year (Note 5)				(40,747)
At 31 December 2023				(668,554)
Property development costs at 31 December 2023				38,346

15. Inventories (cont'd.)

(b) Property development costs (cont'd.)

Group	Freehold land RM'000	Leasehold land (Note (iii)) RM'000	Development expenditure (Note (i)) RM'000	Total RM'000
At 31 December 2022				
Cumulative property development costs				
At 1 January 2022	26,127	28,355	551,796	606,278
Addition (Note(ii))	-	10,348	-	10,348
Costs incurred during the year	-	-	36,255	36,255
Transfer from land held for property development (Note 15(a))	-	3,687	5,041	8,728
Unsold unit transferred to inventories	-	-	(2,121)	(2,121)
At 31 December 2022	26,127	42,390	590,971	659,488
Cumulative costs recognised in profit or loss				
At 1 January 2022				(600,725)
Recognised during the year (Note 5)				(27,082)
At 31 December 2022				(627,807)
Property development costs at 31 December 2022				31,681

(i) Development expenditure

Included in development expenditure is the cost to obtain contracts relating to commission fee paid to intermediaries as a result of obtaining property sales contracts. These costs are grouped separately and are charged out to cost of sales based on stage of completion method.

	2023 RM'000	2022 RM'000
As at 1 January	665	1,193
Cost incurred during the year	1,759	1,990
Recognised during the year	(1,974)	(2,518)
At 31 December	450	665

15. Inventories (cont'd.)

(b) Property development costs (cont'd.)

(ii) Acquisition of leasehold land in Kota Kinabalu, Sabah

A subsidiary of the Group, Encorp Development Sdn. Bhd. ("EDSB") had on 18 May 2022 entered into an agreement with Ipmuda Properties Sdn. Bhd. ("IPSB") to acquire a piece of leasehold development land in Kota Kinabalu, Sabah for a consideration of RM10,800,000. As a result of the deferred payment plan for the consideration, the cost of the land was recorded at its present value of RM10,348,000.

(iii) Leasehold land included in the property development costs amounting to RM10,580,000 (2022: RM Nil) has been pledged as security for bridging loan as disclosed in Note 28(d).

(c) Properties held for sale

	Group	
	2023	2022
	RM'000	RM'000
At cost	30,141	28,417
At net realisable value	45,432	50,136
	75,573	78,553

Properties held for sale with a carrying amount of RM17,054,000 (2022: RM14,940,000) are charged as security for term loan facilities as disclosed in Note 28(c).

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM3,510,000 (2022: RM7,518,000).

16. Investment in subsidiaries

	Company 2023 RM'000	Company 2022 RM'000
Unquoted shares, at cost	296,710	296,710
Impairment loss on investment in subsidiaries	(166,750)	(166,750)
	129,960	129,960

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Principal place of business/Country of incorporation	Principal activities	Proportion (%) of ownership interest 2023	Proportion (%) of ownership interest 2022	Proportion (%) of ownership interest held by non-controlling interest 2023	Proportion (%) of ownership interest held by non-controlling interest 2022
Encorp Construction & Infrastructure Sdn. Bhd.	50,000	Malaysia	Investment holding and construction project management	100	100	-	-
Encorp Must Sdn. Bhd.	10,000	Malaysia	Investment holding and property project management	100	100	-	-
Encorp Development Pty. Ltd.^	+	Australia	Property development	100	100	-	-
Encorp Facilities Management Sdn. Bhd.	750	Malaysia	Facilities management services provider	100	100	-	-

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16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Principal place of business/Country of incorporation	Principal activities	Proportion (%) of ownership interest 2023	Proportion (%) of ownership interest 2022	Proportion (%) of ownership interest held by non-controlling interest 2023	Proportion (%) of ownership interest held by non-controlling interest 2022
Subsidiaries of Encorp Construction & Infrastructure Sdn. Bhd.							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Construction & Engineering Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-
Encorp Millennium Sdn. Bhd.	250	Malaysia	Investment holding, construction project management and property development	70	70	30	30

16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Principal place of business/Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2023	2022	2023	2022
Subsidiaries of Encorp Must Sdn. Bhd.							
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70	30	30
Encorp Development Sdn. Bhd.	2,500	Malaysia	Property development	100	100	-	-
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100	-	-
Encorp Bukit Katil Sdn. Bhd.	@	Malaysia	Property development	100	100	-	-
Subsidiaries of Must Ehsan Development Sdn. Bhd.							
Red Carpet Avenue Sdn. Bhd.	@	Malaysia	Investment holding	100	100	-	-
Encorp Strand Mall Sdn. Bhd.	2,500	Malaysia	Property investment	100	100	-	-
Encorp Parking Sdn. Bhd.	@	Malaysia	Property investment	100	100	-	-

16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

^ This entity has no statutory audit requirement
\+ Represents paid-up capital of one hundred (100) ordinary shares of 1 Australian
@ Represents paid-up capital of two (2) ordinary shares

(b) Non-controlling interests in subsidiaries

Summarised financial information of Must Ehsan Development Sdn. Bhd. ("MEDSB") and its subsidiaries ("MEDSB Group") and EMLSB which have 30% non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount after incorporating the elimination of inter-company transactions and consolidation adjustments.

(i) Summarised statements of financial position

At 31 December 2023

	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Non-current assets	315,667	18,904	334,571
Current assets	133,072	1	133,073
Total assets	448,739	18,905	467,644
Current liabilities	132,546	6,941	139,487
Non-current liabilities	16,006	12,782	28,788
Total liabilities	148,552	19,723	168,275
Net assets	300,187	(818)	299,369
Non-controlling interests	90,056	(245)	89,811

At 31 December 2022

	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Non-current assets	296,013	18,360	314,373
Current assets	126,622	234	126,856
Total assets	422,635	18,594	441,229
Current liabilities	96,876	6,531	103,407
Non-current liabilities	28,715	12,084	40,799
Total liabilities	125,591	18,615	144,206
Net assets	297,044	(21)	297,023
Non-controlling interests	89,113	(6)	89,107

16. Investment in subsidiaries (cont'd.)

(b) Non-controlling interests in subsidiaries (cont'd.)

(ii) Summarised statements of comperehensive income

At 31 December 2023

	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Revenue	69,577	-	69,577
Profit/(loss) for the year	3,144	(796)	2,348
Profit/(loss) representing total comprehensive income/(loss) attributable to the non-controlling interests	943	(239)	704

At 31 December 2022

	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Revenue	65,689	-	65,689
Profit/(loss) for the year	6,731	(273)	6,458
Profit/(loss) representing total comprehensive income/(loss) attributable to the non-controlling interests	2,019	(82)	1,937

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16. Investment in subsidiaries (cont'd.)

(b) Non-controlling interests in subsidiaries (cont'd.)

(iii) Summarised statements of cash flows

At 31 December 2023

	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Net cash used in operating activities	(23,049)	(233)	(23,282)
Net cash generated from investing activities	3,441	-	3,441
Net cash generated from financing activities	1,884	-	1,884
Net decrease in cash and cash equivalents	(17,724)	(233)	(17,957)
Cash and cash equivalents at beginning of the year	29,871	234	30,105
Cash and cash equivalents at end of the year	12,147	1	12,148

At 31 December 2022

	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Net cash generated from/(used in) operating activities	264	(17)	247
Net cash generated from investing activities	2,564	-	2,564
Net cash (used in)/generated from financing activities	(14,234)	251	(13,983)
Net (decrease)/increase in cash and cash equivalents	(11,406)	234	(11,172)
Cash and cash equivalents at beginning of the year	41,277	-	41,277
Cash and cash equivalents at end of the year	29,871	234	30,105

17. Intangible assets

Group	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2022	197,003	2,208	199,211
Additions	-	109	109
At 31 December 2022 and 31 December 2023	197,003	2,317	199,320
Accumulated amortisation			
At 1 January 2022	-	2,129	2,129
Amortisation (Note 8)	-	36	36
At 31 December 2022 and 1 January 2023	-	2,165	2,165
Amortisation (Note 8)	-	40	40
At 31 December 2023	-	2,205	2,205
Accumulated impairment losses			
At 1 January 2022, 31 December 2022 and 31 December 2023	197,003	-	197,003
Net carrying amount			
At 31 December 2022	-	152	152
At 31 December 2023	-	112	112

Company	Computer software RM'000
Cost	
At 1 January 2022	1,460
Additions	88
At 31 December 2022 and 31 December 2023	1,548
Accumulated amortisation	
At 1 January 2022	1,382
Amortisation (Note 8)	35
At 31 December 2022 and 1 January 2023	1,417
Amortisation (Note 8)	36
At 31 December 2023	1,453
Net carrying amount	
At 31 December 2022	131
At 31 December 2023	95

Encorp Berhad
(Incorporated in Malaysia)

18. Trade and other receivables

Group	Note	2023 RM'000	2022 RM'000
Current			
Trade receivables			
Amount due from third parties	(a)	32,294	13,561
Concession income receivables	(b)	95,372	86,332
		127,666	99,893
Expected credit losses	(c)	(1,843)	(2,191)
Trade receivables, net		125,823	97,702
Other receivables			
Amount due from immediate holding company	(d)	53	53
Deposits		5,722	5,257
Sundry receivables		2,814	4,600
		8,589	9,910
Expected credit losses	(c)	(1,124)	(601)
Other receivables, net		7,465	9,309
Total current receivables		133,288	107,011
Non-current			
Trade receivables			
Retention sum on construction contracts		22	6
Concession income receivables	(b)	361,645	457,017
Trade receivables		361,667	457,023
Other receivables			
Long term receivables	(e)	47,579	47,579
Expected credit losses	(c)	(47,579)	(47,579)
Other receivables, net		-	-
Total non-current receivables, net		361,667	457,023
Total trade and other receivables		494,955	564,034

18. Trade and other receivables (cont'd.)

	Note	2023 RM'000	2022 RM'000
Company			
Current			
Trade receivables			
Amount due from:			
- third parties	(a)	70	70
- subsidiaries	(d)	7,515	5,012
		7,585	5,082
Expected credit losses	(c)	(3,929)	(3,449)
Trade receivables, net		3,656	1,633
Other receivables			
Amount due from:			
- subsidiaries	(d)	61,096	62,026
- immediate holding company	(d)	53	53
Deposits		696	697
Sundry receivables		73	75
		61,918	62,851
Expected credit losses	(c)	(11,849)	(16,088)
Other receivables, net		50,069	46,763
Total current receivables		53,725	48,396
Non-current			
Other receivables			
Long term receivables			
- third party	(e)	38,320	38,320
- amount due from subsidiaries	(d)	62,167	58,601
		100,487	96,921
Expected credit losses	(c)	(73,804)	(73,804)
Total non-current receivables, net		26,683	23,117
Total trade and other receivables		80,408	71,513

18. Trade and other receivables (cont'd.)

(a) Trade receivables

Ageing analysis of trade receivables

Ageing analysis of the Group's and of the Company's trade receivables from third parties are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current	8,084	1,071	-	-
1 to 30 days past due	6,167	1,163	-	-
31 to 60 days past due	2,327	3,083	-	-
61 days to 90 days past due	1,887	362	-	-
91 days to 120 days past due	84	88	-	-
More than 121 days past due	11,902	5,603	-	-
	30,451	11,370	-	-
Credit impaired				
Individually impaired	1,843	2,191	70	70
	32,294	13,561	70	70

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2022: 7 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Concession income receivables

Group	2023 RM'000	2022 RM'000
Concession income receivables:		
Within 1 year	136,779	136,779
More than 1 year and less than 2 years	136,779	136,779
More than 2 years and less than 5 years	284,970	410,338
More than 5 years	-	11,412
	558,528	695,308
Unearned income	(101,511)	(151,959)
	457,017	543,349
Concession income receivables analysed as:		
Due within one year	95,372	86,332
Due after one year	361,645	457,017
	457,017	543,349

18. Trade and other receivables (cont'd.)

(b) Concession income receivables (cont'd.)

The Group's normal trade credit term on concession income receivables is 21 days (2022: 21 days). The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 28(a).

The entire concession income receivables are due from the Government of Malaysia.

(c) Allowance for expected credit losses

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade and other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Where these assumptions are not readily available, the expected credit losses is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

There has been no change in the estimation techniques or significant assumptions made during the year.

Movement in allowance accounts for trade receivables:

Group	**2023 RM'000**	**2022 RM'000**
At 1 January	2,191	2,176
Expected credit losses (Note 8)		
- Individually assessed	434	519
- Reversal of expected credit losses	(782)	(504)
At 31 December	1,843	2,191
Company		
At 1 January	3,449	2,969
Expected credit losses (Note 8)		
- Individually assessed	480	480
At 31 December	3,929	3,449

18. Trade and other receivables (cont'd.)

(c) Allowance for expected credit losses (cont'd.)

Movement in allowance accounts for other receivables:

Group	2023 RM'000	2022 RM'000
At 1 January	48,180	47,680
Expected credit losses (Note 8)		
- Individually assessed	1,050	500
- Reversal of expected credit losses	(27)	-
Written-off	(500)	-
At 31 December	48,703	48,180

Company	2023 RM'000	2022 RM'000
At 1 January	89,892	86,872
Expected credit losses (Note 8)		
- Individually assessed (Note (i))	221	4,741
- Reversal of expected credit losses (Note 6 & Note 8)	(4,460)	(1,721)
At 31 December	85,653	89,892

(i) Included in the amounts due from subsidiaries of the Company as at 31 December 2023 is an amount due from Encorp Development Pty. Ltd. ("EDPL") with a net carrying amount of RM18,896,000 (2022: RM15,331,000). The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the assets and the present value of estimated future cash flows receivable from EDPL. The accumulated expected credit losses was RM35,483,000 (2022: RM35,483,000).

(d) Amounts due from subsidiaries and immediate holding company

The amounts due from subsidiaries and immediate holding company are unsecured, repayable on demand, and non-interest bearing except for an amount due from subsidiaries of RM45,817,000 (2022: RM45,817,000) which bears interest at rates ranging from 4.73% to 6.00% (2022: 4.37% to 6.00%).

The management of the Group monitors the cash flows and funding requirements of the Company and its subsidiaries on a Group-wide basis. This includes determining the timing and quantum of the repayment of amounts due from and due to subsidiaries and related companies of the Company when required.

As at 31 December 2023 and 31 December 2022, no demand for repayment has been made by the Company for any of the balances due from the subsidiaries or immediate holding company. Considering the nature and terms of these balances, the Company has assessed that there are no amounts which are regarded as past due and no ageing analysis has been presented for these balances.

18. Trade and other receivables (cont'd.)

(e) Long term receivables were in relation to the amount due from Pembinaan Legenda Unggul Sdn. Bhd. (formerly known as Encorp Construct Sdn. Bhd.).

19. Leases

Group as a lessee

The Group and the Company lease 20 units office premise until June 2031. Lease payments to be increased every 3 years from July 2016 to reflect current market rentals. The Group has also leased 2 units office premise until January 2025.

The Group and the Company also have certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	23,401	23,401	22,852	22,852
Additions	187	-	-	-
Remeasurement	(510)	-	(510)	-
At 31 December	23,078	23,401	22,342	22,852
Accumulated depreciation				
At 1 January	7,816	5,804	7,312	5,484
Charge for the financial year (Note 8)	1,953	2,012	1,822	1,828
At 31 December	9,769	7,816	9,134	7,312
Net carrying amount				
At 31 December	13,309	15,585	13,208	15,540

19. Leases (cont'd.)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	18,598	20,074	18,548	19,833
Additions	187	-	-	-
Accretion of interest (Note 7)	1,045	1,119	1,037	1,110
Remeasurement	(572)	-	(572)	-
Payments	(2,647)	(2,595)	(2,511)	(2,395)
At 31 December	16,611	18,598	16,502	18,548

Leases liabilities are payables as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Less than one year	1,664	1,532	1,564	1,482
Non-current				
More than 1 year and less than 2 years	1,864	1,571	1,855	1,571
More than 2 years and less than 5 years	6,700	5,981	6,700	5,981
5 years or more	6,383	9,514	6,383	9,514
Total non-current lease liabilities	14,947	17,066	14,938	17,066
Total lease liabilities	16,611	18,598	16,502	18,548

The maturity analysis of lease liabilities is disclosed in Note 33(b).

19. Leases (cont'd.)

(c) Lease payments not recognised as a liability

The Group and the Company had elected not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less) or for leases of low-value assets. Payments made under such leases are expensed on straight-line basis.

The expenses relating to payments not included in the measurement of the lease liability during the financial year is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Expenses relating to short-term leases (Note 8)	38	7	35	3
Expenses relating to leases of low-value assets (Note 8)	67	92	54	81

The Group and the Company had total cash outflows for leases of RM2,752,000 (2022: RM2,694,000) and RM2,600,000 (2022: RM2,479,000) respectively during the financial year.

Group as a lessor

Operating lease commitments

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between six months to five years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2023 RM'000	2022 RM'000
Not later than 1 year	4,294	3,377
Later than 1 year but not later than 5 years	3,571	3,084
	7,865	6,461

20. Deferred tax

Deferred tax as at 31 December relates to the following:

	As at 1 January 2022 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2022 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2023 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	10	2	12	5	17
Contract assets	149,228	(18,823)	130,405	(20,720)	109,685
Investment properties	2,983	146	3,129	380	3,509
	152,221	(18,675)	133,546	(20,335)	113,211
Deferred tax assets:					
Tax losses and capital allowances	(106,588)	17,182	(89,406)	16,443	(72,963)
Loans and borrowings	(41,602)	1,843	(39,759)	2,834	(36,925)
Provisions and others	(5,020)	3,541	(1,479)	(741)	(2,220)
	(153,210)	22,566	(130,644)	18,536	(112,108)
	(989)	3,891	2,902	(1,799)	1,103

20. Deferred tax (cont'd.)

Presented after appropriate offsetting as follows:

	2023 RM'000	2022 RM'000
Group		
Deferred tax assets	(3,688)	(2,040)
Deferred tax liabilities	4,791	4,942
	1,103	2,902

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	185,001	159,648	23,945	18,916
Unabsorbed capital allowances	5,457	4,818	3,540	3,281
Other deductible temporary difference	22,805	25,625	947	3,339
	213,263	190,091	28,432	25,536

Effective from Year of Assessment 2019, the unutilised tax losses of the Group as at 31 December 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded. The carry forward period for such losses was extended to 10 years based on Finance Act 2021 which was gazetted on 31 December 2021.

The unutilised tax losses and unabsorbed capital allowances of the Group and the Company are available for offsetting against future taxable profits of the respective entities within the Group and the Company, subject to no substantial changes in the shareholdings of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Utilisation period				
Indefinite	5,457	4,818	3,540	3,281
Within 5 years from recognition	61,303	-	11,071	-
Within 6 years from recognition	39,616	61,303	2,155	11,071
Within 7 years from recognition	15,939	39,616	1,062	2,155
Within 8 years from recognition	17,664	15,939	1,880	1,062
Within 9 years from recognition	25,020	17,664	2,748	1,880
Within 10 years from recognition	25,459	25,126	5,029	2,748
	190,458	164,466	27,485	22,197

21. Other investments

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current					
Amortised cost					
Amount placed with a financial services advisory firm	(a)	4,645	4,645	-	-
Provision for impairment	(a)	(4,645)	(4,645)	-	-
		-	-	-	-
Fair value through profit or loss					
Money market investment securities	(b)	138,145	139,680	42	5,575
		138,145	139,680	42	5,575

(a) This was related to a principal amount of AUD1.5 million placed by a foreign subsidiary of the Group for a period of 24 months, which matured in 2021. The investment was expected to earn an interest at a fixed rate of 15% per annum.

This balance has been impaired in the year 2020 as the Group had not recovered this amount despite having submitted the request for the liquidation and redemption of this balance. The Group has also initiated legal proceedings against the financial advisory services firm involved for the recovery of this balance. The legal proceedings for the recovery of this balance are ongoing.

(b) The investment securities are restricted investment scheme in the short-term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

The income received from the investment securities shall where necessary, be remitted into the Escrow Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

22. Contract assets/(liabilities)

	Note	Group 2023 RM'000	Group 2022 RM'000
Contract assets			
Property development	(a)	11,182	7,435
Construction contract	(b)	2,881	123
		14,063	7,558
Contract liabilities			
Property development	(a)	(7,896)	(3,923)
Construction contract	(b)	(159)	-
		(8,055)	(3,923)

(a) Contract assets/(liabilities) from property development

	2023 RM'000	2022 RM'000
Group		
Contract assets		
Accrued billings	11,182	7,435
Contract liabilities		
Progress billings	(7,896)	(3,923)
	3,286	3,512

Set out below are the carrying amounts of contract assets recognised and the movements during the year:

	2023 RM'000	2022 RM'000
Group		
Contract assets		
At 1 January	3,512	24,381
Revenue recognised during the year	70,694	73,477
Progress billings during the year	(70,920)	(94,346)
At 31 December	3,286	3,512

22. Contract assets/(liabilities) (cont'd.)

(b) Contract assets/(liabilities) from construction contract

Group	2023 RM'000	2022 RM'000
Contract assets		
Accrued billings	2,881	123
Contract liabilities		
Progress billings	(159)	-
	2,722	123

Set out below are the carrying amounts of contract assets recognised and the movements during the year:

Group	2023 RM'000	2022 RM'000
At 1 January	123	-
Revenue recognised during the year	3,651	275
Progress billings during the year	(1,052)	(152)
At 31 December	2,722	123

The directors of the Group measure the loss allowance on amounts due from customers at an amount equal to lifetime expected credit losses, taking into account the historical default experience and the future prospects of the respective industry. There was no impairment loss recognised on contract asset at the end of the reporting period.

The management monitors the movement of the contracts assets balance and there is no balance which is assessed as past due or is to be impaired.

23. Other current assets

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepayments	570	317	203	173
Consideration payable to customers	161	81	-	-
	731	398	203	173

Included in the consideration payable to customers are the cost for sales and purchase agreements as a result of entering into contract with customers.

24. Cash and cash equivalents

		Group		Company	
	Note	**2023** **RM'000**	**2022** **RM'000**	**2023** **RM'000**	**2022** **RM'000**
Cash and bank balances	(a)	15,273	33,254	276	90
Deposits with licensed banks	(b)	1,049	2,816	-	-
Deposits, cash and bank balances	(c)	16,322	36,070	276	90
Less: Deposits with tenure of more than 3 months		(1,049)	(2,816)	-	-
Cash and cash equivalents		15,273	33,254	276	90

(a) Included in cash at bank of the Group is an amount of RM7,089,000 (2022: RM24,727,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and RM66,000 (2022: RM Nil) held pursuant to Section 7 of the Housing (Control and Licensing of Development) Enactment, 1978 and restricted from use in other operations.

(b) The deposits with licensed banks amounting to RM1,014,000 (2022: RM970,000) of the Group are pledged to banks as securities for credit facilities granted to subsidiaries.

(c) Cash at bank and on hand of the Group include an amount of RM59,000 (2022: RM186,000) maintained in Escrow Account and Finance Service Reserve Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between 1 month to 12 months, depending on the immediate cash requirements of the Group and of the Company, and earn interest at the respective deposit rates. As at reporting date, the effective interest rates of deposits of the Group and of the Company range from 1.75% to 2.55% (2022: 1.75% to 2.75%) per annum respectively.

25. Share capital and treasury shares

	Group and Company			
	Number of ordinary		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	316,684,717	(386,000)	399,016	(327)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2023, the Company held as treasury shares a total of 386,000 of its 316,684,717 (2022: 316,684,717) issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,731.

26. Other reserves

	Note	2023 RM'000	2022 RM'000
Foreign currency translation reserve	(a)	(917)	717
Capital contribution reserve	(b)	23,172	23,172
Fair value reserve	(c)	5,866	-
		28,121	23,889

(a) Foreign currency translation reserve

	Group RM'000
At 1 January 2022	389
Foreign currency translation	328
At 31 December 2022 and 1 January 2023	717
Foreign currency translation	(1,634)
At 31 December 2023	(917)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(b) Capital contribution reserve

A subsidiary of the Group, Encorp Bukit Katil Sdn. Bhd. ("EBKSB") had on 20 January 2016 entered into a Master Development Agreement with FELDA, the ultimate holding body, in which EBKSB accepts the development rights for the development of one (1) plot of leasehold land measuring approximately 640.98 acres held at Mukim Bukit Katil, District of Melaka Tengah in Melaka for a total cash consideration of RM583,600.000.

The capital contribution reserve represents the amount waived by FELDA of RM23,172,000 pursuant to a settlement agreement entered into between FELDA and EBKSB to discharge EBKSB's obligation on the land to FELDA for the Master Development Agreement.

(c) Fair value reserve

The fair value reserve represents the gain on revaluation arising from transfer of office building from property, plant and equipment to investment properties due to change in use.

27. Trade and other payables

Group	Note	2023 RM'000	2022 RM'000
Current			
Trade payables			
Amount due to:			
- third parties	(a)	14,295	9,627
Land proprietor	(b)	1,620	6,480
Total trade payables		15,915	16,107
Other payables			
Amount due to:			
- immediate holding company	(c)	6,113	6,060
Sundry payables		17,878	15,066
Provision for short-term accumulating compensated absences	(d)	269	245
Other accruals		36,552	32,062
Total other payables		60,812	53,433
Total current trade and other payables		76,727	69,540
Non-current			
Trade payables			
Retention sum on construction contracts		16,221	15,961
Land proprietor	(b)	1,399	2,822
Non-controlling interests of a subsidiary	(f)	12,782	12,084
Total non-current trade payables		30,402	30,867
Total trade and other payables		107,129	100,407

Company	Note	2023 RM'000	2022 RM'000
Current			
Trade payables			
Amount due to third party	(a)	8	8
Other payables			
Amount due to:			
- subsidiaries	(e)	38,138	37,569
- immediate holding company	(c)	6,113	6,060
Sundry payables		5,443	2,937
Provision for short-term accumulating compensated absences	(d)	98	82
Other accruals		5,701	5,740
Total other payables		55,493	52,388
Total trade and other payables		55,501	52,396

27. Trade and other payables (cont'd.)

(a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 14 to 60 days (2022: 14 to 60 days).

In the prior years, certain subsidiaries of the Group had commenced arbitration proceedings in relation to claims made against certain contractors which were involved in the property development projects of the Group. These contingent assets have not yet been recognised in the financial statements as at 31 December 2023, pending the outcome of the arbitration proceedings.

In addition, no incremental provisions have been recognised in relation to counter-claims by these contractors, as the Group has assessed, in consultation with its legal advisors that it is probable that the Group would be successful in its defense against these claims.

(b) These are amounts due to IPSB in relation to the purchase of 1.6 acres of land at Bukit Kepayan, Kota Kinabalu. The outstanding amount is repayable to IPSB progressively in tandem with the progress of construction work or drawdown of financing facility. Further details are disclosed in Note 15(b)(ii).

(c) Amount due to immediate holding company is unsecured, repayable on demand and bears interest rate of 5.08% (2022: 5.08%) except for an amount of RM5,725,000 (2022: RM5,725,000) which bears interest rate of 6.00% (2022: 6.00%).

(d) The movement of provision for short-term accumulating compensated absences is as follows:

	Group		**Company**	
	2023 **RM'000**	**2022** **RM'000**	**2023** **RM'000**	**2022** **RM'000**
At beginning of financial year	245	237	82	77
Recognised in profit or loss (Note 9)	269	245	98	82
Utilised during the year	(245)	(237)	(82)	(77)
At end of financial year	269	245	98	82

(e) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(f) These are amounts due to TMSB in relation to the purchase of a piece of 4.97 acres freehold development land in Daerah Kuatan, Pahang. The outstanding amount is repayable to TMSB progressively in tandem with the sales collection of properties from the said land. Further details are disclosed in Note 15(a)(i).

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28. Loans and borrowings

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current					
Secured:					
Sukuk Murabahah	(a)	92,813	79,936	-	-
Term loan 1	(b)	15,287	13,502	-	-
Term loan 2	(c)	9,258	8,848	-	-
Bridging loan	(d)	1,250	-	-	-
Revolving credit 1	(b)	12,500	12,500	-	-
Revolving credit 2	(e)	15,000	15,000	15,000	15,000
Revolving credit 3	(f)	19,200	6,000	-	-
Total current loans and borrowings		165,308	135,786	15,000	15,000
Non-current					
Secured:					
Sukuk Murabahah	(a)	401,358	494,171	-	-
Term loan 1	(b)	-	15,287	-	-
Bridging loan	(d)	3,750	-	-	-
Total non-current loans and borrowings		405,108	509,458	-	-
Total loans and borrowings		570,416	645,244	15,000	15,000

The remaining maturities of loans and borrowings as at 31 December are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
On demand or within one year	165,308	135,786	15,000	15,000
More than 1 year and less than 2 years	103,272	106,314	-	-
More than 2 years and less than 5 years	301,836	328,802	-	-
5 years or more	-	74,342	-	-
	570,416	645,244	15,000	15,000

28. Loans and borrowings (cont'd.)

(a) Sukuk Murabahah

The weighted average effective interest rates of borrowings as at the reporting date is 9.72% (2022: 9.72%) per annum.

A subsidiary of the Group, Encorp Systembilt Sdn. Bhd. had on 18 May 2012 issued Islamic Securities of Sukuk Murabahah ("Sukuk") based on the Shariah principle of Murabahah via a Tawarruq arrangement with a total nominal value of RM1.575 billion. The Sukuk was issued for the following purposes:

(i) to refinance all of the amounts outstanding under the existing Al-Bai' Bithaman Ajil Notes Issuance Facilities which had previously been issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia;

(ii) to fund the Trustees' Reimbursement Account; and

(iii) the balance, for the subsidiary's general corporate expenses which includes payments to defray expenses incurred in relation to the issuance of the Sukuk and a one-time dividend payment to its immediate holding company.

The Sukuk has a tenure of up to 16 years and matures on 18 May 2028. The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The yield to maturity ranges from 8.37% to 10.44% per annum, and is repayable half yearly.

The Sukuk is secured over the following:

(i) assignment of the concession payments in respect of 10,000 units of teachers' quarters under the Privatisation Agreement dated 9 February 1998 between the Government of Malaysia and the subsidiary;

(ii) a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary; and

(iii) first ranking charge and assignment of the designated accounts which include:

- an Escrow Account in which all the payments from the Government of Malaysia pursuant to the Privatisation Agreement and all other income, revenue or proceeds received by the subsidiary (save for proceeds from the Sukuk) are to be deposited and shall be operated solely by the Security Trustee; and

- a Finance Service Reserve Account utilised solely for the profit payments under the Sukuk falling due and payable and shall be solely operated by the Security Trustee.

28. Loans and borrowings (cont'd.)

(a) Sukuk Murabahah (cont'd.)

The major covenants that are required to be complied by the subsidiary are as follows:

(i) to maintain a Finance Service Cover Ratio of at least 1.20 times throughout the tenure of the Sukuk Murabahah to be duly confirmed by the external auditors based on the latest audited financial statements on an annual basis; and

(ii) to maintain an amount equivalent to the next immediate profit payment in the Finance Service Reserve Account at least three (3) months prior to such profit payment due date.

(b) Term loan 1 and revolving credit 1

Term loan 1 is at bank's one-month effective cost of funds + 3.50% (2022: cost of funds + 3.50%) per annum. Revolving credit 1 of RM12.5 million is at effective cost of funds + 2.75% (2022: cost of funds + 2.75%) per annum.

These loans are secured by a fixed charge over the Group's one unit (2022: two units) of terrace shop offices recognised as property, plant and equipment as disclosed in Note 13, three units (2022: two units) of terrace shop offices recognised as investment properties as disclosed in Note 14, shopping mall included in investment properties as disclosed in Note 14, assignment over the project account and debenture over fixed and floating charge.

(c) Term loan 2

The term loan 2 is at 5.61% (2022: 5.61%) per annum. Prior to the year, three penthouse units located at Western Australia as disclosed in Note 15(c), freehold land as disclosed in Note 15(a) and corporate guarantee provided by the Company and a deed of subordination. In addition, the loan is secured by additional fixed deposit as disclosed in Note 24(b).

(d) Bridging loan

The Bridging loan is at effective cost of funds + 1.75% per annum.

The loan is secured by Legal Charge over the land held under Town Lease No. 017549665, Jalan Kapayan, Kota Kinabalu, Sabah measuring approximately 0.647 hectares (1.60 acres) and corporate guarantee provided by the Company. During the current year, the facility was secured via the legal charge and assignment over the Finance Service Reserve Account ("FSRA").

(e) Revolving credit 2

Revolving credit is at cost of funds + 2% per annum. Five units (2022: five units) of terrace shop offices have been charged for the revolving credit facility 2 as disclosed in Note 14.

28. Loans and borrowings (cont'd.)

(f) Revolving credit 3

Revolving credit is at cost of funds + 1.25% per annum. Fifteen units (2022: fifteen units) of terrace shop offices have been charged for the revolving credit facility 3 as disclosed in Note 14 and assignment over the sales proceeds of the Housing Development Account. During the current year, the facility was secured via the legal charge and assignment over the FSRA.

29. Other current liabilities

	Note	Group 2023 RM'000	Group 2022 RM'000
Current			
Provision for Liquidated and Ascertained Damages	(a)	3,823	3,823

(a) Provision for Liquidated and Ascertained Damages

The provision is in respect of the estimated liquidated and ascertained damages payable arising from the property development projects undertaken by the Group.

	Group 2023 RM'000	Group 2022 RM'000
At 1 January	3,823	4,655
Reversal to profit or loss	-	(412)
Payments made	-	(420)
At 31 December	3,823	3,823

The Group is involved in certain legal cases involving claims for compensation for the late delivery and the specific performance for the construction of certain public infrastructure relating to a completed property development project of the Group. No incremental provisions have been made in relation to these claims in the current and prior years, as the Group has assessed, in consultation with its legal advisors, that it is probable that the Group would be successful in defending these claims.

30. Financial guarantees

The Company has provided the following guarantees at the reporting date.

Corporate guarantees given to banks of RM9,258,000 (2022: RM8,848,000) for credit facilities granted to subsidiaries.

The management has assessed and concluded that there is no indication that the corporate guarantees would crystalise and no provision for expected credit loss has been provided on these guarantees as the borrowings are also secured over the inventories and other inventories of the subsidiaries. Consequently, the fair value of the corporate guarantees is assessed as nil.

31. Significant related party transactions

(a) Sales and purchases of goods and services

In addition to transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group		**2023 RM'000**	**2022 RM'000**
Interest charged on advances from immediate holding company (Note 7)		353	443
Company			
Management fees charged to subsidiaries (Note 4)	(i)	(3,840)	(3,840)
Rental payable to subsidiary (Note 8)	(ii)	243	439
Interest charged to subsidiaries		(156)	(127)
Coupon payable on Redeemable Convertible Secured Loan Stocks ("RCSLS") charged to subsidiary	(iii)	(2,587)	(3,035)

(i) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable at negotiated terms.

(ii) The rental payable to the subsidiary has been entered into in the normal course of business and is repayable at negotiated term.

(iii) The coupon payable on RCSLS charged to MEDSB is in relation to the interest on RCSLS proceed advanced to MEDSB for its current projects.

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 and 31 December 2022 are disclosed in Notes 18 and 27.

31. Significant related party transactions (cont'd.)

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel during the year was as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Salaries and other emoluments	689	660	689	660
Contributions to defined contribution plans	96	93	96	93
Other staff related expenses	107	116	107	116
	892	869	892	869

32. Fair value measurements

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

Level 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2
Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3
Input for the asset or liability that are not based on observable market data (unobservable input).

32. Fair value measurements (cont'd.)

Fair value hierarchy (cont'd.)

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2023				
Investment properties (Note 14):				
- Shopping mall	-	-	168,000	168,000
- Terrace shop office	-	-	127,530	127,530
- Car park units	-	-	7,800	7,800
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	138,145	-	138,145
	-	138,145	303,330	441,475
At 31 December 2022				
Investment properties (Note 14):				
- Shopping mall	-	-	165,100	165,100
- Terrace shop office	-	-	118,880	118,880
- Car park units	-	-	7,800	7,800
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	139,680	-	139,680
	-	139,680	291,780	431,460
Company				
At 31 December 2023				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	42	-	42
At 31 December 2022				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	5,575	-	5,575

32. Fair value measurements (cont'd.)

Description of valuation techniques used and key inputs to valuation on investment properties measured at level 3:

Property category	Valuation technique	Significant unobservable inputs	Range
At 31 December 2023			
Terrace shop offices	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	2.5%-5%
Shopping mall	Investment method	Estimated rental rates	RM1.80 to RM8.50 psf
		Outgoings	RM1.80 psf
		Allowance for void	15%
		Reversionary yield rates	4.80%
		Term yield rates	4.50%
Car park units	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	Adjusted range of RM15,242 – RM19,873 per bay
	Investment method	Estimated rental rates	RM136 per bay/month
		Outgoings	25%
		Allowance for void	10%
		Capitalisation rate	6.00%
At 31 December 2022			
Terrace shop offices	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	2.5%-5%
Shopping mall	Investment method	Estimated rental rates	RM1.80 to RM8.50 psf
		Outgoings	RM2.00 psf
		Allowance for void	15%
		Reversionary yield rates	4.50%
		Term yield rates	4.25%
Car park units	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	Adjusted range of RM15,328 – RM18,879 per bay
	Investment method	Estimated rental rates	RM105 per bay/month
		Outgoings	25%
		Allowance for void	10%
		Capitalisation rate	6.50%

32. Fair value measurements (cont'd.)

Terrace shop offices

In arriving at the market value, the valuer adopted the market comparison method. This method of valuation seeks to determine the value of the property being valued by comparing and adopting recent transactions and sale evidence involving other similar properties in the viciniity as a yardstick. Due considerations are given for such factors including location, plot size, land usage, tenure and proximity to the main road.

Shopping mall

The fair values were determined based on the capitalisation of net income method (“investment method”) and is premised on the principle that the value of an income-producing property is represented by the “present worth of future rights to income, or utility”. The values estimated under this method are derived by ascertaining the market rent of the properties ("estimated rental rates"), deducting all reasonable annual operating expenses ("outgoings") (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate ("reversionary yield rates") of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance coverage, repairs and maintenance and management, are deducted from gross rental income together with allowance for void ("allowance for void").

Car park units

In arriving at the market value, the valuer adopted comparison approach and income approach by investment method.

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value.

Income approach by investment method involved capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

32. Fair value measurements (cont'd.)

Sensitivity analysis for fair value of the shopping mall

The following table demonstrates the sensitivity of the fair value and the impact to the profit and loss to the changes in estimated rental rate, outgoings, allowance for void, reversionary yield rate and term yield rate with all other variables held constant.

		2023 Increase/ (decrease) loss net of tax RM '000	2022 Increase/ (decrease) loss net of tax RM '000
Estimated rental rates	+ 10%	15,600	16,600
	- 10%	(15,600)	(16,600)
Outgoings	+ 10%	(8,500)	(10,000)
	- 10%	8,500	10,000
Allowance for void	+ 10%	(8,500)	(7,900)
	- 10%	8,500	7,900
Reversionary yield rates	+ 1%	(27,100)	(27,900)
	- 1%	38,600	40,300
Term yield rates	+ 1%	(100)	(31)
	- 1%	100	31

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables (non-current and current)	18
Other investments	21
Cash and cash equivalents	24
Trade and other payables (excluding provision) (non-current and current)	27
Loans and borrowings (non-current and current)	28

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

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

32. Fair value measurements (cont'd.)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd.)

Amounts due from/to related parties, finance lease obligations and loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed was to default.

Detail is as disclosed in Note 30.

Categories of financial instrument:

	Note	2023 RM'000	2022 RM'000
Group			
Financial assets			
At amortised cost:			
Trade and other receivables	18	494,955	564,034
Cash and cash equivalents	24	16,322	36,070
At fair value through profit or loss:			
Other investments	21	138,145	139,680
Financial liabilities			
At amortised cost:			
Trade and other payables (excluding provision)	27	106,860	100,162
Loans and borrowings	28	570,416	645,244
Company			
Financial assets			
At amortised cost:			
Trade and other receivables	18	80,408	71,513
Cash and cash equivalents	24	276	90
At fair value through profit or loss:			
Other investments	21	42	5,575

32. Fair value measurements (cont'd.)

Categories of financial instrument: (cont'd.)

Company (cont'd.)

	Note	2023 RM'000	2022 RM'000
Financial liabilities			
At amortised cost:			
Trade and other payables (excluding provision)	27	55,403	52,314
Loans and borrowings	28	15,000	15,000

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

(a) Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash and cash equivalents and short-term investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

All trade and other receivables and contract assets are subject to impairment review at the end of the reporting period. The collateral mitigates credit risk and would reduce the extent of impairment allowance for the assets subject to impairment review.

33. Financial risk management objectives and policies (cont'd.)

(a) Credit risk management (cont'd.)

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The details of the financial guarantees provided by the Company to its subsidiaries and the assessment of the expected credit loss and fair values are disclosed in Note 30.

Credit risk concentration profile

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

Group	**2023**		**2022**	
	RM'000	**% of total**	**RM'000**	**% of total**
By industry sectors				
Concessionaire sector	457,017	93%	543,349	98%
Property development sector	29,557	7%	10,454	2%
Investment property *	2,446	0%	2,822	0%
Other sector *	313	0%	291	0%
	489,333	100%	556,916	100%

* Less than 1% of total receivables

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired as disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from the mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk management (cont'd.)

Analysis of financial instruments by remaining contractual maturities

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

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

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2023				
Financial liabilities				
Trade and other payables (excluding provision)	76,458	32,841	-	109,299
Loans and borrowings	214,273	482,019	-	696,292
Lease liabilities	2,614	11,206	6,840	20,660
Total undiscounted financial liabilities	293,345	526,066	6,840	826,251
At 31 December 2022				
Financial liabilities				
Trade and other payables (excluding provision)	69,295	34,201	-	103,496
Loans and borrowings	196,311	687,105	77,064	960,480
Lease liabilities	2,560	10,674	10,501	23,735
Total undiscounted financial liabilities	268,166	731,980	87,565	1,087,711
Company				
At 31 December 2023				
Financial liabilities				
Trade and other payables (excluding provision)	55,403	-	-	55,403
Loans and borrowings	15,859	-	-	15,859
Lease Liabilities	2,510	11,198	6,840	20,548
Total undiscounted financial liabilities	73,772	11,198	6,840	91,810

33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk management (cont'd.)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2022				
Financial liabilities				
Trade and other payables (excluding provision)	52,314	-	-	52,314
Loans and borrowings	15,653	-	-	15,653
Lease Liabilities	2,510	10,674	10,501	23,685
Total undiscounted financial liabilities	70,477	10,674	10,501	91,652

(c) Interest rate risk management

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

The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s debt obligations. The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

The Group’s policy is to manage interest cost using a mix of fixed and floating rate debts.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group’s loss net of tax would have been RM48,000 (2022: RM38,000) higher/lower, arising mainly as a result of lower/higher net of interest received from the floating rate other investment and deposit with loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk management

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

The Group holds cash and cash equivalents and other investments denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Australian Dollar ("AUD")) amounted to RM1,207,147 (2022: RM981,000) for the Group.

33. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk management (cont'd.)

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currency that match the future revenue stream to be generated from its investment.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group's net investments in Australia is not hedged as it is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible strengthening in the AUD exchange rates against the functional currency of the Group, with all other variables held constant.

	Group	
	2023 Increase/ (Decrease) Loss net of tax RM'000	**2022 Increase/ (Decrease) Loss net of tax RM'000**
AUD/RM		
- strengthened 5% (2022: 1%)	(12)	(1)
- weakened 5% (2022: 1%)	12	1

There is no impact on the equity of the Group and the Company arising from a reasonably possible change in the exchange rate.

34. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The Group includes within net debt, loans and borrowings (excluding Sukuk), trade and other payables, lease liabilities less cash and cash equivalents, fixed deposits and investment securities. Capital includes equity attributable to the owners of the Company and non-controlling interest.

34. Capital management (cont'd.)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loans and borrowings	28	570,416	645,244	15,000	15,000
Trade and other payables	27	107,129	100,407	55,501	52,396
Lease liabilities	19(b)	16,611	18,598	16,502	18,548
Less:					
Sukuk Murabahah	28	(494,171)	(574,107)	-	-
Other investments	21	(138,145)	(139,680)	(42)	(5,575)
Cash and cash equivalents	24	(16,322)	(36,070)	(276)	(90)
Net debt		45,518	14,392	86,685	80,279
Equity attributable to the owners of the Company		328,980	333,936	137,669	137,299
Non-controlling interests		89,811	89,107	-	-
Total capital		418,791	423,043	137,669	137,299
Capital and net debt		464,309	437,435	224,354	217,578
Gearing ratio		10%	3%	39%	37%

The Sukuk Murabahah has been excluded from the computation above as the Sukuk is secured over security as disclosed in Note 28(a) and the Sukuk do not have any financial recourse to the Group.

35. Segment information

For management purposes, the Group is organised into six main business units based on their products, and has six reportable operating segments as follows:

(i) Investment holding and the provision of management services;

(ii) Concessionaire;

(iii) Construction;

(iv) Property development;

(v) Investment property; and

(vi) Others - trading of building materials and provision of facilities management.

35. Segment information (cont'd.)

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business.

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35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2023									
Revenue									
External customers	-	50,448	69,436	5,217	3,667	425	-		129,193
Inter-segment	5,925	-	-	1,060	8,314	-	(15,299)	A	-
Total revenue	5,925	50,448	69,436	6,277	11,981	425	(15,299)		129,193
Results:									
Interest income and distribution income	2,799	4,777	10,920	7	5	6	(12,902)		5,612
Interest expense	(2,249)	(52,387)	(7,278)	(10,158)	(20)	(23)	12,922		(59,193)
Depreciation and amortisation	(1,961)	(3)	(248)	(206)	-	(95)	83		(2,430)
Rental income	-	-	1,324	-	-	-	-		1,324
Other non-cash income	4,526	156	172	50	8	-	(4,460)	B	452

35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2023 (cont'd.)									
Results: (cont'd.)									
Fair value gain on investment property	-	-	-	3,800	-	-	-		3,800
Inventories written down	-	-	(360)	-	-	-	-		(360)
Segment (loss)/profit	(20,173)	2,929	(15,677)	(10,825)	(1,252)	(2,827)	39,341		(8,484)
Assets:									
Additions to non-current assets	324	4	990	451	19	-	-	C	1,788
Segment assets	253,899	598,567	548,876	336,496	8,476	57,000	(672,604)	D	1,130,710
Segment liabilities	112,793	495,502	298,548	403,389	17,902	21,688	(637,903)	E	711,919

* Inclusive entities in facilities management, general trading and property investment.

35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2022									
Revenue									
External customers	-	58,631	73,388	5,035	440	-	-		137,494
Inter-segment	4,549	-	-	866	5,546	-	(10,961)	A	-
Total revenue	4,549	58,631	73,388	5,901	5,986	-	(10,961)		137,494
Results:									
Interest income and distribution income	3,238	3,001	10,340	1	1	4	(12,270)		4,315
Interest expense	(2,329)	(59,917)	(6,889)	(9,058)	(17)	(15)	12,283		(65,942)
Depreciation and amortisation	(1,944)	(2)	(60)	(283)	(1)	(1)	(101)		(2,392)
Rental income	-	-	830	6	-	-	-		836
Grant income	-	-	5	-	-	-	-		5
Other non-cash income	31	155	336	17	8	-	(14)	B	533

35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2022 (cont'd.)									
Results: (cont'd.)									
Fair value gain on investment property	-	-	-	1,913	-	-	(450)		1,463
Inventories written down	-	-	(13,663)	-	-	-	28		(13,635)
Segment (loss)/profit	(15,270)	284	(18,453)	(9,412)	(924)	(2,011)	27,582		(18,204)
Assets:									
Additions to non-current assets	158	4	18,598	692	4	-	(28)	C	19,428
Segment assets	256,283	676,666	538,023	317,558	2,154	56,871	(646,669)	D	1,200,886
Segment liabilities	95,003	575,081	270,841	374,005	12,010	17,114	(566,211)	E	777,843

* Inclusive entities in facilities management, general trading and property investment.

35. Segment information (cont'd.)

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash income consist of the following items as presented in the respective notes to the financial statements:

	Note	2023 RM'000	2022 RM'000
Other income - purchasers related income		153	301
Other income		299	204
Gain on disposal of assets	6	-	28
		452	533

C Additions to non-current assets consist of:

	Note	2023 RM'000	2022 RM'000
Property, plant and equipment	13	1,244	1,041
Investment properties	14	-	27
Land held for property development	15(a)	544	18,360
		1,788	19,428

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

	Note	2023 RM'000	2022 RM'000
Deferred tax assets	20	3,688	2,040
Tax recoverable		180	1,242
Inter-segment assets		(676,472)	(649,951)
		(672,604)	(646,669)

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

	Note	2023 RM'000	2022 RM'000
Current tax payable		1,094	906
Deferred tax liabilities	20	4,791	4,942
Inter-segment liabilities		(643,788)	(572,059)
		(637,903)	(566,211)

35. Segment information (cont'd.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	129,193	137,494	326,787	315,815
Australia	-	-	8,611	8,230
	129,193	137,494	335,398	324,045

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2023 RM'000	2022 RM'000
Property, plant and equipment	13	4,442	5,523
Intangible assets	17	112	152
Investment properties	14	303,330	291,780
Land held for property development	15(a)	27,514	26,590
		335,398	324,045