Registration No.: 200001013196 (515802-U)

IGB Berhad

(Incorporated in Malaysia)

Reports and financial statements
for the financial year ended 31 December 2020

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Reports and financial statements for the financial year ended 31 December 2020

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IGB Berhad
(Incorporated in Malaysia)

Directors' Report
for the financial year ended 31 December 2020

The Directors are pleased to present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Directors

The Directors who held office during the financial year and during the period from end of the financial year to the date of this report is as follows:

Tan Lei Cheng	
Tan Boon Seng (alternate Director to Tan Lei Cheng)	Appointed on 12.10.2020 and resigned on 07.12.2020
Tan Mei Sian (alternate Director to Tan Lei Cheng)	Appointed on 07.12.2020
Dato' Seri Robert Tan Chung Meng	
Lee Chaing Huat	
Daud Mah bin Abdullah @ Mah Siew Whye	
Dato' Dr. Zaha Rina binti Zahari	
Tan Boon Lee (alternate Director to Dato' Seri Robert Tan Chung Meng)	

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made part thereof.

Principal Activities and Corporate Information

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, provision of engineering services for water treatment plants and related services, education, investment holding and management of real estate investment trust.

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

The address of the principal place of business and registered office of the Company is as follows:

Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Financial Results

	Group RM'000	Company RM'000
Profit for the financial year	**98,795**	**70,209**
Attributable to:		
Owners of the parent	**9,250**	**70,209**
Non-controlling interests	**89,545**	**-**
	98,795	**70,209**

Dividends

Dividends declared and paid since the end of the previous financial year are as follows:

	RM'000
An Interim Single Tier dividend of 5.0% per annum (based on the issue price of RM1.00 per Redeemable Convertible Cumulative Preference Shares ("RCPS")) for the six months period from and including 16 August 2019 up to and including 13 February 2020 was paid on 14 February 2020.	**11,293**
An Interim Single Tier dividend of 4.3% per annum (based on the issue price of RM3.28 per Redeemable Convertible Cumulative Preference Shares ("RCCPS")) for the six months period from and including 2 September 2019 up to and including 1 March 2020 was paid on 27 March 2020.	**3,984**
An Interim Single Tier dividend of 4.3% per annum (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 March 2020 up to and including 1 September 2020 was paid on 30 September 2020.	**3,984**
An Interim Single Tier dividend of 2.0 sen per ordinary share (comprising 2.0 sen dividend-in-specie by distributing 6,626,737 treasury shares) for the financial year ended 31 December 2020 was paid on 30 September 2020.	**16,749**

On 26 February 2021, the Directors declared an Interim Single Tier dividend of 4.3% per annum (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 September 2020 up to and including 1 March 2021 which was paid on 26 March 2021.

Reserves and provisions

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

Share capital

During the financial year, the number of ordinary shares of the Company increased from 690,152,033 to 888,502,362 by the allotment of:

i) 198,336,825 ordinary shares arising from the conversion of 452,209,150 RCPS at a conversion price of RM2.28. The said conversion also resulted in the decrease of the number of RCPS from 452,209,150 to nil.

ii) 13,504 ordinary shares arising from the conversion of 13,504 RCCPS at the conversion ratio 1:1 at issue price per share of RM3.28. The said conversion also resulted in the decrease of the number of RCCPS from 56,511,275 to 56,497,771.

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

The RCPS had matured on 14 February 2020 and subsequently delisted on 17 February 2020. The outstanding 447,999,587 RCPS were automatically converted into 196,490,540 IGB shares at the conversion ratio of 2.28 RCPS into 1 new IGB share.

Treasury Shares

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 29 June 2020, approved the Company's plan to purchase its own shares up to a maximum of 10% of the total number of issued shares of the Company. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 4,947,300 of its ordinary share capital from the open market for RM12,631,681. The average price paid for these shares repurchased was RM2.55 per share.

An Interim Single Tier dividend of 2.0 sen dividend-in-specie was paid on 30 September 2020 by distributing 6,626,737 of the Company's treasury shares for RM16,749,069. The average cost of these shares was RM2.53 per share.

As at 31 December 2020, the number of outstanding ordinary shares in issue after the set off of treasury shares is 881,515,245 (2019: 681,485,479).

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments paid as disclosed in Note 8) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

Except as disclosed above, neither during nor at the end of the financial year was the Company a party to any arrangement whose object or objects was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report
for the financial year ended 31 December 2020 (continued)

Directors' interests

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
In the Company	**1.1.2020/ Date of appointment***	**Additions**	**Disposals**	**31.12.2020**
Tan Lei Cheng				
Direct	9,316,195	7,691,087	-	**17,007,282**
Indirect *	3,869,927	-	(3,869,927)	**-**
Dato' Seri Robert Tan Chung Meng				
Direct	1,556,627	1,259,166	-	**2,815,793**
Indirect *	194,668,256	68,048,347	-	**262,716,603**
Daud Mah bin Abdullah @ Mah Siew Whye				
Direct	100,173	34,520	-	**134,693**
Tan Boon Lee				
Direct	4,292,036	4,114,209	-	**8,406,245**
Tan Mei Sian				
Direct	903,941*	-	-	**903,941**

	Number of RCPS			
In the Company	**1.1.2020/ Date of appointment***	**Additions**	**Converted/ Disposals**	**31.12.2020**
Tan Lei Cheng				
Direct	6,674,738	-	(6,674,738)	**-**
Indirect *	2,881,713	-	(2,881,713)	**-**
Dato' Seri Robert Tan Chung Meng				
Direct	1,112,631	-	(1,112,631)	**-**
Indirect *	142,988,143	-	(142,988,143)	**-**
Daud Mah bin Abdullah @ Mah Siew Whye				
Direct	76,400	-	(76,400)	**-**
Tan Boon Lee				
Direct	3,118,035	-	(3118,035)	**-**
Tan Mei Sian				
Direct	79,567*	-	(79,567)	**-**

Directors' Report
for the financial year ended 31 December 2020 (continued)

Directors' interests (continued)

				Number of RCCPS
In the Company	**1.1.2020**	**Additions**	**Disposals**	**31.12.2020**
Dato' Seri Robert Tan Chung Meng				
Direct	2,414,634	-	-	**2,414,634**
Tan Boon Lee				
Direct	2,567,560	-	-	**2,567,560**

				Number of ordinary shares
In GTower Sdn Bhd (subsidiary)	**1.1.2020/ Date of appointment***	**Additions**	**Disposals**	**31.12.2020**
Tan Lei Cheng				
Direct	392,858	-	-	**392,858**
Tan Boon Lee				
Direct	428,571	-	-	**428,571**
Tan Mei Sian				
Direct	35,714*	-	-	**35,714**

				Number of units
In IGB Real Estate Investment Trust (subsidiary)	**1.1.2020**	**Additions**	**Disposals**	**31.12.2020**
Tan Lei Cheng				
Direct	1,853,742	-	-	**1,853,742**
Indirect *	345,722	-	(345,722)	**-**
Dato' Seri Robert Tan Chung Meng				
Direct	14,739,081	200,000	-	**14,939,081**
Indirect *	1,914,157,744	23,616,753	(27,961,606)	**1,909,812,891**
Tan Boon Lee				
Direct	1,705,025	-	-	**1,705,025**

* *Deemed interest held by other corporations, by virtue of Section 8(4) of the Act.*

Other than as disclosed above, none of the Directors in office at the end of financial year held any interests in the shares in the Company or its related corporations during the financial year.

Directors' remuneration

Details of Directors' remuneration are set out in Note 8 to the financial statements.

Indemnity and insurance costs

The Group and Company maintain multiple corporate liability insurance policies for the Directors and principal officers of the Group and Company throughout the financial year, which provides appropriate insurance cover for the Directors and principal officers of the Group and Company. The amount of insurance premium paid by the Group and Company for the financial year ended 31 December 2020 amounted to RM121,510 (2019: RM125,500) and RM121,510 (2019: RM125,500) respectively.

Other statutory information

(a) Before the financial statements of the Group and 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 had 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 be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and Company had been written down to an amount which the current assets might be expected so to realise.

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

  (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

  (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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

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

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

(d) 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, in the opinion of the Directors, will or may affect the ability of the Group and Company to meet their obligations when they fall due.

Directors' Report
for the financial year ended 31 December 2020 (continued)

Other statutory information (continued)

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

(f) In the opinion of the Directors:

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

  (ii) except as disclosed in Note 35, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

Subsidiaries

Details of subsidiaries are set out in Note 16 to the financial statements.

Auditors' remuneration

Details of auditors' remuneration are set out in Note 7(c) to the financial statements.

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 April 2021.

Dato' Seri Robert Tan Chung Meng	**Lee Chaing Huat**
Group Chief Executive Officer	Director

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Income statements
for the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	6	**1,016,417**	1,436,479	**184,139**	251,902
Cost of sales	7(a)	**(539,967)**	(676,028)	**-**	-
Gross profit		**476,450**	760,451	**184,139**	251,902
Other operating income	7(b)	**41,489**	41,219	**2,691**	2,642
Administrative expenses	7(c)	**(198,659)**	(192,322)	**(41,218)**	(49,864)
Other operating expenses	7(d)	**(4,105)**	(5,086)	**(15,689)**	(16)
Profit from operations		**315,175**	604,262	**129,923**	204,664
Finance income	9	**26,286**	26,770	**4,528**	2,709
Finance costs	9	**(165,961)**	(171,902)	**(43,233)**	(53,462)
Share of net (loss)/profit of associates and joint ventures	17	**(27,837)**	3,969	**-**	-
Profit before taxation		**147,663**	463,099	**91,218**	153,911
Taxation	10	**(48,868)**	(96,906)	**(21,009)**	(32,257)
Profit for the financial year		**98,795**	366,193	**70,209**	121,654
Attributable to:					
Owners of the parent		**9,250**	208,665	**70,209**	121,654
Non-controlling interests		**89,545**	157,528	**-**	-
Profit for the financial year		**98,795**	366,193	**70,209**	121,654

		Group 2020	**Group 2019 (restated)**
Earnings per share (sen):			
Basic	11(a)	**1.09**	30.36
Diluted	11(b)	**1.09**	22.43

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Statements of comprehensive income
for the financial year ended 31 December 2020

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Profit for the financial year	**98,795**	366,193	**70,209**	121,654
Other comprehensive income/(loss):				
Items that may subsequently be reclassified to profit or loss:				
Currency translation differences:				
Equity holders	**25,304**	900	**-**	-
Non-controlling interests	**16**	(1)	**-**	-
Share of other comprehensive income of associates and joint ventures:	**5,751**	11,746	**-**	-
	31,071	12,645	**-**	-
Items that will not be subsequently be reclassified to profit or loss:				
Net change in financial assets at fair value through other comprehensive income	**(20,282)**	(832)	**(20,282)**	(570)
Other comprehensive income/(loss) for the financial year, net of tax	**10,789**	11,813	**(20,282)**	(570)
Total comprehensive income for the financial year	**109,584**	378,006	**49,927**	121,084
Attributable to:				
Owners of the parent	**20,023**	220,479	**49,927**	121,084
Non-controlling interests	**89,561**	157,527	**-**	-
Total comprehensive income for the financial year	**109,584**	378,006	**49,927**	121,084

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Statements of financial position as at 31 December 2020

		Group		Company	
	Note	**2020**	2019	**2020**	2019
		RM'000	RM'000	**RM'000**	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	**1,531,545**	1,506,475	**2,364**	2,178
Inventories	13	**442,858**	442,200	**-**	-
Investment properties	14	**3,922,029**	3,921,642	**-**	-
Intangible assets	15	**5,921**	6,335	**-**	-
Subsidiaries	16	**-**	-	**6,383,127**	6,390,386
Associates and joint ventures	17	**907,004**	852,328	**-**	-
Concession receivables	18	**117,608**	129,468	**-**	-
Deferred tax assets	19	**43,955**	28,806	**-**	-
Financial assets at fair value through other comprehensive income	20	**72,352**	92,634	**72,352**	92,634
Contract cost asset	22	**389**	765	**-**	-
		7,043,661	6,980,653	**6,457,843**	6,485,198
CURRENT ASSETS					
Inventories	13	**511,151**	500,829	**-**	-
Concession receivables	18	**4,753**	5,206	**-**	-
Amounts owing from subsidiaries	30	**-**	-	**56,863**	71,805
Amounts owing from associates and joint ventures	21	**70**	97,416	**-**	-
Receivables and contract assets	22	**199,063**	274,326	**3,577**	1,922
Tax recoverable		**23,466**	7,271	**-**	-
Cash held under Housing Development Accounts	23	**9,455**	48,305	**-**	-
Deposits, cash and bank balances	23	**793,220**	693,808	**176,276**	71,004
		1,541,178	1,627,161	**236,716**	144,731
TOTAL ASSETS		**8,584,839**	8,607,814	**6,694,559**	6,629,929

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Statements of financial position as at 31 December 2020 (continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24	**1,338,596**	886,344	**1,338,596**	886,344
Treasury shares	25	**(17,660)**	(21,777)	**(17,660)**	(21,777)
Redeemable Convertible Cumulative Preference Shares ("RCPS" & "RCCPS")	24, 26	**137,686**	502,531	**137,686**	502,531
Other reserves	27	**32,941**	22,168	**7,734**	28,016
Retained earnings		**2,120,197**	2,225,106	**4,044,762**	4,077,653
		3,611,760	3,614,372	**5,511,118**	5,472,767
Non-controlling interests		**62,047**	97,309	**-**	-
TOTAL EQUITY		**3,673,807**	3,711,681	**5,511,118**	5,472,767
LIABILITIES					
NON-CURRENT LIABILITIES					
Payables and contract liabilities	28	**18,286**	18,693	**-**	-
Deferred tax liabilities	19	**147,592**	150,107	**9,573**	10,325
Redeemable Convertible Cumulative Preference Shares	26	**25,307**	31,646	**25,307**	31,646
Interest bearing bank borrowings	29	**2,337,148**	2,533,501	**1,129,700**	330,200
		2,528,333	2,733,947	**1,164,580**	372,171
CURRENT LIABILITIES					
Payables and contract liabilities	28	**656,555**	809,627	**2,050**	8,927
Amounts owing to subsidiaries	30	**-**	-	**369**	92,440
Amounts owing to associates	21	**8**	19	**-**	-
Current tax liabilities		**23,919**	25,337	**8,819**	7,721
Redeemable Convertible Cumulative Preference Shares	26	**6,331**	17,225	**6,331**	17,225
Interest bearing bank borrowings	29	**1,695,886**	1,309,978	**1,292**	658,678
		2,382,699	2,162,186	**18,861**	784,991
TOTAL LIABILITIES		**4,911,032**	4,896,133	**1,183,441**	1,157,162
TOTAL EQUITY AND LIABILITIES		**8,584,839**	8,607,814	**6,694,559**	6,629,929

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Consolidated statement of changes in equity for the financial year ended 31 December 2020

		Attributable to owners of the parent							
Group	Note	Share capital (Note 24) RM'000	Treasury shares (Note 25) RM'000	Redeemable Convertible Cumulative Preference Shares (Note 24) RM'000	Other reserves (Note 27) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2020									
At 1 January 2020		**886,344**	**(21,777)**	**502,531**	**22,168**	**2,225,106**	**3,614,372**	**97,309**	**3,711,681**
Comprehensive income									
Profit for the financial year		-	-	-	-	9,250	9,250	89,545	98,795
Other comprehensive income		-	-	-	10,773	-	10,773	16	10,789
Total comprehensive income for the financial year		-	-	-	10,773	9,250	20,023	89,561	109,584
Transactions with owners									
Issuance of ordinary shares		-	-	-	-	-	-	14,568	14,568
Redemption of redeemable preference shares in a subsidiary		-	-	-	-	-	-	(10,236)	(10,236)
Share buy-back		-	(12,632)	-	-	-	(12,632)	-	(12,632)
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		452,252	-	(364,845)	-	(87,343)	64	-	64
Dividends paid to ordinary shareholders	31	-	16,749	-	-	(16,749)	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	(139,222)	(139,222)
Changes in ownership interests in subsidiaries that do not result in a loss of control	16	-	-	-	-	(10,067)	(10,067)	10,067	-
Total transactions with owners		452,252	4,117	(364,845)	-	(114,159)	(22,635)	(124,823)	(147,458)
At 31 December 2020		**1,338,596**	**(17,660)**	**137,686**	**32,941**	**2,120,197**	**3,611,760**	**62,047**	**3,673,807**

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Consolidated statement of changes in equity for the financial year ended 31 December 2019

		Attributable to owners of the parent							
Group	Note	Share capital (Note 24) RM'000	Treasury shares (Note 25) RM'000	Redeemable Convertible Cumulative Preference Shares (Note 24) RM'000	Other reserves (Note 27) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2019									
At 1 January 2019		884,327	(11,925)	504,038	10,105	2,048,461	3,435,006	107,271	3,542,277
Comprehensive income									
Profit for the financial year		-	-	-	-	208,665	208,665	157,528	366,193
Other comprehensive income/(loss)		-	-	-	11,814	-	11,814	(1)	11,813
Total comprehensive income for the financial year		-	-	-	11,814	208,665	220,479	157,527	378,006
Transfer of loss on disposal of equity investment at fair value through other comprehensive income to retained earnings		-	-	-	249	(249)	-	-	-
Transactions with owners									
Issuance of ordinary shares		-	-	-	-	-	-	2,500	2,500
Share buy-back		-	(21,902)	-	-	-	(21,902)	-	(21,902)
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		2,017	-	(1,507)	-	(89)	421	-	421
Dividends paid to ordinary shareholders	31	-	12,050	-	-	(18,837)	(6,787)	-	(6,787)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(182,834)	(182,834)
Changes in ownership interests in subsidiaries that do not result in a loss of control	16	-	-	-	-	(12,845)	(12,845)	12,845	-
Total transactions with owners		2,017	(9,852)	(1,507)	-	(31,771)	(41,113)	(167,489)	(208,602)
At 31 December 2019		886,344	(21,777)	502,531	22,168	2,225,106	3,614,372	97,309	3,711,681

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Company statement of changes in equity for the financial year ended 31 December 2020

Company	Note	Share capital (Note 24) RM'000	Treasury shares (Note 25) RM'000	Redeemable Convertible Cumulative Preference Shares (Note 24) RM'000	Other reserves (Note 27) RM'000	Retained earnings RM'000	Total equity RM'000
2020							
At 1 January 2020		**886,344**	**(21,777)**	**502,531**	**28,016**	**4,077,653**	**5,472,767**
Comprehensive income							
Profit for the financial year		-	-	-	-	70,209	70,209
Other comprehensive loss		-	-	-	(20,282)	-	(20,282)
Total comprehensive (loss)/income		-	-	-	(20,282)	70,209	49,927
Capital reduction in a subsidiary		-	-	-	-	992	992
Transactions with owners							
Share buy-back		-	(12,632)	-	-	-	(12,632)
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		452,252	-	(364,845)	-	(87,343)	64
Dividends paid to ordinary shareholders	31	-	16,749	-	-	(16,749)	-
Total transactions with owners		452,252	4,117	(364,845)	-	(104,092)	(12,568)
At 31 December 2020		1,338,596	(17,660)	137,686	7,734	4,044,762	5,511,118

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Company statement of changes in equity for the financial year ended 31 December 2019

	Note	Share capital (Note 24)	Treasury shares (Note 25)	Redeemable Convertible Cumulative Preference Shares (Note 24)	Other reserves (Note 27)	Retained earnings	Total equity
Company		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019							
At 1 January 2019		884,327	(11,925)	504,038	28,337	3,975,174	5,379,951
Comprehensive income							
Profit for the financial year		-	-	-	-	121,654	121,654
Other comprehensive loss		-	-	-	(570)	-	(570)
Total comprehensive (loss)/income		-	-	-	(570)	121,654	121,084
Transfer of loss on disposal of equity investment at fair value through other comprehensive income to retained earnings		-	-	-	249	(249)	-
Transactions with owners							
Share buy-back		-	(21,902)	-	-	-	(21,902)
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		2,017	-	(1,507)	-	(89)	421
Dividends paid to ordinary shareholders	31	-	12,050	-	-	(18,837)	(6,787)
Total transactions with owners		2,017	(9,852)	(1,507)	-	(18,926)	(28,268)
At 31 December 2020		886,344	(21,777)	502,531	28,016	4,077,653	5,472,767

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Statements of cash flows for the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Operating activities					
Cash receipts from customers		**1,211,114**	1,439,022	**12,905**	9,200
Cash paid to suppliers and employees		**(746,815)**	(769,772)	**(49,472)**	(35,275)
Cash flows from/(used in) operations		**464,299**	669,250	**(36,567)**	(26,075)
Dividends received		**-**	-	**175,733**	242,979
Interests received		**-**	-	**3,092**	1,962
Interests paid		**(160,908)**	(180,066)	**(41,966)**	(50,448)
Income taxes refunded		**1,067**	19,191	**-**	1,675
Income taxes paid		**(85,212)**	(122,563)	**(20,621)**	(25,850)
Net cash generated from operating activities		**219,246**	385,812	**79,671**	144,243
Investing activities					
Additional investment in:					
Associates and joint ventures	17	**(1,793)**	(1,835)	**-**	-
Financial assets at fair value through other comprehensive income	20	**-**	(912)	**-**	(912)
Additions in:					
Investment properties	14	**(147,557)**	(220,457)	**-**	-
Intangible assets	15	**-**	(684)	**-**	-
Proceeds from disposal of:					
Asset classified as held-for-sale		**-**	2,500	**-**	-
Financial assets at fair value through other comprehensive income	20	**-**	1,271	**-**	1,271
Subsidiaries		**2,600**	-	**2,600**	-
Proceeds from redemption of preference shares in joint ventures		**2,000**	-	**-**	-
Property, plant and equipment:					
Additions	12	**(97,089)**	(63,387)	**(1,291)**	(2,727)
Disposals		**825**	2,076	**-**	1
Advances to subsidiaries:					
Advances		**-**	-	**(141,317)**	(89,925)
Repayments		**-**	-	**139,550**	52,660
Repayments from associates and joint ventures		**18,210**	2,153	**-**	-
Advances to associates and joint ventures		**(4,231)**	(8,623)	**-**	-
Interest received		**20,802**	21,648	**-**	-
Dividends received from associates and joint ventures		**15,210**	4,069	**-**	-
Dividends received from financial assets at fair value through other comprehensive income		**11,108**	-	**-**	-
Deposits held with trustees		**(1,483)**	(5,438)	**-**	-
Proceeds from capital reduction of a subsidiary		**-**	-	**7,000**	-
Capital reduction of an associate		**876**	-	**-**	-

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Statements of cash flows
for the financial year ended 31 December 2020 (continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Investing activities (continued)					
Movement of fixed deposits with maturity of more than 3 months		**4,020**	3,314	**-**	-
Deposits with licensed bank		**-**	(76)	**-**	-
Net cash (used in)/generated from investing activities		**(176,502)**	(264,381)	**6,542**	(39,632)
Financing activities					
Dividends paid to:					
Non-controlling interests		**(140,814)**	(184,889)	**-**	-
Ordinary shareholders	31	**-**	(6,787)	**-**	(6,787)
Holders of RCPS and RCCPS	31	**(19,261)**	(29,517)	**(19,261)**	(29,517)
Purchase of treasury shares	25	**(12,632)**	(21,902)	**(12,632)**	(21,902)
Repayments of borrowings		**(142,371)**	(329,100)	**(24,800)**	(261,500)
Proceeds from borrowings		**330,557**	127,076	**168,000**	-
Repayments of lease		**(407)**	(406)	**-**	-
Settlement of redemption of redeemable preference shares		**(10,236)**	-	**-**	-
Issuance of new ordinary shares to non-controlling interests		**14,568**	2,500	**-**	-
Advances from subsidiaries:					
Advances		**-**	-	**106,150**	124,770
Repayments		**-**	-	**(198,030)**	(39,020)
Net cash generated from/(used in) financing activities		**19,404**	(443,025)	**19,427**	(233,956)
Net increase/(decrease) in cash and cash equivalents during the financial year		**62,148**	(321,594)	**105,640**	(129,345)
Currency translation differences		**951**	(1,756)	**(368)**	(2)
Cash and cash equivalents at 1 January		**678,284**	1,001,634	**70,704**	200,051
Cash and cash equivalents at 31 December	23	**741,383**	678,284	**175,976**	70,704

Non-cash transactions:

The principal non-cash transactions of the Group are as follows:

1. During the financial year, the capitalisation of amounts due from associates of RM28 million as a net investment in associates.
2. During the financial year, the capitalisation of amount due from a joint venture of RM62.8 million as a net investment in a joint venture.
3. Addition to property, plant and equipment which remain unpaid as at 31 December 2019 was RM22.7 million.
4. Addition to investment properties which remain unpaid as at 31 December 2020 is RM23 million (2019: RM67.6 million).
5. An Interim Single Tier dividend of 2.0 sen dividend-in-specie was paid on 30 September 2020 by distributing 6,626,737 of the Company's treasury shares for RM16.7 million.

The principal non-cash transaction of the Company is as follows:

1. Dividend from IGB REIT amounting to RM36 million (2019: RM38 million) remained outstanding as at financial year end.

Statements of cash flows
for the financial year ended 31 December 2020 (continued)

The reconciliation of liabilities arising from financing activities is as follows:

Group	Borrowings RM'000	Redeemable Convertible Cumulative Preference Share RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2020	**3,843,479**	**48,871**	**19,143**	**3,911,493**
Cash flows:				
Interest paid	**(160,865)**	**-**	**(43)**	**(160,908)**
Proceeds from borrowings	**330,557**	**-**	**-**	**330,557**
Repayments of borrowings	**(142,371)**	**-**	**-**	**(142,371)**
Repayments of lease	**-**	**-**	**(407)**	**(407)**
Dividend paid	**-**	**(19,261)**	**-**	**(19,261)**
Non-cash changes:				
Amortisation of transaction cost	**1,714**	**2,050**	**-**	**3,764**
Interest charged during the financial year	**160,767**	**-**	**43**	**160,810**
Conversion to ordinary shares	**-**	**(22)**	**-**	**(22)**
Translation differences	**(247)**	**-**	**-**	**(247)**
At 31 December 2020	**4,033,034**	**31,638**	**18,736**	**4,083,408**
At 1 January 2019	4,046,638	75,352	19,549	4,141,539
Cash flows:				
Interest paid	(180,022)	-	(44)	(180,066)
Proceeds from borrowings	127,076	-	-	127,076
Repayments of borrowings	(329,100)	-	-	(329,100)
Repayments of lease	-	-	(406)	(406)
Dividend paid	-	(29,517)	-	(29,517)
Non-cash changes:				
Amortisation of transaction cost	1,238	3,441	-	4,679
Interest charged during the financial year	178,235	-	44	178,279
Conversion to ordinary shares	-	(405)	-	(405)
Translation differences	(586)	-	-	(586)
At 31 December 2019	3,843,479	48,871	19,143	3,911,493

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Statements of cash flows
for the financial year ended 31 December 2020 (continued)

The reconciliation of liabilities arising from financing activities is as follows (continued):

Company	Borrowings RM'000	Redeemable Convertible Cumulative Preference Share RM'000	Amounts owing to subsidiaries RM'000	Total RM'000
At 1 January 2020	**988,878**	**48,871**	**92,440**	**1,130,189**
Cash flows:				
Interest paid	**(40,601)**	**-**	**(1,365)**	**(41,966)**
Proceeds from borrowings	**168,000**	**-**	**-**	**168,000**
Repayments of borrowings	**(24,800)**	**-**	**-**	**(24,800)**
Dividend paid	**-**	**(19,261)**	**-**	**(19,261)**
Advances from subsidiaries	**-**	**-**	**106,150**	**106,150**
Repayments of advances received from subsidiaries	**-**	**-**	**(198,030)**	**(198,030)**
Non-cash changes:				
Interest charged during the financial year	**39,515**	**-**	**1,365**	**40,880**
Amortisation of transaction cost	**-**	**2,050**	**-**	**2,050**
Payment on behalf by subsidiary	**-**	**-**	**(191)**	**(191)**
Conversion to ordinary shares	**-**	**(22)**	**-**	**(22)**
At 31 December 2020	**1,130,992**	**31,638**	**369**	**1,162,999**
At 1 January 2019	1,251,171	75,352	6,798	1,333,321
Cash flows:				
Interest paid	(48,964)	-	(1,484)	(50,448)
Proceeds from borrowings	-	-	-	-
Repayments of borrowings	(261,500)	-	-	(261,500)
Dividend paid	-	(29,517)	-	(29,517)
Advances from subsidiaries			124,770	124,770
Repayments of advances received from subsidiaries	-	-	(39,020)	(39,020)
Non-cash changes:				
Interest charged during the financial year	48,171	-	1,496	49,667
Amortisation of transaction cost	-	3,441	-	3,441
Management fee charges	-	-	6	6
Payment on behalf by subsidiary	-	-	(126)	(126)
Conversion to ordinary shares	-	(405)	-	(405)
At 31 December 2020	988,878	48,871	92,440	1,130,189

Notes to the Financial Statements for the financial year ended 31 December 2020

1 General Information

The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, provision of engineering services for water treatment plants and related services, education, investment holding and management of real estate investment trust. The principal activities of the Company during the financial year are those of investment holding and the provision of management services.

2 Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in dealing with items that are considered material in relation to the financial statements.

(a) Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Standards and amendments to standards and interpretation that are effective and are applicable to the Group and the Company

The Group and the Company have applied the following standards, amendments and improvements for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition Material'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'
- Amendments to MFRS 3 'Definition of a Business'

The adoption of new standards and amendments did not have any material impact on the financial statements of the Group and the Company in the year of initial application and are not likely to affect future periods.

(ii) A number of new standards, amendments and improvements to standards and interpretation are effective for financial years beginning after 1 January 2021. None of these is expected to have significant effect on the financial statements of the Group and the Company:

- Amendments to MFRS 16 'Covid-19-related rent concessions'
- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Annual improvements to MFRSs 2018 – 2020 Cycle
- Amendments to MFRS 137 'Onerous contracts-cost of fulfilling a contract'
- Amendments to MFRS 101 'Classification of liabilities as current or noncurrent'
- MFRS 17 'Insurance Contracts' and its amendments.
- Amendments to MFRS 108 'Definition of accounting estimates'
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of accounting policies'

2 **Summary of significant accounting policies (continued)**

(b) **Consolidation**

(i) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statements (see Note 2 (e)(i) on goodwill).

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in profit or loss.

2 **Summary of significant accounting policies (continued)**

(b) **Consolidation (continued)**

(i) **Subsidiaries (continued)**

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) **Disposal of subsidiaries**

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) **Joint arrangements**

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

2 Summary of significant accounting policies (continued)

(b) Consolidation (continued)

(iv) Joint arrangements (continued)

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of joint ventures' in the income statement.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the statement of comprehensive income where appropriate.

2 **Summary of significant accounting policies (continued)**

(b) **Consolidation (continued)**

(v) **Associates**

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in the statement of comprehensive income, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the statement of comprehensive income.

(vi) **Investments in subsidiaries**

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statement of comprehensive income

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2 Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see Note 2(p) on borrowings and borrowing costs).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the income statements during the financial years in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Buildings	25 to 50 years
Leasehold land	50 to 99 years
Plant and machinery	5 to 10 years
Furniture, fixtures, fittings and equipment	3 to 10 years
Motor vehicles	5 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

Leased assets (including leasehold land) are presented as a separate category of assets in the property, plant and equipment. See accounting policy Note 2(i) on right-of-use assets for these assets.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting period. The Group carries out assessment on residual values and useful lives of assets on an annual basis. There was no adjustment arising from the assessment performed in the financial year.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2(f) on impairment of non-financial assets).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in income statements.

2 Summary of significant accounting policies (continued)

(d) Investment properties

Investment properties, comprising principally land, development rights and buildings are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by the Group. Building fittings that are attached to the buildings are also classified as investment properties. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see Note 2(p) on borrowings and borrowing costs).

Investment property is measured initially at cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2(f) on impairment of non-financial assets).

Freehold land is not depreciated as it has an infinite life. Assets under construction and land held for future development, both held for long term rental yields or for capital appreciation or both, are depreciated when the assets are ready for their intended use. Investment properties are depreciated on the straight-line basis to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Right-of-use asset	10 to 99 years
Property investment – Retail	33 to 99 years
Property investment – Commercial	10 to 99 years

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Transfer of a property to, or from, investment property is only made when there is a change of use.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the profit and loss.

Right-of-use assets that meet the definition of investment property

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group.

2 **Summary of significant accounting policies (continued)**

(e) **Intangible assets**

(i) **Goodwill**

Goodwill or negative goodwill represents the excess or deficit of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in the statement of financial position as intangible assets whereas negative goodwill is recognised immediately in the statement of comprehensive income.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. Any impairment losses on goodwill is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment (see Note 2(f) on impairment of non-financial assets).

Goodwill on acquisition of jointly controlled entities and associates is included in investments in jointly controlled entities and investments in associates. Such goodwill is tested for impairment as part of the overall balance.

(ii) **Building software development cost**

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Research expenditure is recognised as an expense when incurred.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding 5 years.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable (see Note 2(f) on impairment of non-financial assets).

2 Summary of significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Licenses

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated losses. Amortisation is calculated using the straight-line method to allocate the cost of the acquired licenses over their estimated useful lives of 25 years.

(f) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment is charged to the statement of comprehensive income unless it reverses a previous revaluation, in which case it is charged to revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of comprehensive income. Reversals of impairment loss is recognised immediately in income statement and shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(g) Financial instruments

(i) Financial assets

<u>Classification</u>

The Group and the Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost.

<u>Recognition</u>

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

<u>Measurement</u>

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

2 Summary of significant accounting policies (continued)

(g) **Financial instruments (continued)**

(i) **Financial assets (continued)**

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassified debt investments when and only when its business model for managing those assets changes.

There are two measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/expenses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of comprehensive income and recognised in other operating income/expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income/expenses, and impairment expenses are presented as separate line item in the statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as revenue when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the income statement as applicable.

2 **Summary of significant accounting policies (continued)**

(g) **Financial instruments (continued)**

(i) **Financial assets (continued)**

<u>Subsequent measurement – Impairment</u>

Impairment for debt instruments and financial guarantee contracts

The Group and the Company assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's and Company's trade and other receivables, accrued billings, amounts due from related companies (subsidiaries, associates and joint ventures), contract assets, concession receivables and financial guarantee contracts are subject to the ECL model.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified ECL was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables, financial guarantee contracts issued, amount owing from subsidiaries, associates and joint ventures

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 3(b) sets out the measurement details of ECL.

(ii) Simplified approach for trade receivables, accrued billings, concession receivables and contract assets

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, accrued billings, contract assets and concession receivables.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

2 **Summary of significant accounting policies (continued)**

(g) **Financial instruments (continued)**

(i) **Financial assets (continued)**

Subsequent measurement – Impairment (continued)

The following indicators are incorporated:
- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:
The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:
- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL are measured on collective basis.

(i) Collective assessment

Trade receivables and contract assets arising from property development activities have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress for property development activities and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade receivables and accrued billings from other sources and concession receivables have been grouped based on shared credit risk characteristics and the days past due.

2 **Summary of significant accounting policies (continued)**

(g) **Financial instruments (continued)**

(i) **Financial assets (continued)**

Subsequent measurement – Impairment (continued)

Groupings of instruments for ECL are measured on collective basis (continued).

(ii) Individual assessment

Trade receivables and contracts assets which are in default or credit-impaired are assessed individually.

Amounts due from related companies are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored for each entity.

Write-off

(i) Trade receivables, accrued billings, concession receivables and contract assets.

Trade receivables, accrued billings, concession receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

(ii) Other receivables and amounts owing from subsidiaries, associates and joint ventures

The Group and the Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(ii) **Financial liabilities**

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial liabilities are recognised initially, they are measured at fair value, net, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2 Summary of significant accounting policies (continued)

(g) **Financial instruments (continued)**

(ii) **Financial liabilities (continued)**

The Group classifies its financial liabilities in the following categories: other financial liabilities and financial guarantee contracts. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(i) Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the other financial liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 “Financial instruments” and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 “Revenue from Contracts with Customers”, where appropriate.

(iii) **De-recognition**

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

(iv) **Financial instruments recognised in the statements of financial position**

The particular recognition method adopted for financial instruments recognised in the statements of financial position is disclosed in the individual accounting policy statements associated with each item.

(v) **Fair value estimation for disclosure purposes**

The fair value of publicly traded securities is based on quoted market prices at the reporting date.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The fair value of financial assets and financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for each type of the financial liabilities of the Group.

The fair values for financial assets (less any estimated credit adjustments) and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

2 Summary of significant accounting policies (continued)

(g) **Financial instruments (continued)**

(vi) **Offsetting financial instruments**

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

(h) **Service concession arrangement**

A portion of the Group's assets are within the framework of concession contracts granted by the government ("the grantor"). In order to fall within the scope of concession contract, a contract must satisfy the following two criterias:

- The grantor controls or regulates what services the operator must provide with the infrastructure assets, to whom it must provide them, and at what price; and
- The grantor controls the significant residual interest in the infrastructure assets at the end of the term of the arrangement.

Such infrastructure assets are not recognised by the Group as property, plant and equipment but as financial assets as described below.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction and operating services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2(g)(i).

The Group recognises revenue from construction and operation of infrastructure assets in accordance with its revenue recognition policy set out in Note 2(t).

(i) **Leases**

(a) **Accounting by lessee**

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

Contracts may contain both lease and non-lease components. Consideration in the contract is allocated to the lease and non-lease components based on their relative standalone prices.

Lease term

In determining the lease term, facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The lease is reassessed upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affect whether the Group are reasonably certain to exercise an option not previously included in the termination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in measurement of these liabilities.

2 Summary of significant accounting policies (continued)

(i) **Leases (continued)**

(a) **Accounting by lessee (continued)**

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain measurement of the lease liabilities.

The Group presents ROU assets within 'Property, plant and equipment' and 'Investment Properties' in the statement of financial position.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase and extension options if it is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

The Group presents lease liabilities within 'Payables and contract liabilities' in the statement of financial position. Interest expenses on the lease liability is presented within the finance cost in the income statement.

2 Summary of significant accounting policies (continued)

(i) **Leases (continued)**

(a) **Accounting by lessee (continued)**

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of twelve (12) months or less. Payments associated with short-term leases and low-value leases are recognised on a straight-line basis as an expense in the income statement.

(b) **Accounting by lessor**

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognise a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to impairment under MFRS 9 “Financial Instruments”. In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises the lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the Group’s statement of financial position based on the nature of the asset.

Rental income on operating leases is recognised over the term of the lease on a straight-line basis. Rental income includes base rent, percentage rent and other rent related income from tenants. Base rent is recognised on a straight-line basis over the lease term. Percentage rent is recognised based on sales reported by tenants. When the Group provides incentives to the tenants, the cost of incentives is capitalised as deferred lease incentive and is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Initial direct cost incurred by the Group in negotiating and arranging an operating lease is recognised as an asset and amortised over the lease term on the same basis as the rental income.

2 **Summary of significant accounting policies (continued)**

(i) **Leases (continued)**

(b) **Accounting by lessor (continued)**

Operating leases (continued)

The Group offers rental rebates, which are not required by the existing contractual terms contained in the original tenancy agreements and applicable laws and regulations, to tenants on a case by case basis. Depending on the circumstances of the rental rebates granted, the rebates are recognised by the Group in the following manner:

(a) rebates granted on lease payments in advance of them being due are accounted for as a lease modification, as the rebate has changed the total lease consideration. The rebate granted is treated as a new operating lease at the effective date of modification, where lease income based on revised total lease consideration is recognised in the income statement over the remaining lease term on a straight-line basis; and

(b) rebates granted on lease payments that are contractually past due are accounted for as partial extinguishment of lease payments as the Group's contractual rights to these lease receivables has been waived.

Rental income is shown net of incentives, rebates and discounts. The rebate is recognised in "Lease income" in the same period in which the reduction is contractually agreed, as disclosed in Note 6.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with MFRS 15 "Revenue from Contract with Customers".

(j) **Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction cost. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. (see Note 2(g)(i) on impairment of financial assets).

2 Summary of significant accounting policies (continued)

(k) Inventories

Cost is stated at the lower of historical cost and net realisable value.

(i) Completed properties

Cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

(ii) Hotel operating supplies

Cost is determined using the first-in, first-out method and comprises food and beverage, printing and stationeries and guestroom supplies.

(iii) Land held for property development

The cost of land held for property development is stated at the lower of cost and net realisable value. The cost of land held for property development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

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

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

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

2 **Summary of significant accounting policies (continued)**

(k) **Inventories (continued)**

(iv) **Property development costs**

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of The property development costs is subsequently recognised as an expense in the statement of comprehensive income when or as the control of the asset is transferred to the customer.

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's normal operating cycle, is classified as current asset.

(v) **Other inventories**

Cost is determined using the first-in, first-out method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

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

(l) **Cash and cash equivalents**

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.