

The logo for MRCB, consisting of the letters 'MRCB' in a bold, sans-serif font. The 'M' and 'C' are dark blue, the 'R' is red, and the 'B' is dark blue. The logo is centered within a white circular background.

**MRCB**

# SHAPING A BETTER WORLD

F I N A N C I A L   R E P O R T   2 0 2 2

# WHAT YOU WILL FIND IN THIS REPORT..



An artist's impression of The Symphony Centre in Auckland, New Zealand (GDV: NZD452 million)

## 2022 KEY FINANCIAL HIGHLIGHTS

GROUP  
REVENUE

**RM3.2**  
Billion

2021: RM1.4 billion

NET  
GEARING

**0.32**  
Times

2021: 0.28 times



## Cover Rationale

At MRCB, we truly believe that what we do today will bring positive change and create long-term, sustainable value for generations. This philosophy is clearly evident in our role of shaping green infrastructure and transforming urban spaces in Malaysia, creating a ripple effect that not only positively impacts our shareholders but also our customers, communities, and the nation's economy.

We believe that Shaping A Better World starts with us, and that changes, no matter how small, will lead to big differences.

## About This Report

The financial statements within this Financial Report were prepared in accordance with the International Financial Reporting Standards (IFRS), Malaysian Financial Reporting Standards (MFRS), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Companies Act 2016.

The Financial Report should also be read in conjunction with our Integrated Annual Report and Corporate Governance Report, which is available on the Group's website, [www.mrcb.com.my](http://www.mrcb.com.my).

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This report is supplemented by our full suite of online publications, which caters for the diverse needs of our broad stakeholder base as part of our comprehensive integrated reporting. These can be accessed at [mrcb.com.my](http://mrcb.com.my).



Scan QR code  
for more  
information

### PROFIT BEFORE TAX

**RM154**  
Million

2021: RM61 million

### SHAREHOLDERS' FUNDS

**RM4.5**  
Billion

2021: RM4.5 billion

### DIVIDEND PER SHARE

**1.00**  
Sen

2021: 1.00 sen

### NET ASSETS PER SHARE

**RM1.01**

2021: RM1.01

# CORPORATE INFORMATION

## DIRECTORS

**DATUK SERI AMIR HAMZAH AZIZAN**

Chairman

**TAN SRI MOHAMAD SALIM FATEH DIN**

Executive Vice Chairman

**MOHD IMRAN MOHAMAD SALIM**

Group Managing Director

**DATO' MOHAMAD NASIR AB LATIF****DATO' WAN KAMARUZAMAN WAN AHMAD****DATO' DR. JUNAIDAH KAMARRUDDIN****MOHAMAD HAFIZ KASSIM****LIM FEN NEE****COMPANY SECRETARY**

Mohd Noor Rahim Yahaya  
(MAICSA 0866820)  
(SSM PC No. 202008002339)

**BUSINESS ADDRESS**

Level 30, Menara Allianz Sentral  
No. 203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel: 03-2786 8080  
Fax: 03-2780 7668

**REGISTERED OFFICE**

Level 33A, Menara NU2  
No. 203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel: 03-2786 8080  
Fax: 03-2780 7668

**AUDITORS**

PricewaterhouseCoopers PLT

**SHARE REGISTRAR**

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7890 4700  
Fax: 03-7890 4670

**STOCK EXCHANGE LISTING**

Listed of Main Market of  
Bursa Malaysia Securities Berhad

**PRINCIPAL BANKERS**

CIMB Bank Berhad  
CIMB Islamic Bank Berhad  
HSBC Bank Malaysia Berhad  
Maybank Islamic Berhad  
RHB Islamic Bank Berhad

**DATE OF LISTING**

22 March 1971

# DIRECTORS' REPORT

The Directors are pleased to present their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Azlan Mohd Zainol	(Demised on 12 January 2023)
Datuk Seri Amir Hamzah Azizan (Chairman)	(Redesignated as Chairman on 19 January 2023)
Tan Sri Mohamad Salim Fateh Din (Executive Vice – Chairman)	
Mohd Imran Mohamad Salim (Group Managing Director)	
Dato' Mohamad Nasir Ab Latif	
Dato' Wan Kamaruzaman Wan Ahmad	
Dato' Dr. Junaidah Kamarruddin	
Mohamad Hafiz Kassim	
Lim Fen Nee	

By way of relief order dated 24 March 2023, granted by the Companies Commission of Malaysia, the names of directors of subsidiary companies as required under Section 253(2) of the Companies Act 2016 in Malaysia are not disclosed in this report. Their names are set out in the respective subsidiaries directors' report or financial statements and the said information is deemed incorporated herein by such reference and shall form part hereof.

In accordance with Articles 101 and 102 of the Company's Constitution, Mohd Imran Mohamad Salim, Dato' Wan Kamaruzaman Wan Ahmad and Dato' Dr Junaidah Kamarrudin retire from office at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-election.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in property development, property investment, engineering and construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, facilities management and parking services. Details of the subsidiaries are set out in Note 42 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year.

## DIRECTORS' REPORT

### FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before tax	154,335	57,830
Taxation	(100,789)	(6,171)
Profit for the financial year	53,546	51,659

Profit for the financial year attributable to:

Equity holders of the Company	64,848	51,659
Non-controlling interests	(11,302)	-
Profit for the financial year	53,546	51,659

### 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.

### SHARE CAPITAL AND DEBENTURES

There were no issuance of new ordinary shares or changes to the share capital and debentures of the Company during the financial year.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling 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.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or 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.

DIRECTORS'  
REPORT

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, particulars of the interests of the Directors who held office at the end of the financial year in shares, options and warrants over shares in the Company or its related corporations during the financial year were as follows:

## Company

	No. of ordinary shares			
	As at 1.1.2022	Acquired	Sold	As at 31.12.2022
<b>Direct</b>				
Tan Sri Azlan Mohd Zainol	240,000	-	-	240,000
Mohd Imran Mohamad Salim*	468,200	-	-	468,200
Tan Sri Mohamad Salim Fateh Din	1,388,800	-	-	1,388,800
Datuk Seri Amir Hamzah Azizan	667	-	-	667
Dato' Wan Kamaruzaman Wan Ahmad	286,875	-	-	286,875

## Indirect

Tan Sri Azlan Mohd Zainol**	60,000	-	-	60,000
Tan Sri Mohamad Salim Fateh Din***	691,624,394	-	-	691,624,394

## No. of warrants B over ordinary shares

<b>Direct</b>				
Tan Sri Azlan Mohd Zainol	24,000	-	-	24,000
<b>Indirect</b>				
Tan Sri Azlan Mohd Zainol**	6,000	-	-	6,000
Tan Sri Mohamad Salim Fateh Din***	71,309,149	-	-	71,309,149

\* Granted by virtue of Restricted Share Plan ("RSP")

\*\* Deemed interest by virtue of his shareholding in Edenvue Project Sdn. Bhd.

\*\*\* Deemed interest by virtue of his shareholding in Gapurna Sdn. Bhd.

The other Directors in office at the end of the financial year did not hold any interest in shares and warrants over shares or debentures of the Company and its related corporations during the financial year.

## DIRECTORS' REPORT

### DIVIDENDS

The Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2021 of 1.0 sen per ordinary share, amounting to RM44,675,000 on 20 May 2022.

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share, amounting to approximately RM44,675,095 at the date of this report. The payment will be made on 17 May 2023.

### DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries	<b>5,569</b>	4,096	<b>3,000</b>	1,880
Defined contribution plan	<b>672</b>	549	<b>360</b>	312
Directors' fees	<b>1,980</b>	2,074	<b>1,100</b>	912
Benefits in kind	<b>233</b>	141	<b>167</b>	79
Other employee benefits	<b>1,322</b>	1,065	<b>921</b>	825
	<b>9,776</b>	7,925	<b>5,548</b>	4,008

### LONG-TERM INCENTIVE PLAN

The Company established a Long-Term Incentive Plan ("LTIP or the Plan"), which was approved by the shareholders at the Extraordinary General Meeting held on 30 November 2016 and came into effect on 20 December 2017. An eligible executive or employee who accepts an offer under the Share Awards ("Grantee") shall pay a sum of RM1.00 as consideration for acceptance of that offer. Subject to the terms and conditions of the by-laws governing the LTIP, Grantees shall be entitled to receive new ordinary shares to be issued pursuant to a share award, on scheduled vesting dates without further payment, subject to meeting the vesting conditions as set out in their respective letters of offer for their share award, which comprise a performance target stipulated by the remuneration committee of the Company.

The LTIP shall be in force for a period of 10 years commencing from the date on which the scheme became effective and no share under a share award shall vest beyond the expiry of the duration of the scheme. The LTIP consists of two types of share awards namely, Restricted Share Plan and Performance Share Plan.

Details of the LTIP are contained in the by-laws and the salient features thereof are set out in Note 31 to the financial statements.



DIRECTORS'  
REPORT**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for loss allowance and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, 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 of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the provision for loss allowance inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report:

- (a) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) there are no contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.

No contingent or other liability of any company in the Group 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 or of the Company to meet their obligations when they fall due.

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 of the Group and of the Company misleading.

In the opinion of the Directors:

- (a) except as disclosed in Note 44 to the financial statements, the results of the operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) 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 or Company for the financial year in which this report is made.

## DIRECTORS' REPORT

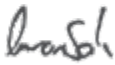
### AUDITORS' REMUNERATION

The auditors' remuneration of the Group and the Company for the financial year ended 31 December 2022 amounted to RM1,271,000 and RM195,000 respectively.

### AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 27 March 2023.



**MOHD IMRAN MOHAMAD SALIM**  
Group Managing Director



**DATO' WAN KAMARUZAMAN WAN AHMAD**  
Director

## STATEMENTS BY DIRECTORS

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

We, Mohd Imran Mohamad Salim and Dato' Wan Kamaruzaman Wan Ahmad, two of the Directors of Malaysian Resources Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 16 to 157 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In accordance with a resolution of the Board of Directors dated 27 March 2023.



**MOHD IMRAN MOHAMAD SALIM**

Group Managing Director



**DATO' WAN KAMARUZAMAN WAN AHMAD**

Director

## STATUTORY DECLARATION

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

I, Ann Wan Tee, the Officer primarily responsible for the financial management of Malaysian Resources Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 16 to 157 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.



**ANN WAN TEE**

MIA membership no. 19497

Subscribed and solemnly declared by the above named Ann Wan Tee in the state of Wilayah Persekutuan, Kuala Lumpur, Malaysia on 27 March 2023.

Before me,



COMMISSIONER FOR OATHS

No. 2-8, 2nd Floor Wisma Konwa  
No 40 & 42, Jalan Tun Perak  
(Lebu Ampang)  
50050 Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD  
(INCORPORATED IN MALAYSIA)  
REGISTRATION NO. 196801000388 (7994-D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Malaysian Resources Corporation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 157.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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.

### Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD  
(INCORPORATED IN MALAYSIA)  
REGISTRATION NO. 196801000388 (7994-D)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Key audit matters**

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

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue recognition - Property development and construction contracts - (Group: RM3,062,076,000; Company: RM178,770,000)</b> <b>Cost recognition - Property development and construction contracts - (Group: RM2,660,853,000; Company: RM177,014,000)</b></p> <p><i>Refer to Note 2.19(i)(a) - Summary of Significant Accounting Policies - Sales of Development Properties, Note 2.19(ii)(a) - Summary of Significant Accounting Policies - Construction Contracts, Note 3 - Critical accounting estimates and judgements, Note 6 - Revenue and Note 7 - Cost of sales.</i></p> <p>The Group and the Company recognise property development and construction contract revenue in the statements of comprehensive income using the input method. The input method is measured by reference to the proportion of actual costs incurred for work performed to date to estimated total costs for the project.</p> <p>Management has considered legislative protection, where applicable, to contractors and property developers from legal consequences arising from failure or inability to perform their contractual obligations and the Group's application of extension of time ("EOT") to employers and relevant authorities. Where appropriate, management has made provision for Liquidated Ascertained Damages ("LAD") based on best estimates and judgements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We tested operating effectiveness of key controls in respect of budgeting processes of total estimated property development and construction costs and the continuous review process of these budgets by management. In addition, we validated controls over the accounting processes of costs incurred for work performed to date.</li> <li>• We discussed with management and read management meeting minutes to understand the overall progress of the significant construction and property development projects.</li> <li>• We tested reasonableness of estimated total construction costs based on approved budgets to supporting documentation such as contracts, quotations and change order documentation with main contractors or sub-contractors. We also obtained appropriate evidence by seeking the Group's and the Company's expert opinions (including contract claim consultants and lawyers where applicable) to assess the reasonableness of estimates made by management on project costs on a sample basis, particularly around disputes or unresolved negotiations with employers and subcontractors.</li> <li>• We tested on a sample basis, costs incurred to date on significant projects to relevant documents such as sub-contractor claim certificates verified by the Group's and the Company's or the employers' internal quantity surveyor.</li> <li>• In respect of completed construction contracts, we tested estimates made by management on total construction costs and accruals for costs to complete through reading of executive committee meeting minutes, reading of correspondences with employers and sub-contractors, and obtaining audit evidence on employers or sub-contractor disputes from internal or external legal counsel. We obtained an understanding of the basis of accruals recognised by management on instances of significant uncertified value of costs submitted and level of accruals against these amounts.</li> </ul>

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD  
(INCORPORATED IN MALAYSIA)  
REGISTRATION NO. 196801000388 (7994-D)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Key audit matters (continued)**

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue recognition - Property development and construction contracts - (Group: RM3,062,076,000; Company: RM178,770,000)</b> <b>Cost recognition - Property development and construction contracts - (Group: RM2,660,853,000; Company: RM177,014,000) (continued)</b></p> <p>Property development and construction contracts accounting is inherently complex. We focus on this area because significant estimates and judgements are involved in the following areas:</p> <ul style="list-style-type: none"> <li>• Stage of completion</li> <li>• Extent of construction costs incurred to date</li> <li>• Estimation of total budgeted costs</li> <li>• Estimation of liquidated ascertained damages provision as a reduction of revenue</li> </ul>	<p>We performed the following audit procedures: (continued)</p> <ul style="list-style-type: none"> <li>• We tested on a sample basis, actual sales of development properties to signed sales and purchase agreements.</li> <li>• We agreed total construction contract project revenue on a sample basis to supporting documentation, such as construction contracts, approved variation orders and correspondences with employers.</li> <li>• In instances where projects have been delayed, we tested management's estimates of liquidated ascertained damages provision to supporting documentation such as construction contracts, correspondences with employers or claim consultants, extension of time approvals, work progress reports indicating reasons for delays and legal opinions where applicable.</li> <li>• On a sample basis, we checked mathematical calculation of the percentage of completion and we tested accuracy of percentage of revenue and costs recognised in the statements of comprehensive income. We also tested journal entries to ensure revenue and costs are recorded appropriately.</li> </ul> <p>Based on the procedures performed, we noted no material exception.</p>
<p><b>Impairment of trade and other receivables (including amounts due from subsidiaries) and contract assets - (Group: RM2,373,515,000; Company: RM2,820,276,000)</b></p> <p><i>Refer to Note 2.20 - Summary of Significant Accounting Policies - Impairment for debt instruments and financial guarantee contracts, Note 3(a) - Critical accounting estimates and judgements, Note 26 - Trade and other receivables and Note 28 - Contract assets and liabilities.</i></p> <p>During the financial year, the Group and the Company recorded impairment losses of RM4,862,000 and RM4,871,000 on trade and other receivables (including amounts due from subsidiaries) and contract assets.</p> <p>The Group and the Company assessed expected credit loss ("ECL") associated with trade receivables and contract assets using the simplified approach. The ECL associated with the other receivables and amounts due from subsidiaries was assessed using the general 3-stage approach.</p>	<p>In assessing the impairment of trade receivables and contract assets, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• For ECL measured under the collective approach, we checked that trade receivables have been grouped based on similar credit risk characteristics and age of receivables. We also checked that expected loss rates were developed based on the historical credit losses rate.</li> <li>• For ECL measured under the individual debtor assessment, we checked the expected timing and quantum of receipts of receivables and amounts due from subsidiaries by comparing it to historical payment trends of individual customers, and sighted to supporting documents such as correspondence with customers on contractual arrangements set out in contracts, variation orders, and opinions from legal advisors and claim consultants, where applicable.</li> <li>• We held discussions with management to understand the status of ongoing negotiations on the recovery of receivables and contract assets and corroborated key assumptions included in the ECL model, namely on the likelihood, quantum and timing of receipt of balances.</li> <li>• For significant outstanding balances from employers of the construction contracts, we verified management's assessment on the ability of employers to fulfil their contractual obligations and settle the outstanding balances.</li> </ul>

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD  
(INCORPORATED IN MALAYSIA)  
REGISTRATION NO. 196801000388 (7994-D)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Key audit matters (continued)**

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment of trade and other receivables (including amounts due from subsidiaries) and contract assets - (Group: RM2,373,515,000; Company: RM2,820,276,000) (continued)</b></p> <p>The Group and the Company assessed ECL for receivables based on two approaches, namely the collective assessment and individual debtor assessment. To measure expected credit losses under the collective approach, receivables have been grouped based on shared credit risk characteristics and number of days past due. The Group and the Company applied individual debtor assessment for receivables with different risk characteristics, where credit risk information of these debtors was obtained and monitored individually.</p> <p>The measurement of ECL incorporates expected loss rates, time value of money, probability weighted estimates and economic outlook.</p> <p>We focused on this area considering the material amounts involved and significant judgement required over estimates used in determining the ECL of receivables and contract asset balances.</p>	<p>Based on the procedures performed, we noted no material exception.</p>

**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 Directors' Report and contents in 2022 Annual Reports, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

**Responsibilities of the Directors for the financial statements**

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

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)

REGISTRATION NO. 196801000388 (7994-D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### 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:

- (a) 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.
- (b) 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 of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 on 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.
- (e) 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.
- (f) 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.

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



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD  
(INCORPORATED IN MALAYSIA)  
REGISTRATION NO. 196801000388 (7994-D)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 42 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.



**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants



**IRVIN GEORGE LUIS MENEZES**  
02932/06/2024 J  
Chartered Accountant

Kuala Lumpur  
27 March 2023

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	6	<b>3,205,061</b>	1,448,452	<b>384,682</b>	241,830
Cost of sales	7	<b>(2,759,108)</b>	(1,268,405)	<b>(178,349)</b>	(133,743)
Gross profit		<b>445,953</b>	180,047	<b>206,333</b>	108,087
Other income	8	<b>42,517</b>	162,763	<b>3,404</b>	6,147
Selling and distribution costs		<b>(30,711)</b>	(14,587)	<b>(955)</b>	(589)
Administrative expenses		<b>(167,370)</b>	(158,240)	<b>(81,628)</b>	(69,358)
Other operating expenses:					
- net provision for impairment:					
• receivables and amounts due from subsidiaries	9	<b>(1,026)</b>	(13,790)	<b>(1,835)</b>	(5,158)
• contract assets	9	<b>(3,836)</b>	-	<b>(3,036)</b>	-
• fair value loss on financial asset	9	<b>(93)</b>	-	<b>(93)</b>	-
• (impairment losses)/write back on investment in subsidiaries	9	-	-	<b>(2,571)</b>	3,381
- others		<b>(55,872)</b>	(47,554)	<b>(19,627)</b>	(21,414)
Finance income	8	<b>18,266</b>	10,035	<b>5,952</b>	1,357
Finance costs	12	<b>(99,057)</b>	(88,698)	<b>(48,114)</b>	(50,790)
Share of results of associates	20	<b>10,130</b>	17,199	-	-
Share of results of joint ventures	21	<b>(4,566)</b>	14,128	-	-
Profit/(loss) before income tax	9	<b>154,335</b>	61,303	<b>57,830</b>	(28,337)
Income tax expense	13	<b>(100,789)</b>	(54,585)	<b>(6,171)</b>	(1,359)
Profit/(loss) for the financial year		<b>53,546</b>	6,718	<b>51,659</b>	(29,696)

STATEMENTS OF  
COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) for the financial year		<b>53,546</b>	6,718	<b>51,659</b>	(29,696)
Other comprehensive loss for the financial year, net of tax:					
Items that may be reclassified subsequently to profit or loss					
- currency translation differences		<b>(82)</b>	(795)	-	-
		<b>(82)</b>	(795)	-	-
Total comprehensive income/(loss) for the financial year, net of tax		<b>53,464</b>	5,923	<b>51,659</b>	(29,696)
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company		<b>64,848</b>	15,834	<b>51,659</b>	(29,696)
Non-controlling interests	19	<b>(11,302)</b>	(9,116)	-	-
		<b>53,546</b>	6,718	<b>51,659</b>	(29,696)
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company		<b>64,766</b>	15,032	<b>51,659</b>	(29,696)
Non-controlling interests	19	<b>(11,302)</b>	(9,109)	-	-
		<b>53,464</b>	5,923	<b>51,659</b>	(29,696)
Earnings per share attributable to the ordinary equity holders of the Company during the financial year (sen)	14				
Basic		<b>1.45</b>	0.36		
Diluted		<b>1.45</b>	0.36		

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	699,151	704,207	2,384	1,828
Investment properties	16	1,534,900	1,478,255	-	-
Right-of-use assets	17	79,734	38,322	-	1,023
Inventories	18(a)	2,026,405	1,951,952	-	-
Subsidiaries	19	-	-	3,337,925	3,337,613
Associates	20	458,092	473,897	369,072	368,174
Joint ventures	21	282,560	287,126	60,990	60,990
Long term receivables	22	239,639	225,653	-	-
Lease receivables	23	-	1,637	-	-
Intangible assets	24	194,796	215,661	-	-
Deferred tax assets	25	85,240	97,293	234	18
Amounts due from subsidiaries	26	-	-	2,410,438	2,134,980
Amounts due from joint ventures	26	80,793	80,010	-	-
		<b>5,681,310</b>	5,554,013	<b>6,181,043</b>	5,904,626
<b>Current assets</b>					
Inventories	18(b) & (c)	785,196	857,676	9,606	4,622
Trade and other receivables	26	1,328,267	1,424,636	95,054	76,517
Amounts due from subsidiaries	26	-	-	43,281	227,555
Amounts due from associates and joint ventures	26	21,595	20,400	7,500	7,500
Contract assets	28	805,609	643,387	271,503	205,940
Lease receivables	23	136	1,257	-	-
Tax recoverable		12,260	22,723	-	2,627
Financial assets at fair value through profit or loss	29	60,627	102,659	60,627	102,659
Deposits, cash and bank balances	30	533,640	578,707	106,477	133,155
		<b>3,547,330</b>	3,651,445	<b>594,048</b>	760,575
<b>Total assets</b>		<b>9,228,640</b>	9,205,458	<b>6,775,091</b>	6,665,201

STATEMENTS OF  
FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>EQUITY</b>					
<b>Equity attributable to the equity holders of the Company</b>					
Share capital	31	<b>4,356,106</b>	4,356,106	<b>4,356,106</b>	4,356,106
Retained earnings		<b>182,964</b>	160,529	<b>61,425</b>	54,441
Other reserves		<b>(7,897)</b>	(3,958)	<b>(514)</b>	(514)
		<b>4,531,173</b>	4,512,677	<b>4,417,017</b>	4,410,033
Non-controlling interests	19	<b>5,539</b>	27,813	-	-
<b>Total equity</b>		<b>4,536,712</b>	4,540,490	<b>4,417,017</b>	4,410,033
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	25	<b>62,841</b>	73,703	-	-
Contract liabilities	28	<b>140,258</b>	140,258	-	-
Lease liabilities	17	<b>41,032</b>	31,001	-	-
Post-employment benefit obligations	33	<b>17,780</b>	17,406	<b>4,880</b>	4,595
Borrowings	34	<b>1,215,946</b>	1,453,625	<b>1,180,535</b>	1,424,451
Long term liabilities	35	<b>386,962</b>	366,789	-	-
Government grant	36	<b>128,928</b>	130,063	-	-
Provision for restoration costs	38	<b>890</b>	840	-	-
		<b>1,994,637</b>	2,213,685	<b>1,185,415</b>	1,429,046
<b>Current liabilities</b>					
Contract liabilities	28	<b>41,000</b>	128,518	<b>468</b>	1,443
Lease liabilities	17	<b>8,364</b>	9,099	-	1,098
Other liabilities and charges	32	<b>7,543</b>	38,863	-	-
Trade and other payables	37	<b>1,765,046</b>	1,772,535	<b>346,731</b>	370,501
Amounts due to subsidiaries	37	-	-	<b>220,042</b>	101,436
Current tax liabilities		<b>34,558</b>	23,533	<b>395</b>	-
Provision for restoration costs	38	-	163	-	-
Borrowings	34	<b>840,780</b>	478,572	<b>605,023</b>	351,644
		<b>2,697,291</b>	2,451,283	<b>1,172,659</b>	826,122
<b>Total liabilities</b>		<b>4,691,928</b>	4,664,968	<b>2,358,074</b>	2,255,168
<b>Total equity and liabilities</b>		<b>9,228,640</b>	9,205,458	<b>6,775,091</b>	6,665,201

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company				Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 31) RM'000	Other reserves (Note(a)) RM'000	Retained earnings RM'000	Total RM'000		
As at 1 January 2022	4,356,106	(3,958)	160,529	4,512,677	27,813	4,540,490
<b>Comprehensive income/(loss)</b>						
Profit/(loss) for the financial year	-	-	64,848	64,848	(11,302)	53,546
<b>Other comprehensive income/(loss)</b>						
- Currency translation differences	-	(82)	-	(82)	-	(82)
- Post employment benefit obligations	-	(3,857)	3,857	-	-	-
Total comprehensive (loss)/income	-	(3,939)	68,705	64,766	(11,302)	53,464
<b>Transactions with owners</b>						
Acquisition of additional equity interest in subsidiaries (Note 5 (ii))	-	-	(1,595)	(1,595)	1,595	-
Disposal of subsidiary (Note 5 (i))	-	-	-	-	(4,727)	(4,727)
Dividends paid for financial year ended						
- 31 December 2021 (Note 45)	-	-	(44,675)	(44,675)	(7,840)	(52,515)
Total transactions with owners	-	-	(46,270)	(46,270)	(10,972)	(57,242)
As at 31 December 2022	4,356,106	(7,897)	182,964	4,531,173	5,539	4,536,712

**CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company				Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 31) RM'000	Other reserves (Note(a)) RM'000	Retained earnings RM'000	Total RM'000		
As at 1 January 2021	4,331,702	5,211	213,721	4,550,634	10,112	4,560,746
<b>Comprehensive income/(loss)</b>						
Profit/(loss) for the financial year	-	-	15,834	15,834	(9,116)	6,718
<b>Other comprehensive income/(loss)</b>						
- Currency translation differences	-	(802)	-	(802)	7	(795)
- Post-employment benefits obligations	-	2	(2)	-	-	-
Total comprehensive (loss)/income	-	(800)	15,832	15,032	(9,109)	5,923
<b>Transactions with owners</b>						
Share-based payment transaction	-	(8,369)	996	(7,373)	-	(7,373)
Acquisition of additional equity interest in subsidiaries (Note 5 (v) & (vi))	-	-	(25,900)	(25,900)	25,900	-
Acquisition of subsidiaries (Note 5 (iv))	-	-	-	-	910	910
Issue of shares						
- Dividend reinvestment plan (Note 31)	24,404	-	-	24,404	-	24,404
Dividends paid for financial year ended						
- 31 December 2020 (Note 45)	-	-	(44,120)	(44,120)	-	(44,120)
Total transactions with owners	24,404	(8,369)	(69,024)	(52,989)	26,810	(26,179)
As at 31 December 2021	4,356,106	(3,958)	160,529	4,512,677	27,813	4,540,490

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**Note (a)****Other reserves**

	Other reserves RM'000	Currency translation differences RM'000	Share scheme reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
As at 1 January 2022	1,666	210	-	(5,834)	(3,958)
<b>Other comprehensive loss</b>					
- Currency translation differences	-	(82)	-	-	(82)
- Post-employment benefits obligations	-	-	-	(3,857)	(3,857)
Total other comprehensive loss	-	(82)	-	(3,857)	(3,939)
As at 31 December 2022	1,666	128	-	(9,691)	(7,897)
As at 1 January 2021	1,666	1,012	8,369	(5,836)	5,211
<b>Other comprehensive (loss)/income</b>					
- Currency translation differences	-	(802)	-	-	(802)
- Post-employment benefits obligations	-	-	-	2	2
Total other comprehensive (loss)/income	-	(802)	-	2	(800)
<b>Transactions with owners</b>					
Share-based payment transaction	-	-	(8,369)	-	(8,369)
Total transactions with owners	-	-	(8,369)	-	(8,369)
As at 31 December 2021	1,666	210	-	(5,834)	(3,958)



# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital (Note 31) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
As at 1 January 2022	4,356,106	(514)	54,441	4,410,033
<b>Comprehensive income</b>				
Profit for the financial year	-	-	51,659	51,659
Total comprehensive income	-	-	51,659	51,659
<b>Transactions with owners</b>				
Dividends paid for financial year ended				
- 31 December 2021 (Note 45)	-	-	(44,675)	(44,675)
Total transactions with owners	-	-	(44,675)	(44,675)
As at 31 December 2022	4,356,106	(514)	61,425	4,417,017
As at 1 January 2021	4,331,702	7,855	127,261	4,466,818
<b>Comprehensive loss</b>				
Loss for the financial year	-	-	(29,696)	(29,696)
Total comprehensive loss	-	-	(29,696)	(29,696)
<b>Transactions with owners</b>				
Share-based payment transaction	-	(8,369)	996	(7,373)
Issue of shares				
- Dividend reinvestment plan	24,404	-	-	24,404
Dividends paid for financial year ended				
- 31 December 2020 (Note 45)	-	-	(44,120)	(44,120)
Total transactions with owners	24,404	(8,369)	(43,124)	(27,089)
As at 31 December 2021	4,356,106	(514)	54,441	4,410,033

COMPANY STATEMENT  
OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**Note (b)**  
**Other reserves**

	Share scheme reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
As at 1 January 2022 / 31 December 2022	-	(514)	(514)
As at 1 January 2021	8,369	(514)	7,855
<b>Transactions with owners</b>			
Share-based payment transaction	(8,369)	-	(8,369)
Total transactions with owners	(8,369)	-	(8,369)
As at 31 December 2021	-	(514)	(514)

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>OPERATING ACTIVITIES</b>					
Profit/(loss) attributable to equity holders of the Company		<b>64,848</b>	15,834	<b>51,659</b>	(29,696)
Adjustments for:					
Taxation		<b>100,789</b>	54,585	<b>6,171</b>	1,359
Non-controlling interests		<b>(11,302)</b>	(9,116)	-	-
Share of results of					
- associates	20	<b>(10,130)</b>	(17,199)	-	-
- joint ventures	21	<b>4,566</b>	(14,128)	-	-
Dividend income	6	<b>(164)</b>	(36)	<b>(115,930)</b>	(23,156)
Finance income	8	<b>(18,266)</b>	(10,035)	<b>(5,952)</b>	(1,357)
Gain from lease modification		-	(271)	-	-
Reversal of provision for restoration cost	38	<b>(13)</b>	(243)	-	-
Loss on remeasurement of equity interest in a joint venture	5(iii)	-	9,848	-	-
Negative goodwill	5(iii)	-	(19,696)	-	-
Gain on acquisition of leasehold land	8	<b>(18,233)</b>	(123,767)	-	-
Share based payments	10	-	(4,413)	-	(379)
Finance costs	12	<b>99,057</b>	88,698	<b>48,114</b>	50,790
Impairment on/(write back of) investment in					
- subsidiaries	19	-	-	<b>2,571</b>	(3,381)
- associate		<b>255</b>	-	<b>255</b>	-
Impairment on:					
- contract assets		<b>3,836</b>	-	<b>3,036</b>	-
- goodwill		<b>2,514</b>	-	-	-
Fair value (gain)/loss of financial assets at fair value through profit or loss					
- unit trusts	9	<b>(2,061)</b>	(4,305)	<b>(2,061)</b>	(4,305)
- shares in corporations, quoted in Malaysia	9	<b>93</b>	(479)	<b>93</b>	(479)
Provision for receivables and amount due from subsidiaries	9	<b>1,026</b>	13,790	<b>1,835</b>	5,158
Property, plant and equipment					
- depreciation	15	<b>29,278</b>	21,523	<b>1,018</b>	885
- written off	15	-	6	-	-
- net (gain)/loss on disposal	9	<b>(171)</b>	40	-	-
Depreciation of investment properties	16	<b>12,385</b>	12,284	-	-
Right-of-use assets					
- depreciation	17	<b>12,145</b>	18,015	<b>1,023</b>	12,282
Termination of lease	23	<b>1,894</b>	-	-	-

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>OPERATING ACTIVITIES (CONTINUED)</b>					
Amortisation of intangible assets					
- order book	24	6,451	2,274	-	-
- patents	24	1,165	1,223	-	-
Order book written off	9	8,057	-	-	-
Amortisation of contract cost assets	27	22,618	9,305	-	-
Amortisation of government grant	36	(1,135)	(856)	-	-
(Reversal of provision)/provision for					
- liquidated ascertained damages	32	(31,320)	2,452	-	-
- post-employment benefits	33	1,777	2,310	346	377
Unrealised loss on currency translation differences		1,350	1,498	707	1,172
Realised gain on transactions with associates and jointly controlled entities		-	(79)	-	-
Loss on disposal of subsidiary		2,060	-	127	-
Operating profit/(loss) before changes in working capital		283,369	49,062	(6,988)	9,270
Changes in working capital:					
Inventories		19,619	(133,360)	-	-
Receivables		61,030	(230,235)	(20,454)	23,081
Contract assets		(166,058)	72,460	(68,599)	7,417
Amounts due from subsidiaries (net)		-	-	160,195	(40,894)
Amounts due from associates and joint ventures (net)		(1,978)	(1,669)	(119)	323
Payables		51,094	43,258	71,064	8,976
Provision for restoration costs		(150)	-	-	-
Contract liabilities		(84,797)	126,288	(975)	1,443
Net cash flow generated from/(used in) operations		162,129	(74,196)	134,124	9,616
Interest income received		13,597	8,848	7,988	5,450
Dividends received from					
- subsidiaries		-	-	52,992	-
- financial assets at fair value through profit or loss		164	36	164	36
Tax refunded		6,113	3,884	-	-
Tax paid		(84,456)	(46,033)	(3,365)	(4,886)
Finance cost paid		(90,447)	(81,970)	(77,562)	(47,928)
Other liabilities and charges paid	32	-	(182)	-	-
Retirement benefits paid	33	(1,403)	(3,444)	(61)	(1,757)
Net cash flow generated from/(used in) operating activities		5,697	(193,057)	114,280	(39,469)

STATEMENT OF  
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>INVESTING ACTIVITIES</b>					
Subscription of shares in subsidiary		-	-	(3,010)	-
Proceeds from disposal of property, plant and equipment		670	427	-	-
Purchase of property, plant and equipment	15	(24,721)	(14,713)	(1,574)	(824)
Purchase of investment properties		(50,730)	(28,875)	-	-
Proceeds from lease receivables	23	340	-	-	-
Upliftment of unit trusts		44,000	205,122	44,000	205,122
Dividends received from an associate		25,678	22,759	20,861	22,759
Repayment of advances by subsidiaries		-	-	109,340	86,724
Net cash inflow on (disposal)/acquisition					
- subsidiaries	5	(6,942)	127,560	-	-
Advances to subsidiaries		-	-	(208,879)	(835,812)
Advances to a joint venture		-	(3,600)	-	(3,600)
Net cash flow (used in)/generated from investing activities		(11,705)	308,680	(39,262)	(525,631)
<b>FINANCING ACTIVITIES</b>					
Issuance cost paid		(3,381)	-	(1,881)	-
Proceeds from term loans	34	577,719	436,973	85,000	-
Repayment of term loans	34	(453,785)	(1,241,379)	(77,000)	(94,150)
Net proceeds from Sukuk Murabahah	34	200,000	794,922	200,000	794,922
Repayment of Sukuk Murabahah	34	(200,000)	-	(200,000)	-
Repayment of interest for Sukuk Murabahah	34	(62,042)	(28,696)	(62,042)	(28,696)
Dividend paid to shareholders		(44,675)	(19,716)	(44,675)	(19,716)
Dividend paid to non-controlling interest		(7,840)	-	-	-
Lease payments - principal	17	(44,261)	(19,016)	(1,098)	(12,945)
Released/(pledged) of bank balances and fixed deposits as security for financing		30,802	10,281	20,788	(7,853)
Net cash flow (used in)/generated from financing activities		(7,463)	(66,631)	(80,908)	631,562
CHANGES IN CASH AND CASH EQUIVALENTS		(13,471)	48,992	(5,890)	66,462
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		479,863	431,287	93,712	27,250
FOREIGN CURRENCY TRANSLATION DIFFERENCE ON OPENING BALANCE		(794)	(416)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	465,598	479,863	87,822	93,712

STATEMENT OF  
CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>NON-CASH OPERATING ACTIVITIES</b>				
Acquisition of inventories via dividend in specie from a subsidiary	-	-	4,984	-
Dividend received via amounts due from subsidiaries	-	-	35,776	-
<b>NON-CASH INVESTING ACTIVITIES</b>				
Investment in associate via dividend in specie	1,153	-	1,153	-
Payment of interest expenses on behalf of subsidiaries	-	-	(33,346)	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in property development, property investment, engineering and construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, facilities management and parking services.

The principal activities of the subsidiaries, joint ventures and associates are described in Note 42 to the financial statements.

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

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

Level 33A, Menara NU 2  
No. 203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 27 March 2023.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 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 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 financial year. 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 judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 BASIS OF PREPARATION (CONTINUED)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

#### (a) Amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2022:

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

The amendments listed above did not have any impact on the amounts recognised in the prior and current periods and are not expected to significantly affect the future periods.

#### (b) Standards early adopted by the Group and the Company

There are no standards early adopted by the Group and the Company.

#### (c) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective and applicable to the Group and the Company for the financial year beginning after 1 January 2022 as set out below. None of these is expected to have a significant effect on the financial statements of the Group and of the Company in the year of initial application:

- Amendments to MFRS 108 'Definition of Accounting Estimates' (effective 1 January 2023)
- Disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2) (effective 1 January 2023)
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023)
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024)
- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2024)
- Amendments to MFRS 101 'Non-current liabilities with covenant' (effective 1 January 2024)

### 2.2 ECONOMIC ENTITIES IN THE GROUP

#### (a) 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 activity of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

#### (a) Subsidiaries (continued)

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Acquisition related costs are recognised as expenses when 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 the fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2.7 on intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the non-controlling interests' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling interests' share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiaries are attributable to the parent and the non-controlling interest, even if the attributable losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit and loss attributable to non-controlling interests for prior financial year is not restated.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. 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 statements of comprehensive income, statement of changes in equity and statements of financial position respectively.

#### **Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when the control is lost, with the change in carrying amount for the purpose 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 and liabilities. This may mean that the amount 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 disposed.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

##### (b) Transactions with non-controlling interests

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.

##### (c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate 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 profit or loss, 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 on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

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. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

When 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 or 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 the investments in associates are recognised in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

##### (d) Joint arrangements

Joint arrangements are arrangement of which the Group has joint control, establishment by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

A joint arrangement is classified as "joint operation" when the Group or the Company has rights to assets and obligations for the liabilities relating to the arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method.

Investments in joint ventures are stated at cost in the separate financial statements. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.17 to the financial statements.

Results and interests in joint venture are equity accounted in the venturer's financial statements of the Group.

Equity accounting involves recognising the venturer's share of the post-acquisition results of joint ventures in the profit or loss and its share of post- acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment losses).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturer. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those of 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 remeasured 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 or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 FOREIGN CURRENCIES

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses are presented in the statement of comprehensive income within other expenses.

The principal closing rates used in translation of foreign currency amounts were as follows:

	2022 RM	2021 RM
<b>Foreign currency</b>		
100 Thai Baht	12.67	12.43
1 Australian Dollar	2.98	3.03
1 United Kingdom Pound	5.29	5.63
1 Singapore Dollar	3.27	3.09
1 United State Dollar	4.39	4.17
1 Hong Kong Dollar	0.56	0.53
1 New Zealand Dollar	2.78	2.85

##### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statements of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 FOREIGN CURRENCIES (CONTINUED)

#### (c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 2.4 INVESTMENTS

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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.

### 2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Freehold land is not depreciated as it has an infinite life. Construction in progress is also not depreciated as these assets are not available for use. Cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company 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 charged to the profit or loss during the financial year in which they are incurred.

Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts to their residual values over their estimated useful lives summarised as follows:

Buildings	50 years
Plant and machinery	5 to 10 years
Furniture, fittings, office equipment and computers	3 to 20 years
Motor vehicles	3 to 5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.17 to the financial statements.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are credited or charged to other expenses in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.6 INVESTMENT PROPERTIES

Investment properties, comprising land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives. See accounting policy Note 2.17 to the financial statements on impairment of non-financial assets.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised from the statements of financial position. The difference between the net disposal proceeds and the carrying amount is credited or charged to the profit or loss in the financial year of the retirement or disposal.

Investment properties also include properties that are under construction for future use as investment properties. These investments are also carried at cost.

Leasehold land are amortised over the period of the respective leases ranging from 66 years to 99 years. Amortisation is computed on the straight line method to write off the cost of each asset over its estimated useful life. The principal annual depreciation rate for related building is 2% per annum.

#### 2.7 INTANGIBLE ASSETS

##### (a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity 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. See accounting policy Note 2.17 to the financial statements on impairment of non-financial assets.

##### (b) Order book - finite life

The order book with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated over the estimated construction period related to the relative order book values. Where an impairment indication exists, the carrying amount of the order book is assessed and written down immediately to its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 INTANGIBLE ASSETS (CONTINUED)

#### (c) Patents

Separately acquired patents are shown at historical cost. Patents 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 patents over their estimated useful lives of 10 years.

### 2.8 LEASES

#### (a) Accounting by lessee

Leases are recognised as right-of-use (“ROU”) assets and a corresponding liability at the date on which the leased assets are available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are lessees, it have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

#### Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. 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 Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

#### 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 asset’s useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset’s useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.8 LEASES (CONTINUED)

##### (a) Accounting by lessee (continued)

###### 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 by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company 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 and the Company, 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 profit or loss 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 profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statements of comprehensive income.

###### Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

The Group and the Company apply practical expedient to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

- i. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- ii. any reduction in lease payments affects only payments due on or before 30 June 2022; and
- iii. there is no substantive change to other terms and conditions of the lease.

The Group and the Company account for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impacts of rent concessions are presented within other income.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 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 12 months or less. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

#### (b) Accounting by lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make 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 and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

##### Finance leases

The Group and the Company classify 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 and the Company derecognise 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 investments is subject to MFRS 9 impairment (refer to Note 2.20 on impairment of financial assets). In addition, the Group and the Company review 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 and the Company revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

##### Operating leases

The Group and the Company classify 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 and the Company recognise 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 statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 INVENTORIES

##### (a) Land held for property development

Land held for property development consists of land or such portion thereof on which no significant development work has been undertaken or where development activities is not expected to be completed within the normal operating cycle. Such land and the related costs are classified as inventories in non-current asset and is stated at the lower of cost and 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 transferred to inventories - property development costs (under current assets) (Note 2.9(b)) when development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Borrowing costs are capitalised in accordance with Note 2.18 to the financial statements.

##### (b) Property development costs

Property development costs comprise costs associated with the acquisition of land or such portion thereof and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are transferred from land held for property development (Note 2.9(a)) when physical development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Property development costs are recognised when incurred.

When the outcome of the development activity can be estimated reliably and the sale of the development unit is effected (i.e. upon the signing of the individual sales and purchase agreements and satisfaction of respective performance obligations), property development revenue and costs are recognised as revenue and expenses respectively by reference to the stage of completion of development activity at the reporting date in accordance with MFRS 15 'Revenue from Contracts with Customers'. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs will exceed total property development revenue (including expected defect liability expenditure), the expected loss is recognised as an expense immediately.

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 INVENTORIES (CONTINUED)

##### (b) Property development costs (continued)

Borrowing costs are capitalised in accordance with Note 2.18 to the financial statements.

Where revenue recognised in the profit or loss exceed billings to purchasers, the balance is shown as contract assets (within current assets). Where billings to purchasers exceed revenue recognised in the profit or loss, the balance is shown as contract liabilities (within current liabilities).

##### (c) Unsold properties

Unsold properties are stated at the lower of cost and net realisable value.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and related allocation costs attributable to property development activities.

##### (d) Construction materials

Costs of construction materials is determined after deducting rebates and discounts valued using weighted average cost method.

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

#### 2.10 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and of the Company. 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 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 costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.20 on impairment of financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 EMPLOYEE BENEFITS

##### (a) Short term employee benefits

The Group and the Company recognise a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company.

##### (b) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices. These benefits plans are either defined contribution or defined benefit plans.

###### Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial years. A defined contribution plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation.

The Group's and the Company's contributions to defined contribution plan are charged to the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

###### Defined benefit plan

The Group and the Company provide for unfunded retirement benefits to eligible employees that have been in the service of the Group and the Company for a continuous period of at least ten (10) years.

This scheme is closed to new employees since 1 September 2002.

The Group determines the present value of the defined benefit obligation with sufficient regularity such that the liability recognised in the financial statements does not differ materially from the amount that would have been determined as at that date. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified independent actuary after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 31 December 2020.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 EMPLOYEE BENEFITS (CONTINUED)

##### (b) Post-employment benefits (continued)

###### Defined benefit plan (continued)

The current service cost recognised in the profit or loss is calculated based on the present value of the benefits accruing over the financial year following the valuation date with reference to the number of eligible employees and projected final salaries.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

##### (c) Share-based compensation

The Group and the Company operate an equity-settled, share-based long term incentive plan ("LTIP" or "the Plan") following the expiry of the Employee Share Option Scheme ("ESOS"), which comprises the compensation plan for the eligible employees of the Group and eligible executive directors of the Company. The LTIP comprises of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The fair value of the employee services received in exchange for the RSP and PSP is recognised as an employee cost in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value, which is measured at grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Group and the Company revise its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

#### 2.12 PROVISIONS

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Group provides for estimated liability on projects still under progress at the reporting date. This provision is calculated based on contract agreements/past histories.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.13 PAYABLES

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Payables are initially recognised at fair value net of transaction costs incurred, which include transfer taxes and duties. Payables is subsequently measured at amortised cost using the effective interest method.

#### 2.14 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, short term, 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 and bank overdrafts and exclude the designated bank balances of which have been charged as security for borrowings.

Bank overdrafts are presented within borrowings in current liabilities on the statements of financial position.

#### 2.15 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.16 INCOME TAX

The income tax expense or credit for the financial year is the tax payable on the current financial year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group and the Company operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.17 IMPAIRMENT OF NON-FINANCIAL ASSETS

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 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 level for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

#### 2.18 BORROWING COSTS

Interest incurred on general and specific borrowings to finance the construction of property, plant and equipment and investment properties is capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the assets for its intended use or sale. Interests relating to property development activities and construction contracts are accounted for in a similar manner. All other borrowings costs are expensed on an effective interest rate method.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.19 REVENUE RECOGNITION

##### Revenue from contracts with customers

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

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

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

Performance obligations by segment are as follows:

##### i. Property development & investment

Property revenue consists of sales of development properties, sales of services and revenue from hotel operation.

##### (a) Sale of development properties

Contracts with customers may include multiple promises to customers 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.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement net of expected liquidated ascertained damages ("LAD") payment, based on the expected value method.

The transaction price is adjusted for the effects of time value of money if the timing of payments provides the customer or the Group and the Company with a significant benefit of financing the transfer of goods or services to the customer. For contracts with advance payment from customer at the beginning of the contract prior to the transfer of developed properties which will take more than one year to complete, a contract liability will be recognised when the advance payment is received, and the contract liability balance is accreted over the contract period to reflect the effects of financing received from the customer, with a corresponding interest expense recognised in statements of comprehensive income. For contracts with deferred payment scheme, the Group and the Company adjust the promised consideration for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and the Company and its customer at contract inception. The significant financing component is recognised as finance income in statements of comprehensive income over the credit period using the effective interest rate applicable at the inception date.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 REVENUE RECOGNITION (CONTINUED)

#### Revenue from contracts with customers (continued)

#### i. Property development & investment (continued)

##### (a) Sale of development properties (continued)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company, and the Group and the Company have an enforceable right to payment for performance completed to date.

The promised properties are specifically identified by its lot and unit number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date. The Group and the Company are entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the input method, which is based on the level the proportion that the property development costs incurred to date bear to the estimated total costs for the property development.

The Group and the Company recognise sales at a point in time for the sale of land and sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the assets sold.

When the Group and the Company are not able to determine the probability that the Group and the Company will collect the consideration to which the Group and the Company will be entitled to in exchange of development properties, the Group and the Company will defer the recognition of revenue from the sales of the development properties. Consideration received from the customer is recognised as contract liability.

##### (b) Sale of services

The Group and the Company provide maintenance services for some of the development properties. The Group and Company also provide other services, including facilities management services, general administration management services, building consultancy management services, financial management services, leasing and tenant acquisition services, lessee and tenant monitoring services, facility management technical advisory services, financial modelling (feasibility study) services, project management and consultancy services, and sales and marketing consultancy services. The Group and the Company recognise revenue from sales of services upon performance of the services.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.19 REVENUE RECOGNITION (CONTINUED)

##### Revenue from contracts with customers (continued)

##### i. Property development & investment (continued)

##### (c) Revenue from hotel operations

Hotel revenue represents income derived from room rentals, sales of food and beverage and other hotel related income. Room rental income is accrued on a daily basis on customer-occupied rooms. Sale of food and beverage are recognised upon delivery to customers. Hotel revenue is recognised net of sales tax and discounts.

##### (d) Management services

Revenue from property management fee is recognised upon performance of services.

##### ii. Engineering, construction & environment

Engineering, construction & environment revenue consists of services provided for construction contracts and project management services.

##### (a) Construction contracts

The Group and the Company provide various construction contract services, including design and build commercial building, commission of transmission lines and substations, and rehabilitation and improvement of beaches and rivers.

Construction contracts with customers may include multiple promises to customers 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.

The revenue from construction contracts is measured at the fixed transaction price agreed net of expected liquidated ascertained damages ("LAD") payment, based on the expected value method.

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time as the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group and the Company recognise revenue over time using the input method, which is based on the level the proportion that the construction costs incurred to date bear to the estimated total costs for the construction contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as recoverables, prepayments or other assets, depending on their nature.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 REVENUE RECOGNITION (CONTINUED)

#### Revenue from contracts with customers (continued)

#### ii. Engineering, construction & environment (continued)

##### (a) Construction contracts (continued)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as contract assets. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as contract liabilities.

##### (b) Management services

Revenue from project management fee is recognised upon performance of services.

#### iii. Facilities management & parking

Facilities management & parking revenue consists of rental income for parking spaces, provision of management services and security guard services.

The Group and the Company recognise revenue from sales of management services and security guard services upon performance of services.

#### iv. Others

Revenue from others segment consists of sales of construction materials, management services to subsidiaries and revenue from other sources.

##### (a) Sales of construction materials

The Group and the Company recognise sales of construction materials at a point in time, when the control of the construction materials has been transferred to the customers, being when the construction materials have been delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the construction materials sold.

##### (b) Management services

The Company provides management services to its subsidiaries. The Company recognises revenue from sales of management services upon performance of services.

##### (c) Patents

Patents revenue is recognised on a straight-line basis over the tenure of the license agreement.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.19 REVENUE RECOGNITION (CONTINUED)

##### Revenue from other sources

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

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

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent related income is recognised in the accounting period in which the services have been rendered. Refer to Note 2.8(b) on the accounting policy of lessor.

#### 2.20 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

##### Financial assets

##### Classification

The Group and the Company classify their financial assets in the following measurement 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.

The Group and the Company reclassify debt investments when and only when their business model for managing those assets changes.

##### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

##### Measurement

At initial recognition, the Group and the Company measure 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").

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial assets (continued)

##### Debt instruments

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

##### (a) 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 expenses together with foreign exchange gains and losses. Impairment losses are presented in other operating expenses in the statements of profit or loss.

##### (b) 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 profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating 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 expenses and impairment expenses are presented in other operating expenses in the statements of profit or loss.

##### (c) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented within other income or other operating expenses in the period which it arises.

##### Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have 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 profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating expenses or other income in the statements of profit or loss as applicable.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial assets (continued)

#### Impairment for debt instruments and financial guarantee contracts

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

The Group and the Company have the following financial instruments that are subject to the ECL model:

- Trade receivables;
- Other receivables;
- Amounts due from subsidiaries;
- Amounts due from joint ventures / associates;
- Contract assets;
- Financial guarantee contracts issued; and
- Cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss 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 expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

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.

#### (a) General 3-stage approach for other receivables, amounts due from subsidiaries, amounts due from joint ventures/ associates and financial guarantee contracts issued

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months 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 26 sets out the measurement details of ECL.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial assets (continued)

#### Impairment for debt instruments and financial guarantee contracts (continued)

##### (b) Simplified approach for trade receivables, lease receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, lease receivables and contract assets.

Note 26 sets out the measurement details of ECL.

#### Significant increase in credit risk

The Group and the Company consider 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 and the Company compare 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. The following indicators are incorporated:

- 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; and
- 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.

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 and the Company define 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 and the Company define a financial instrument as default, when the counterparty fails to make contractual payment 90 days after the payment term.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.20 FINANCIAL INSTRUMENTS (CONTINUED)

##### Financial assets (continued)

##### Definition of default and credit-impaired financial assets (continued)

##### Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider 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 reorganization; and
- the debtor is insolvent.

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

##### Assessment for ECL

##### (a) Collective assessment

To measure ECL, trade receivables, lease receivables and contract assets arising from property development & investment, facilities management & parking businesses have been grouped based on shared credit risk characteristics by specific projects and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

##### (b) Individual assessment

Trade receivables and contract assets arising from engineering, construction & environment and sales of construction materials businesses have been assessed individually.

In addition, all trade receivables and contract assets which are in default or credit-impaired are assessed individually.

Loans to subsidiaries in the Company's separate financial statements are assessed on an individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

##### Write-off

##### (a) Trade receivables and contract assets

Trade 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 the Company, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial assets (continued)

#### Write-off (continued)

##### (b) Other receivables

The Group and the Company write 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. Subsequent recoveries of amounts previously written off will result in impairment gains.

### 2.21 SEGMENT REPORTING

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

Segment reporting is presented for enhanced assessment of the Group's and of the Company's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

### 2.22 SHARE CAPITAL

#### (a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the contractual arrangement. See accounting policy Note 2.23 on borrowings.

#### (b) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted against equity.

#### (c) Dividend distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.22 SHARE CAPITAL (CONTINUED)

##### (d) Warrants reserve

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to share capital upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Issuance of free warrants is not recognised in the financial statements, except for the warrants issued in a business combination in which case the warrants are fair valued as part of the purchase consideration.

##### (e) Earnings per share

###### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

###### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### 2.23 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

When borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 FAIR VALUE MEASUREMENTS

The Group adopted MFRS 13 “Fair Value Measurement” which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into accounts 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 assets in its highest and best use.

#### 2.25 GOVERNMENT GRANT

Grant from the Government is recognised at its fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grant relating to the acquisition of assets is classified as non-current and is amortised to the profit or loss over the expected lives of the related assets, on a basis which is consistent with the depreciation of the related assets.

#### 2.26 LOAN TO SUBSIDIARIES

Loans to subsidiaries are recognised initially at fair value. If there is any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Loans to subsidiaries are subsequently measured at amortised cost using the effective interest method. The provision for impairment is established using expected credit loss approach as disclosed in Note 2.20.

#### 2.27 CONTRACT COST ASSETS

The Group and the Company recognise incremental costs of obtaining a contract with a customer as contract cost assets if the Group and the Company expect to recover those costs. The incremental costs of obtaining a contract are those costs that the Group and the Company would not have incurred if the contract had not been obtained, including sales commission, agent fees in concluding sales and stamp duty incurred for project management contract agreements.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates to.

The Group and the Company recognise an impairment loss in statements of comprehensive income to the extent that the carrying amount of contract cost asset exceeds:

- (a) the remaining amount of consideration that the Group and the Company expect to receive in exchange for the goods or services to which the asset relates; less
- (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Group and the Company recognise in statements of comprehensive income a reversal of impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the contract cost asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.28 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

The Group and the Company assess a contract asset for impairment at each reporting period and the loss allowance is measured at an amount equal to lifetime expected credit losses for the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers other deferred income where the Group and the Company have billed or have collected the payment before the goods are delivered or services are provided to the customers.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessarily equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

**(a) Expected credit loss ("ECL") on trade and other receivables, contract assets and amounts due from subsidiaries**

The Group and the Company assessed the expected credit loss associated with the debt instruments carried at amortised costs. The impairment methodology applied depends on whether there has been a significant increase in credit risk and the expected recovery plan. Refer to Note 26 and Note 28 for details of impairment of trade and other receivables, contract assets and amounts due from subsidiaries.

**(b) Revenue from contracts with customers from property development activities and construction contracts activities**

The Group and the Company recognise revenue from contracts with customers from property development activities and construction contract activities in the profit or loss by using the input method. Revenue is recognised over time using percentage of work done which is based on actual costs certified by quantity surveyors as a percentage of total budgeted costs.

Significant judgement is required in determining the stage of completion, the extent of the property development and construction costs incurred and the estimated total property development and construction costs, the potential liquidated ascertained damages ("LAD") payment, as well as the recoverability of the contracts. The potential LAD is estimated subsequent to considering estimated completion date of respective projects and requirement of laws and regulations.

Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group and the Company evaluate the claims and stage of the project based on its industry knowledge, past experience and work of specialist.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (c) Goodwill

The Group tests at least annually whether goodwill have suffered any impairment, in accordance with the accounting policy stated in Note 2.7 and Note 2.17. The recoverable amounts of the cash generating units have been determined based on value-in-used and/or fair value less cost to sell calculations as appropriate. These calculations require the use of estimates. Refer to Note 24 for the details of the impairment testing of goodwill.

#### (d) Impairment of property, plant and equipment, investment properties, right-of-use assets and investment in associates and investment in joint ventures

The Group tests impairment of property, plant and equipment, investment properties, right-of-use assets and investment in associates and investment in joint ventures for impairment if there is any indicators of impairment. The determination of the recoverable amount involves significant judgement over the future performance of these assets or entities, which may differ materially from the actual results.

### 4 FINANCIAL RISK MANAGEMENT

(a) The Group's activities expose it to a variety of financial risks, including interest rate risk, foreign currency risk, liquidity risk, credit risk and capital risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Group does not trade in financial instruments.

#### (i) Interest rate risk

Interest rate risks arise mainly from the Group's and the Company's short-term deposits and borrowings. The Group's and the Company's short-term deposits are placed at prevailing interest rates.

Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk. The Group manages this risk through the use of fixed and floating rate debt.

The Group's and the Company's outstanding borrowings as at the year end at variable rates on which hedges have not been entered into, are denominated in RM. If the annual interest rates of these borrowings increase/decrease by 1% respectively (2021: 1%) with all other variables being held constant, the result after tax or equity of the Group and the Company will be lower/higher by RM6,458,000 (2021: RM5,249,000) and RM3,746,000 (2021: RM3,683,000), respectively, as a result of higher/lower interest expense on these borrowings.

#### (ii) Foreign currency risk

The Group and the Company are not exposed to significant foreign currency risk.

#### (iii) Liquidity risk

The Group manages its liquidity risk by maintaining sufficient levels of cash or cash convertible investments and available credit facilities to meet its working capital requirements. Where necessary, the Group and the Company will draw down additional borrowing facilities or defer the repayment of intercompany balances to meet the working capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) (iii) Liquidity risk (continued)

The table below analyses the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>The Group</b>				
<b>As at 31.12.2022</b>				
Trade and other payables	1,720,046	-	-	1,720,046
Borrowings	875,295	846,009	607,930	2,329,234
Lease liabilities	10,857	28,717	34,463	74,037
Long term liabilities	45,000	105,000	450,000	600,000
	<b>2,651,198</b>	<b>979,726</b>	<b>1,092,393</b>	<b>4,723,317</b>
<b>As at 31.12.2021</b>				
Trade and other payables	1,729,881	-	-	1,729,881
Borrowings	553,505	895,722	847,427	2,296,654
Lease liabilities	11,159	30,082	6,031	47,272
Long term liabilities	45,000	105,000	450,000	600,000
	<b>2,339,545</b>	<b>1,030,804</b>	<b>1,303,458</b>	<b>4,673,807</b>
<b>The Company</b>				
<b>As at 31.12.2022</b>				
Trade and other payables	346,731	-	-	346,731
Amounts due to subsidiaries	220,042	-	-	220,042
Borrowings	666,080	815,110	606,095	2,087,285
Financial guarantee contract	235,873	23,704	11,824	271,401
	<b>1,468,726</b>	<b>838,814</b>	<b>617,919</b>	<b>2,925,459</b>
<b>As at 31.12.2021</b>				
Trade and other payables	370,501	-	-	370,501
Amounts due to subsidiaries	101,436	-	-	101,436
Borrowings	421,638	869,420	841,740	2,132,798
Lease liabilities	1,158	-	-	1,158
Financial guarantee contract	163,856	-	-	163,856
	<b>1,058,589</b>	<b>869,420</b>	<b>841,740</b>	<b>2,769,749</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) (iv) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. The Group seeks to invest cash assets safely and profitably. Credit risks are minimised given the Group's policy of selecting only counterparties with high creditworthiness.

Other than the credit risk as disclosed in Note 26(i)(c), the Group has no significant concentration of credit risk, notwithstanding that all of its deposits are placed with financial institutions in Malaysia. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

#### Measurement of ECL

##### Trade receivables, lease receivables and contract assets using simplified approach

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have not identified any forward-looking assumptions to be the most relevant factors, and accordingly have not adjusted the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

##### Other receivables, amounts due from subsidiaries and amounts due from joint ventures/associates using general 3-stage approach

The Group and the Company use three categories for the above which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 months ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") - the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") - the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") - the outstanding amount that is exposed to default risk.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) (iv) Credit risk (continued)

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowance was identified based on 12 months ECL. The Group is exposed to credit risk of financial guarantee contracts amounting to RM271,401,000 (2021 : RM163,856,000)

#### (v) Capital risk

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

As part of its capital management plan, the Group and the Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder or sell assets to reduce debt.

Management monitors capital based on the Group's gearing ratio. The gearing ratio is calculated as total debt divided by total equity. Total debts is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position).

The gearing ratios as at 31 December 2022 and 31 December 2021 were as follows:

	Group	
	2022 RM'000	2021 RM'000
Total debt	2,056,726	1,932,197
Total equity	4,536,712	4,540,490
Total capital	6,593,438	6,472,687
Gearing ratio	0.45	0.43



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Fair values

##### Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value at 31 December 2022 and 31 December 2021.

	Group and Company	
	2022 RM'000	2021 RM'000
<b>Assets</b>		
<b>Level 1</b>		
Financial assets at fair value through profit or loss	60,627	102,659

The fair value of financial instruments traded in active markets are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of the financial assets and liabilities approximate their fair values of these financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 5 DISPOSAL, ACQUISITION OF SUBSIDIARIES AND ACQUISITION OF ADDITIONAL EQUITY INTEREST IN SUBSIDIARIES

#### Financial year ended 31 December 2022

##### (i) Prema Bonanza Sdn Bhd

On 14 September 2022, the Company entered into a share purchase agreement with Stone Haus Sdn. Bhd. (“SHSB”) to dispose 127,500 ordinary shares, representing 51% shares held in Prema Bonanza Sdn. Bhd. (“Prema”) for a purchase consideration of RM1.

The effects of the above disposal to the financial position of the Group as at the date of disposal were as follows:

	As at 14.09.2022 RM'000
Purchase consideration for 51%	0
Less: net assets disposed	
Property, plant and equipment	0
Inventories	2,414
Trade receivables	2,729
Other receivables	173
Tax recoverable	226
Deposits, cash and bank balances	6,942
Trade and other payables	(2,656)
Contract liabilities	(2,721)
Amount due to ultimate holding company	(20)
Non-controlling interest at 49%	(4,727)
<b>Total net assets disposed</b>	<b>2,360</b>
Realisation of unrealised profit	(300)
<b>Loss on disposal before tax</b>	<b>2,060</b>
Realisation of deferred tax on unrealised profit	70
<b>Loss on disposal</b>	<b>2,130</b>
 Net cash flow represented by the following:	
Purchase consideration for 51%	0
Less:	
Cash and cash equivalents of the subsidiary disposed	(6,942)
<b>Net cash outflow from disposal</b>	<b>(6,942)</b>

\* RM0 represents value less than RM1,000

NOTES TO THE  
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**5 DISPOSAL, ACQUISITION OF SUBSIDIARIES AND ACQUISITION OF ADDITIONAL EQUITY INTEREST IN SUBSIDIARIES (CONTINUED)**

**Financial year ended 31 December 2022 (continued)**

**(ii) MRCB Innovations Sdn Bhd**

On 24 January 2022, the Group acquired the remaining 30% equity interest in MRCB Innovations Sdn. Bhd. ("MISB") from Merame Pte. Ltd. for a consideration of RM1. Upon completion of the transfer, MISB became a wholly owned subsidiary of the Group.

The above acquisition has resulted in the transfer of non-controlling interests amounting to RM1,595,000 to retained earnings.

**Financial year ended 31 December 2021**

**(iii) Setia Utama LRT 3 Sdn Bhd**

On 13 October 2021, the Company, via its wholly-owned subsidiary, MRCB Builders Sdn. Bhd. ("MBSB"), acquired the remaining 50% of the equity interest in Setia Utama LRT 3 Sdn. Bhd. (formerly known as MRCB George Kent Sdn. Bhd.) ("SULSB") for a total cash consideration of RM53.0 million. With the completion of the acquisition, SULSB became an indirect wholly-owned subsidiary of the Company.

In accordance with the requirements of MFRS 3 "Business Combinations", a re-measurement loss of RM9,848,000 was recognised on the Company's existing 50% equity interest in SULSB in the Group's Statement of Comprehensive Income.

The effects of the acquisition to the financial position of the Group as at the date of acquisition are as follows:

	<b>As at 13.10.2021 RM'000</b>
Property, plant and equipment (Note 15)	27,910
Right-of-use assets (Note 17)	8,540
Deferred tax assets (Note 25)	745
Trade and other receivables	611,250
Contract assets	50,466
Amounts due from shareholders	193
Tax recoverable	5,038
Deposits, cash and bank balances	174,167
Trade and other payables	(742,782)
Lease liabilities (Note 17)	(8,602)
Provision for restoration costs (Note 38)	(1,229)
<b>Total net assets acquired</b>	<b>125,696</b>
Negative goodwill on consolidation	(19,696)
Fair value of 100% equity interest	106,000
Less: Fair value of 50% existing equity interest at date of acquisition	(53,000)
<b>Purchase consideration</b>	<b>53,000</b>
Less:	
Cash and cash equivalents of the subsidiary acquired	(174,167)
<b>Net cash inflow on acquisition</b>	<b>(121,167)</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 5 DISPOSAL, ACQUISITION OF SUBSIDIARIES AND ACQUISITION OF ADDITIONAL EQUITY INTEREST IN SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2021 (continued)

#### (iii) Setia Utama LRT 3 Sdn Bhd (continued)

The effects of the above acquisition to the financial results of the Group from the date of acquisition are as follows:

	2021 RM'000
Revenue	604,570
Cost of sales	(588,173)
Gross profit	16,397
Other income	956
Administrative expenses	(4,355)
Finance income	972
Finance costs	(6,398)
Profit before income tax	7,572
Income tax expense	(7,147)
Net profit attributable to shareholders	425

Had SULSB been consolidated from 1 January 2021, the consolidated statement of comprehensive income would show a pro-forma revenue of RM2,389,309,000 and profit after taxation of RM37,787,000.

#### (iv) ZM Property Management Sdn Bhd

On 17 May 2021, the Group, via its wholly-owned subsidiary, MRCB Land Sdn. Bhd. ("MRCBL"), entered into a Shareholder's Agreement ("SHA") with Noraini Binti Jaafar Sidek ("NBJS") on its associate company, ZM Property Management Sdn. Bhd. ("ZMPM") (formerly known as Compass PM (Sentral) Sdn. Bhd.).

The salient terms of the SHA provided MRCBL with control over ZMPM. Consequently, ZMPM became a subsidiary of the Group.

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**5 DISPOSAL, ACQUISITION OF SUBSIDIARIES AND ACQUISITION OF ADDITIONAL EQUITY INTEREST IN SUBSIDIARIES (CONTINUED)**

**Financial year ended 31 December 2021 (continued)**

**(iv) ZM Property Management Sdn Bhd (continued)**

The effects of the above acquisition to the financial position of the Group as at the date of acquisition are as follows:

	<b>As at 17.5.2021 RM'000</b>
Trade and other receivables	8,257
Deposits, cash and bank balances	6,393
Trade and other payables	(11,508)
Current tax liabilities	(61)
Amounts due to related companies	(1,297)
<b>Total net assets acquired</b>	<b>1,784</b>
Less: Non-controlling interest at 51%	(910)
Fair value of 49% equity interest	874
Less: Fair value of 49% existing equity interest at date of acquisition	(874)
Purchase consideration	-
Less:	
Cash and cash equivalent of the subsidiary acquired	(6,393)
<b>Net cash inflow on acquisition</b>	<b>(6,393)</b>

The effects of the above acquisition to the financial results of the Group from the date of acquisition are as follows:

	<b>2021 RM'000</b>
Revenue	968
Cost of sales	(281)
Gross profit	687
Administrative expenses	(237)
Other operating expenses	(91)
Profit before income tax	359
Income tax expense	(134)
<b>Net profit attributable to shareholders</b>	<b>225</b>

Had ZMPM been consolidated from 1 January 2021, the consolidated statements of comprehensive income would show a pro-forma revenue of RM1,357,000 and profit after taxation of RM298,000.

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### 5 DISPOSAL, ACQUISITION OF SUBSIDIARIES AND ACQUISITION OF ADDITIONAL EQUITY INTEREST IN SUBSIDIARIES (CONTINUED)

#### Financial year ended 31 December 2021 (continued)

##### (v) Metro Spectacular Sdn Bhd

On 18 May 2021, the Group, via its wholly-owned subsidiary, MRCBL, completed the acquisition of the remaining 49% of the equity interest in Metro Spectacular Sdn. Bhd. ("MSSB") with a nominal consideration of RM1 by exercising the put option in accordance with its shareholders agreement dated 3 December 2015. Consequently, MSSB became a wholly-owned subsidiary of MRCBL.

The above acquisition has resulted in the transfer of deficit non-controlling interests amounting to RM27,046,000 to retained earnings.

##### (vi) Seri Iskandar Development Corporation Sdn. Bhd.

On 29 June 2021, the Group, via its wholly-owned subsidiary, Malaysian Resources Development Sdn. Bhd. ("MRD"), acquired the remaining 30% equity interest in Seri Iskandar Development Corporation Sdn. Bhd. ("SIDEK") for a consideration of RM100. Consequently, SIDEK became a wholly-owned subsidiary of MRD.

The above acquisition has resulted in the transfer of non-controlling interests amounting to RM1,146,000 to retained earnings.

### 6 REVENUE

Revenue comprises the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue from contracts with customers</b>				
Sale of development properties	<b>838,840</b>	420,297	-	-
Construction contracts	<b>2,223,236</b>	891,287	<b>178,770</b>	120,938
Sale of services	<b>70,978</b>	56,203	-	-
Hotel operations	<b>10,067</b>	3,841	-	-
Sale of construction materials	<b>387</b>	1,332	-	-
Management services	<b>12,606</b>	12,662	<b>85,527</b>	80,184
	<b>3,156,114</b>	1,385,622	<b>264,297</b>	201,122
<b>Revenue from other sources</b>				
Rental income	<b>48,783</b>	62,794	<b>4,455</b>	17,552
Dividend income (gross)	<b>164</b>	36	<b>115,930</b>	23,156
	<b>3,205,061</b>	1,448,452	<b>384,682</b>	241,830

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## 6 REVENUE (CONTINUED)

Disaggregation of the Group's revenue:

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
<b>2022</b>					
<b>Contracts with customers</b>					
Sale of development properties	838,840	-	-	-	838,840
Construction contracts	-	2,223,236	-	-	2,223,236
Sale of services	15,901	69	45,566	9,442	70,978
Hotel operation	10,067	-	-	-	10,067
Sale of construction materials	-	-	-	387	387
Management services	2,308	10,298	-	-	12,606
	<b>867,116</b>	<b>2,233,603</b>	<b>45,566</b>	<b>9,829</b>	<b>3,156,114</b>
<b>Timing of revenue recognition</b>					
At point in time	313,406	-	-	387	313,793
Over time	553,710	2,233,603	45,566	9,442	2,842,321
	<b>867,116</b>	<b>2,233,603</b>	<b>45,566</b>	<b>9,829</b>	<b>3,156,114</b>
<b>Other sources</b>					
Rental income	47,529	-	843	411	48,783
Dividend income	-	-	-	164	164
	<b>914,645</b>	<b>2,233,603</b>	<b>46,409</b>	<b>10,404</b>	<b>3,205,061</b>
<b>2021</b>					
<b>Contracts with customers</b>					
Sale of development properties	420,297	-	-	-	420,297
Construction contracts	-	891,287	-	-	891,287
Sale of services	11,428	578	33,796	10,401	56,203
Hotel operation	3,841	-	-	-	3,841
Sale of construction materials	-	-	-	1,332	1,332
Management services	967	11,695	-	-	12,662
	<b>436,533</b>	<b>903,560</b>	<b>33,796</b>	<b>11,733</b>	<b>1,385,622</b>
<b>Timing of revenue recognition</b>					
At point in time	116,048	-	-	1,332	117,380
Over time	320,485	903,560	33,796	10,401	1,268,242
	<b>436,533</b>	<b>903,560</b>	<b>33,796</b>	<b>11,733</b>	<b>1,385,622</b>
<b>Other sources</b>					
Rental income	61,559	-	824	411	62,794
Dividend income	-	-	-	36	36
	<b>498,092</b>	<b>903,560</b>	<b>34,620</b>	<b>12,180</b>	<b>1,448,452</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 6 REVENUE (CONTINUED)

Disaggregation of the Company's revenue:

	Company	
	2022 RM'000	2021 RM'000
<b>Contracts with customers</b>		
Construction contracts	178,770	120,938
Management services	85,527	80,184
	<b>264,297</b>	201,122
<b>Timing of revenue recognition</b>		
Over time	264,297	201,122
<b>Other sources</b>		
Rental income	4,455	17,552
Dividend income	115,930	23,156
	<b>384,682</b>	241,830

### 7 COST OF SALES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sale of development properties	564,767	313,119	-	-
Construction contracts	2,096,086	867,861	177,014	121,322
Sale of services	50,925	34,162	-	-
Hotel operations	6,040	4,627	-	-
Sale of construction materials	-	123	-	-
Rental	41,290	48,513	1,335	12,421
	<b>2,759,108</b>	1,268,405	<b>178,349</b>	133,743



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**8 OTHER INCOME AND FINANCE INCOME**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Building maintenance services	5,722	12,627	-	-
Rental income from land and buildings	3,512	1,749	524	645
Forfeiture of security deposits	-	3	-	-
Fair value changes of financial assets at fair value through profit or loss	2,061	4,784	2,061	4,784
Gain on acquisition of leasehold land	18,233	123,767	-	-
Negative goodwill, net of loss on remeasurement of a joint venture (Note 5(iii))	-	9,848	-	-
Others	12,989	9,985	819	718
	<b>42,517</b>	162,763	<b>3,404</b>	6,147
Finance income from				
- fixed deposits	12,355	3,118	5,952	1,357
- advances granted to:				
- a jointly controlled entity	5,352	5,335	-	-
- late payment charges	292	537	-	-
- lease receivable	37	65	-	-
- others	230	980	-	-
	<b>18,266</b>	10,035	<b>5,952</b>	1,357

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 9 PROFIT/(LOSS) BEFORE INCOME TAX

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before income tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audit	1,271	1,158	195	180
- other services				
- audit related	45	32	16	8
- non audit related	264	469	42	192
Staff costs (including remuneration of Executive Directors) (Note 10)	215,031	173,266	69,936	56,822
Investment properties (Note 16)				
- depreciation	12,385	12,284	-	-
Property, plant and equipment (Note 15)				
- depreciation	29,278	21,523	1,018	885
- written off	-	6	-	-
- net (gain)/loss on disposal	(171)	40	-	-
Right-of-use assets (Note 17)				
- depreciation	12,145	18,015	1,023	12,282
Amortisation of:				
- order book (Note 24)	6,451	2,274	-	-
- patents (Note 24)	1,165	1,223	-	-
- contract cost asset (Note 27)	22,618	9,305	-	-
- government grant (Note 36)	(1,135)	(856)	-	-
Order book written off (Note 24)	8,057	-	-	-
Provision for impairment/(write back) on investment in				
- subsidiaries (Note 19)	-	-	2,571	(3,381)
- associate (Note 20)	255	-	255	-
Provision for impairment on receivables and amount due from subsidiaries	1,026	13,790	1,835	5,158
Provision for impairment on:				
- contract assets	3,836	-	3,036	-
- goodwill	2,514	-	-	-
Fair value loss/(gain) of financial assets at fair value through profit or loss				
- unit trusts	(2,061)	(4,305)	(2,061)	(4,305)
- shares in corporations, quoted in Malaysia	93	(479)	93	(479)
Low value and short term rental of:				
- premises	8,125	6,472	5,739	4,982
- motor vehicles	96	63	16	9
- office equipment	777	472	173	154

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31 DECEMBER 2022

**9 PROFIT/(LOSS) BEFORE INCOME TAX (CONTINUED)**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before income tax is arrived at after charging/(crediting): (continued)				
(Reversal)/Bad debts written off	-	-	(11)	2
Loss on remeasurement of a joint venture	-	9,848	-	-
Termination of lease (Note 23)	1,894	-	-	-
Reversal of provision for restoration cost (Note 38)	(13)	(243)	-	-
Realised loss on foreign exchange	112	359	-	-
Unrealised loss on foreign exchange	1,350	1,498	707	1,172
Legal and professional fees	34,029	28,313	6,482	8,419
Loss on disposal of subsidiary	2,060	-	127	-

**10 STAFF COSTS**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries and bonus	176,772	138,797	55,819	43,935
Defined contribution plan	18,118	17,756	6,295	6,230
Defined benefit plan (Note 33)	1,777	2,310	346	377
Share based payment	-	(4,413)	-	(379)
Termination benefits	-	193	-	21
Other employee benefits	18,364	18,623	7,476	6,638
	215,031	173,266	69,936	56,822

# NOTES TO THE FINANCIAL STATEMENTS

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## 11 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

### Non-executive Directors

Datuk Seri Amir Hamzah Azizan (Chairman)  
Dato' Mohamad Nasir Ab. Latif  
Dato' Wan Kamaruzaman Wan Ahmad  
Dato' Dr. Junaidah Kamarruddin  
Mohamad Hafiz Kassim  
Lim Fen Nee

### Executive Director

Tan Sri Mohamad Salim Fateh Din (Executive Vice – Chairman)  
Mohd Imran Bin Mohamad Salim (Group Managing Director)

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-executive Directors</b>				
<b>The Company</b>				
Directors' fees	1,100	912	1,100	912
Other emoluments	640	664	640	664
	<b>1,740</b>	1,576	<b>1,740</b>	1,576
<b>The subsidiaries</b>				
Directors' fees	880	1,162	-	-
Other emoluments	15	-	-	-
	<b>2,635</b>	2,738	<b>1,740</b>	1,576
<b>Executive Directors</b>				
<b>The Company</b>				
Salaries	3,000	1,880	3,000	1,880
Defined contribution plan	360	312	360	312
Other employee benefits	281	161	281	161
	<b>3,641</b>	2,353	<b>3,641</b>	2,353
<b>The subsidiaries</b>				
Salaries	2,569	2,216	-	-
Defined contribution plan	312	237	-	-
Other employee benefits	386	240	-	-
Share based payments	-	-	-	-
	<b>6,908</b>	5,046	<b>3,641</b>	2,353
	<b>9,543</b>	7,784	<b>5,381</b>	3,929

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## 11 DIRECTORS' REMUNERATION (CONTINUED)

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year were as follows: (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Benefits-in-kind</b>				
<b>The Company</b>				
Non-executive Directors	34	27	34	27
Executive Directors	133	52	133	52
	<b>167</b>	79	<b>167</b>	79
<b>The subsidiaries</b>				
Non-executive Directors	16	35	-	-
Executive Directors	50	27	-	-
	<b>233</b>	141	<b>167</b>	79

Included in the analysis above is remuneration for Directors of the Company and its subsidiaries in accordance with the requirement of the Companies Act 2016. Expenses incurred on the indemnity given or insurance effected for any Director and the officer of the Company and its subsidiaries during the financial year amounted to RM121,370 (2021: RM108,140).

## 12 FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Term loans	30,255	43,141	15,779	13,501
Sukuk Murabahah (Note 34(a))	64,338	35,494	30,992	35,494
Lease liabilities (Note 17)	1,754	3,006	60	772
Provision for restoration costs (Note 38)	50	17	-	-
Amortisation of loan issuance costs (Note 34)	1,680	2,188	1,048	923
Arrangement fees for borrowings	265	4,139	235	100
Others	715	713	-	-
	<b>99,057</b>	88,698	<b>48,114</b>	50,790

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**13 INCOME TAX EXPENSE****(a) Tax charged for the financial year**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>In Malaysia</b>				
Current tax	<b>92,123</b>	50,507	<b>6,153</b>	4,194
Real property gains tax	<b>16</b>	-	-	-
Under/(over) provision in prior financial years	<b>3,919</b>	2,543	<b>234</b>	(2,994)
	<b>96,058</b>	53,050	<b>6,387</b>	1,200
Deferred tax (Note 25)	<b>(4,046)</b>	966	<b>(216)</b>	159
	<b>92,012</b>	54,016	<b>6,171</b>	1,359
<b>Foreign</b>				
Current tax	<b>2,891</b>	30	-	-
Under/(over) provision in prior financial years	<b>656</b>	(38)	-	-
	<b>3,547</b>	(8)	-	-
Deferred tax (Note 25)	<b>5,230</b>	577	-	-
	<b>8,777</b>	569	-	-
Income tax expense	<b>100,789</b>	54,585	<b>6,171</b>	1,359
Current tax:				
- income tax	<b>95,014</b>	50,537	<b>6,153</b>	4,194
- real property gains tax	<b>16</b>	-	-	-
Under/(over) provision in prior financial years	<b>4,575</b>	2,505	<b>234</b>	(2,994)
	<b>99,605</b>	53,042	<b>6,387</b>	1,200
Deferred tax:				
Origination net of reversal of temporary differences (Note 25)	<b>1,184</b>	1,543	<b>(216)</b>	159
Income tax expense	<b>100,789</b>	54,585	<b>6,171</b>	1,359

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### 13 INCOME TAX EXPENSE (CONTINUED)

(b) Numerical reconciliation of taxation and the product of accounting profit/(loss) multiplied by the Malaysia tax rate

The explanation of the relationship between income tax expense and profit/(loss) before income tax is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before income tax (excluding share of results of associates and joint ventures)	148,771	29,976	57,830	(28,337)
Tax calculated at the Malaysian tax rate of 24% (2021: 24%)	35,705	7,194	13,879	(6,801)
Tax effects of:				
- Income not subject to tax	(1,171)	(5,036)	(23,400)	(1,644)
- Expenses not deductible for tax purposes	31,577	33,386	13,922	12,708
- Deductible temporary differences and tax losses not recognised	25,357	11,279	1,536	90
- Income subject to different tax rate	(165)	310	-	-
- Taxable dividend from associate	4,911	4,947	-	-
- Under/(over) provision of tax in prior financial years	4,575	2,505	234	(2,994)
Income tax expense	100,789	54,585	6,171	1,359

### 14 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	2021
Profit for the financial year attributable to the equity holders of the Company (RM'000)	64,848	15,834
Weighted average number of ordinary shares in issue ('000)	4,467,510	4,446,540
Basic earnings per share (sen)	1.45	0.36

## NOTES TO THE FINANCIAL STATEMENTS

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### 14 EARNINGS PER SHARE (CONTINUED)

#### (b) Diluted earnings per share

	Group	
	2022	2021
Profit for the financial year attributable to the equity holders of the Company (RM'000)	64,848	15,834
Weighted average number of ordinary shares in issue ('000)	4,467,510	4,446,540
Adjusted weighted average number of ordinary shares in issue ('000)	4,467,510	4,446,540
Diluted earnings per share (sen)	1.45	0.36

Warrants B was not included in the calculation for the financial year because the fair value of the issued ordinary shares as at 31 December 2022 was lower than warrant B's exercise price. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

### 15 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
<b>2022</b>						
<b>Cost</b>						
As at 1 January 2022	519,449	115,790	75,509	12,356	151,625	874,729
Additions	152	3	4,414	27	20,125	24,721
Disposals	(509)	-	(853)	(862)	-	(2,224)
Transfer	-	18,571	-	-	(18,571)	-
As at 31 December 2022	519,092	134,364	79,070	11,521	153,179	897,226
<b>Accumulated depreciation</b>						
As at 1 January 2022	57,883	35,026	66,451	11,162	-	170,522
Charge for the financial year	6,929	17,467	4,307	575	-	29,278
Disposals	(230)	-	(798)	(697)	-	(1,725)
As at 31 December 2022	64,582	52,493	69,960	11,040	-	198,075



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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
<b>2021</b>						
<b>Cost</b>						
As at 1 January 2021	519,336	86,579	73,787	12,739	141,332	833,773
Additions	126	235	1,291	37	13,024	14,713
Acquisition of a subsidiary (Note 5(iii))	-	27,187	723	-	-	27,910
Disposals	-	(942)	(291)	(420)	-	(1,653)
Written off	(8)	-	-	-	-	(8)
Reclassification	-	2,731	-	-	(2,731)	-
Exchange differences	(5)	-	(1)	-	-	(6)
As at 31 December 2021	519,449	115,790	75,509	12,356	151,625	874,729
<b>Accumulated depreciation</b>						
As at 1 January 2021	50,318	27,478	62,188	10,208	-	150,192
Charge for the financial year	7,571	8,105	4,473	1,374	-	21,523
Disposals	-	(557)	(209)	(420)	-	(1,186)
Written off	(2)	-	-	-	-	(2)
Exchange differences	(4)	-	(1)	-	-	(5)
As at 31 December 2021	57,883	35,026	66,451	11,162	-	170,522
<b>Net book value</b>						
As at 31 December 2022	<b>454,510</b>	<b>81,871</b>	<b>9,110</b>	<b>481</b>	<b>153,179</b>	<b>699,151</b>
As at 31 December 2021	461,566	80,764	9,058	1,194	151,625	704,207

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the freehold land and buildings of the Group are as follows:

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>2022</b>			
<b>Cost</b>			
As at 1 January 2022	205,420	314,029	519,449
Additions	-	152	152
Disposals	-	(509)	(509)
As at 31 December 2022	205,420	313,672	519,092
<b>Accumulated depreciation</b>			
As at 1 January 2022	-	57,883	57,883
Charge for the financial year	-	6,929	6,929
Disposals	-	(230)	(230)
As at 31 December 2022	-	64,582	64,582
<b>2021</b>			
<b>Cost</b>			
As at 1 January 2021	205,420	313,916	519,336
Additions	-	126	126
Written off	-	(8)	(8)
Exchange differences	-	(5)	(5)
As at 31 December 2021	205,420	314,029	519,449
<b>Accumulated depreciation</b>			
As at 1 January 2021	-	50,318	50,318
Charge for the financial year	-	7,571	7,571
Written off	-	(2)	(2)
Exchange differences	-	(4)	(4)
As at 31 December 2021	-	57,883	57,883
<b>Net book value</b>			
As at 31 December 2022	205,420	249,090	454,510
As at 31 December 2021	205,420	256,146	461,566

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
<b>2022</b>			
<b>Cost</b>			
As at 1 January 2022	10,191	172	10,363
Additions	1,574	-	1,574
As at 31 December 2022	11,765	172	11,937
<b>Accumulated depreciation</b>			
As at 1 January 2022	8,363	172	8,535
Charge for the financial year	1,018	-	1,018
As at 31 December 2022	9,381	172	9,553
<b>2021</b>			
<b>Cost</b>			
As at 1 January 2021	9,367	172	9,539
Additions	824	-	824
As at 31 December 2021	10,191	172	10,363
<b>Accumulated depreciation</b>			
As at 1 January 2021	7,478	172	7,650
Charge for the financial year	885	-	885
As at 31 December 2021	8,363	172	8,535
<b>Net book value</b>			
As at 31 December 2022	2,384	-	2,384
As at 31 December 2021	1,828	-	1,828

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## 16 INVESTMENT PROPERTIES

Group	Land & building RM'000	Construction in progress RM'000	Total RM'000
<b>2022</b>			
<b>Cost</b>			
As at 1 January 2022	1,385,352	256,960	1,642,312
Additions	56,626	12,404	69,030
As at 31 December 2022	1,441,978	269,364	1,711,342
<b>Accumulated depreciation</b>			
As at 1 January 2022	120,218	-	120,218
Charge for the financial year	12,385	-	12,385
As at 31 December 2022	132,603	-	132,603
<b>Accumulated impairment loss</b>			
As at 1 January 2022/31 December 2022	43,839	-	43,839
<b>2021</b>			
<b>Cost</b>			
As at 1 January 2021	1,348,857	248,255	1,597,112
Additions	16,245	28,955	45,200
Reclassification	20,250	(20,250)	-
As at 31 December 2021	1,385,352	256,960	1,642,312
<b>Accumulated depreciation</b>			
As at 1 January 2021	107,934	-	107,934
Charge for the financial year	12,284	-	12,284
As at 31 December 2021	120,218	-	120,218
<b>Accumulated impairment loss</b>			
As at 1 January 2021/31 December 2021	43,839	-	43,839
<b>Net book value</b>			
As at 31 December 2022	1,265,536	269,364	1,534,900
As at 31 December 2021	1,221,295	256,960	1,478,255

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## 16 INVESTMENT PROPERTIES (CONTINUED)

The investment properties of the Group with net book value of RM373,865,000 (2021: RM381,512,000) have been charged as security for term loan facilities of the Group and of the Company (Note 34).

Borrowings costs of RM17,138,000 (2021: RM16,245,000) for the Group has been capitalised in the investment properties during the financial year, by applying an interest capitalisation rate of 5.50% (2021: 3.68%) per annum.

Leasehold lands of the Group have lease periods ranging from 55 years to 94 years.

### Fair value information

The fair value of the investment properties excluding those being constructed (including the related land costs) as at the financial year end are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2022</b>				
Land and building	-	930,604	-	930,604
<b>2021</b>				
Land and building	-	780,135	-	780,135

The fair value of investment properties under construction including land costs amounting to RM1,245,980,000 (2021: RM1,245,980,000) cannot be reliably and separately determined until the construction is completed or the fair value can be reliably determined, whichever is earlier.

### Level 2 fair value

Level 2 fair value is measured by reference either to the valuation by independent professionally qualified valuers or the open market value of properties in the vicinity. The key input under this approach is the price per square foot from the sale of comparable properties.

The following table shows a reconciliation of the Level 2 fair values for investment properties excluding those being constructed as at the financial year end.

Group	2022 RM'000	2021 RM'000
As at 1 January	780,135	759,885
Increase in value	150,469	20,250
As at 31 December	930,604	780,135

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### 16 INVESTMENT PROPERTIES (CONTINUED)

(i) **Amounts recognised in profit or loss for investment properties.**

Rental income generated and direct operating expenses incurred on investment properties are as follows:

Group	2022 RM'000	2021 RM'000
Rental income	41,501	41,258
Service charge	8,655	8,961
Direct operating expenses	(29,653)	(27,154)

(ii) **Leasing arrangements**

The investment properties are leased to tenants under operating lease with rental receivable monthly. The Group classified this lease as operating lease because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out the maturity analysis of lease payments from the tenants, showing the undiscounted lease payments to be received after the reporting date.

Group	2022 RM'000	2021 RM'000
Within 1 year	36,478	36,977
In the 2 <sup>nd</sup> year	31,306	31,680
In the 3 <sup>rd</sup> year	29,011	29,177
In the 4 <sup>th</sup> year	30,051	28,620
In the 5 <sup>th</sup> year	30,051	30,051
Later than 5 years	404,411	434,462
Total undiscounted lease payments	561,308	590,967

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## 17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statements of financial position show the following amounts relating to leases:

Group	Land and building RM'000	Plant & machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office equipment and computers RM'000	Total RM'000
<b>Right-of-use assets</b>					
<b>2022</b>					
<b>Cost</b>					
As at 1 January 2022	90,406	5,993	528	167	97,094
Additions for the financial year	52,742	316	173	326	53,557
As at 31 December 2022	143,148	6,309	701	493	150,651
<b>Accumulated depreciation</b>					
As at 1 January 2022	52,270	5,993	492	17	58,772
Charge for the financial year	11,825	62	64	194	12,145
As at 31 December 2022	64,095	6,055	556	211	70,917
<b>2021</b>					
<b>Cost</b>					
As at 1 January 2021	93,456	5,993	457	-	99,906
Acquisition of a subsidiary (Note 5(iii))	8,373	-	-	167	8,540
Additions for the financial year	-	-	71	-	71
Lease modification	(8,544)	-	-	-	(8,544)
Remeasurement upon modification	(2,879)	-	-	-	(2,879)
As at 31 December 2021	90,406	5,993	528	167	97,094
<b>Accumulated depreciation</b>					
As at 1 January 2021	36,992	5,993	374	-	43,359
Charge for the financial year	17,880	-	118	17	18,015
Lease modification	(2,602)	-	-	-	(2,602)
As at 31 December 2021	52,270	5,993	492	17	58,772
<b>Net book value</b>					
As at 31 December 2022	79,053	254	145	282	79,734
As at 31 December 2021	38,136	-	36	150	38,322

## NOTES TO THE FINANCIAL STATEMENTS

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### 17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The statements of financial position show the following amounts relating to leases: (continued)

Company	Building RM'000	Total RM'000
<b>Right-of-use assets</b>		
<b>Cost</b>		
As at 1 January 2022/31 December 2022	36,845	36,845
<b>Accumulated depreciation</b>		
As at 1 January 2022	35,822	35,822
Charge for the financial year	1,023	1,023
As at 31 December 2022	36,845	36,845
<b>Cost</b>		
As at 1 January 2021/31 December 2021	36,845	36,845
<b>Accumulated depreciation</b>		
As at 1 January 2021	23,540	23,540
Charge for the financial year	12,282	12,282
As at 31 December 2021	35,822	35,822
<b>Net book value</b>		
As at 31 December 2022	-	-
As at 31 December 2021	1,023	1,023



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**17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Lease liabilities</b>				
As at 1 January	40,100	59,677	1,098	14,043
Additions	53,557	71	-	-
Acquisition of a subsidiary (Note 5(iii))	-	8,602	-	-
Finance costs (Note 12)	1,754	3,006	60	772
Lease payments	(46,015)	(22,022)	(1,158)	(13,717)
Lease modification	-	(6,355)	-	-
Remeasurement upon modification	-	(2,879)	-	-
As at 31 December	49,396	40,100	-	1,098
Current	8,364	9,099	-	1,098
Non-current	41,032	31,001	-	-
	49,396	40,100	-	1,098
Cash outflow during the financial year				
- long term leases	46,015	22,022	1,158	13,717
- low value and short term leases (Note 9)	7,010	7,007	5,928	5,145
	53,025	29,029	7,086	18,862

The Group and the Company lease various buildings, plant and machinery, furniture and fittings, office equipment and computers and motor vehicles. Rental contracts are typically made for fixed period of 2 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants and leased assets may not be used as security for borrowings purpose.

**Extension options and termination options**

Extension options and termination options are included in the leases. Extension and termination options are included, when possible, to provide management with greater flexibility to align its needs. The majority of extension and termination options held are exercisable by both parties.

In cases in which the Group and the Company are not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities. There is no optional extension option which has not been included by management in deriving the lease liabilities.

In the previous year, the Group had decided not to renew the lease of office rental upon the maturity of the tenancy agreement on 14 February 2022. The financial effect of the discontinuance of extension option was a reduction in lease liabilities and right-of-use asset of RM2,879,000.

## NOTES TO THE FINANCIAL STATEMENTS

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### 18 INVENTORIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Land held for property development (Note 18(a))	<b>2,026,405</b>	1,951,952	-	-
<b>Current</b>				
Property development costs (Note 18(b))	<b>476,332</b>	412,565	-	-
Inventories (Note 18(c))	<b>308,864</b>	445,111	<b>9,606</b>	4,622
	<b>785,196</b>	857,676	<b>9,606</b>	4,622
Total	<b>2,811,601</b>	2,809,628	<b>9,606</b>	4,622

#### 18(a) Land held for property development

	Group	
	2022 RM'000	2021 RM'000
<b>At cost:</b>		
Freehold land	<b>428,442</b>	488,629
Leasehold land	<b>825,810</b>	797,019
Development expenditure	<b>804,745</b>	698,896
	<b>2,058,997</b>	1,984,544
Less: Accumulated impairment losses	<b>(32,592)</b>	(32,592)
	<b>2,026,405</b>	1,951,952
At start of the financial year	<b>1,951,952</b>	1,731,132
Acquisition of leasehold land	<b>31,964</b>	155,267
Development expenditure incurred	<b>114,550</b>	65,553
Transfer (to)/from property development cost (Note 18(b))		
- leasehold land, at cost	<b>(3,173)</b>	-
- development costs	<b>(8,701)</b>	-
Disposal of freehold land	<b>(60,187)</b>	-
At end of the financial year	<b>2,026,405</b>	1,951,952

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## 18 INVENTORIES (CONTINUED)

### 18(a) Land held for property development (continued)

Included in development expenditure are the following charges made during the financial year:

	Group	
	2022 RM'000	2021 RM'000
Interest capitalised	5,381	5,100

The freehold and leasehold lands of certain subsidiaries are pledged as security for term loan facilities (Note 34).

### 18(b) Property development costs

	Group	
	2022 RM'000	2021 RM'000
At start of the financial year		
- land, at cost	191,277	190,295
- development costs	1,313,842	1,027,766
- accumulated costs charged to profit or loss	(1,092,554)	(862,258)
	412,565	355,803
Costs incurred during the financial year		
- land, at cost	3	982
- development costs	445,124	286,076
	445,127	287,058
Transfer from inventories		
- land, at cost	3,173	-
- development costs	8,701	-
	11,874	-
Costs charged to profit or loss	(393,234)	(230,296)
At end of the financial year	476,332	412,565

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**18 INVENTORIES (CONTINUED)****18(b) Property development costs (continued)**

	Group	
	2022 RM'000	2021 RM'000
Analysed as follows:		
- land, at cost	194,453	191,277
- development costs	1,767,667	1,313,842
- accumulated costs charged to profit or loss	(1,485,788)	(1,092,554)
	<b>476,332</b>	412,565

The freehold and leasehold lands of certain subsidiaries are pledged as security for term loan facilities (Note 34).

**18(c) Inventories**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Completed properties for sale	228,121	360,765	9,606	4,622
Construction materials	80,743	84,346	-	-
	<b>308,864</b>	445,111	<b>9,606</b>	4,622

Inventories charged out to costs of sales amounted to RM148.6 million (2021: RM97.0 million).

**19 SUBSIDIARIES**

	Company	
	2022 RM'000	2021 RM'000
Cost of investment	3,667,858	3,664,975
Less: Accumulated impairment losses		
- At start of the financial year	(327,362)	(330,743)
- (Charge)/reversal for the financial year (Note 9)	(2,571)	3,381
	<b>(329,933)</b>	(327,362)
As at 31 December	<b>3,337,925</b>	3,337,613

Impairment charge was determined subsequent to considering the recoverable amount of the subsidiaries using the value-in-use approach.

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## 19 SUBSIDIARIES (CONTINUED)

### Terms of the RPS, RPS-A and RPS-B include the following:

- (a) RPS, RPS-A and RPS-B are unsecured and shall rank in priority in all respects to the holders of any other class of shares;
- (b) The dividend shall be declared and paid when there are sufficient profit and at the discretion of the Directors of the issuers;
- (c) The holders of RPS, RPS-A and RPS-B shall not be entitled to attend and/or to have any voting rights at a general meeting;
- (d) In the event of winding up, RPS, RPS-A and RPS-B holders shall participate in surplus profits and assets of the issuers;
- (e) The RPS, RPS-A and RPS-B shares shall have no right of conversion to ordinary shares; and
- (f) Subject to provisions of the Companies Act 2016, the subsidiaries shall be entitled at any time after the issue date redeem any or all RPS, RPS-A and RPS-B in cash at RM1.00, RM100.00 and RM1.00 per share respectively from its holders.

On 28 January 2022, the issued and paid up capital of Geometrik Dinamik Sdn. Bhd. increased by RM3.0 million comprising 3.0 million ordinary shares of RM1.00 each.

On 31 July 2022, the investment in Platinum Property (MM2H) Sdn.Bhd. increased by RM0.01 million arising from waiver of amount due from the subsidiary.

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

Group 2022	Prema Bonanza Sdn Bhd RM'000	Cozy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other individual immaterial subsidiary RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49.0%	34.3%	30.0%		
Accumulated NCI as at 31 December	-*	3,257	770	1,512	5,539
(Loss)/profit allocated to NCI during the financial year	(11,170)	(620)	-	488	(11,302)
<b>Summarised financial information before intra-group elimination</b>					
<b>As at 31 December</b>					
Non-current assets	-*	-	1,314,869	-	1,314,869
Current assets	-*	9,688	13,593	15,056	38,337
Non-current liabilities	-*	-	-	-	-
Current liabilities	-*	(193)	(83,248)	(12,091)	(95,532)
Net assets	-*	9,495	1,245,214	2,965	1,257,674

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## 19 SUBSIDIARIES (CONTINUED)

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

Group - 2022	Prema Bonanza Sdn Bhd RM'000	Cozy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other individual immaterial subsidiary RM'000	Total RM'000
<b>Year ended 31 December</b>					
Revenue	(2,129)	-	-	2,308	179
(Loss)/profit for the financial year	(19,634)	164	(1,847)	956	(20,361)
Total comprehensive (loss)/income	(19,634)	164	(1,847)	956	(20,361)
Net cash generated from/(used in) operating activities	-*	(1,421)	12,033	7,510	18,122
Net cash (used in)/generated from investing activities	-*	-	(14,571)	16	(14,555)
Net cash generated from/(used in) financing activities	-*	-	2,294	(2,458)	(164)
Net increase/(decrease) in cash and cash equivalents	-*	(1,421)	(244)	5,068	3,403
Cash and cash equivalents					
- at beginning of the financial year	41,262	9,589	273	3,406	54,530
- at end of the financial year	-*	8,168	29	6,749	14,946

\* Not applicable as Prema Bonanza Sdn.Bhd. was disposed on 14 September 2022 (Note 5)

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**19 SUBSIDIARIES (CONTINUED)**

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

Group 2021	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Cosy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other individual immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49.0%	30.0%	49.0%	34.3%	30.0%		
Accumulated NCI as at 31 December	23,737	-*	-*	3,877	770	(571)	27,813
(Loss)/profit allocated to NCI during the financial year	(1,381)	(223)	(7,229)	18	-	(301)	(9,116)
Other comprehensive income	-	-	-	-	-	7	7
	(1,381)	(223)	(7,229)	18	-	(294)	(9,109)
<b>Summarised financial information before intra-group elimination</b>							
<b>As at 31 December</b>							
Non-current assets	1,656	-*	-*	-	1,286,516	8,155	1,296,327
Current assets	73,664	-*	-*	11,514	949	15,085	101,212
Non-current liabilities	-	-*	-*	-	-	(4,701)	(4,701)
Current liabilities	(29,437)	-*	-*	(211)	(62,923)	(21,848)	(114,419)
Net assets/(liabilities)	45,883	-*	-*	11,303	1,224,542	(3,309)	1,278,419

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### 19 SUBSIDIARIES (CONTINUED)

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

Group 2021	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Cosy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other individual immaterial subsidiaries RM'000	Total RM'000
<b>Year ended 31 December</b>							
Revenue	4,625	556	-	-	-	1,745	6,926
(Loss)/profit for the financial year	(2,818)	(714)	(1,673)	52	(1,487)	(1,162)	(7,802)
Total comprehensive (loss)/ income	(2,818)	(714)	(1,673)	52	(1,487)	(1,155)	(7,795)
Net cash generated from/ (used in) operating activities	6,459	-*	-*	69	(56)	(6,518)	(46)
Net cash (used in)/ generated from in investing activities	-	-*	-*	-	(11,546)	8,703	(2,843)
Net cash generated from financing activities	-	-*	-*	-	321	107	428
Net increase/(decrease) in cash and cash equivalents	6,459	-*	-*	69	(11,281)	2,292	(2,461)
Cash and cash equivalents							
- at beginning of the financial year	34,803	2,117	6	9,520	11,554	1,081	59,081
- foreign exchange loss	-	-	-	-	-	33	33
- at end of the financial year	41,262	-*	-*	9,589	273	3,406	54,530

\* Not applicable as Seri Iskandar Development Corporation Sdn Bhd and Metro Spectacular Sdn Bhd are wholly owned subsidiaries as at 31 December 2021 (Note 5 (iii) & (iv)).



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**20 ASSOCIATES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>In Malaysia</b>				
Quoted investments at cost	<b>363,189</b>	362,036	<b>363,189</b>	362,036
Unquoted investments at cost	<b>291,372</b>	291,372	<b>6,138</b>	6,138
Less: Accumulated impairment losses				
- Charge for the financial year (Note 9)	<b>(255)</b>	-	<b>(255)</b>	-
Share of post-acquisition reserves	<b>(47,110)</b>	(30,409)	-	-
Unrealised gains *	<b>(149,104)</b>	(149,102)	-	-
	<b>458,092</b>	473,897	<b>369,072</b>	368,174
Analysis of associates are as follows:				
Group's share of net tangible assets	<b>455,013</b>	470,818		
Goodwill of acquisition	<b>3,079</b>	3,079		
	<b>458,092</b>	473,897		

\* Unrealised gains comprise unrealised profits mainly arising from the disposal of assets to an associate company.

The fair value of the quoted investments as at 31 December 2022 is RM268,023,000 (2021: RM269,959,000), based on quoted market prices at the reporting date, which are within Level 1 of the fair value hierarchy. The recoverability of the quoted investments have been assessed based on the value-in-use method.

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### 20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates.

<b>Group - 2022</b>	<b>Sentral REIT RM'000</b>	<b>UEMB- MRCB JV Sdn Bhd RM'000</b>	<b>Sentral REIT Management Sdn Bhd RM'000</b>	<b>Bukit Jalil Sentral Property Sdn Bhd RM'000</b>	<b>Other individually immaterial associates RM'000</b>	<b>Total RM'000</b>
<b>Summarised financial information</b>						
Percentage of ownership interest and voting interest	<b>27.9%</b>	<b>49.0%</b>	<b>41.0%</b>	<b>20.0%</b>		
<b>As at 31 December</b>						
Non-current assets	<b>1,958,729</b>	<b>206</b>	<b>748</b>	<b>1,480,544</b>	<b>-</b>	<b>3,440,227</b>
Current assets	<b>85,980</b>	<b>1,671</b>	<b>6,623</b>	<b>2,069</b>	<b>63</b>	<b>96,406</b>
Non-current liabilities	<b>(820,234)</b>	<b>(206)</b>	<b>(165)</b>	<b>-</b>	<b>-</b>	<b>(820,605)</b>
Current liabilities	<b>(25,890)</b>	<b>(25)</b>	<b>(1,867)</b>	<b>(71,876)</b>	<b>(130)</b>	<b>(99,788)</b>
Net assets	<b>1,198,585</b>	<b>1,646</b>	<b>5,339</b>	<b>1,410,737</b>	<b>(67)</b>	<b>2,616,240</b>
<b>Year ended 31 December</b>						
Profit/(loss) after taxation	<b>47,048</b>	<b>113</b>	<b>4,057</b>	<b>(3,738)</b>	<b>(151)</b>	<b>47,329</b>
Over recognition in prior financial year	<b>-</b>	<b>(8,128)</b>	<b>104</b>	<b>-</b>	<b>-</b>	<b>(8,024)</b>
Other comprehensive income	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total comprehensive income/(loss)	<b>47,048</b>	<b>(8,015)</b>	<b>4,161</b>	<b>(3,738)</b>	<b>(151)</b>	<b>39,305</b>
Included in total comprehensive income is:						
Revenue	<b>147,350</b>	<b>-</b>	<b>12,766</b>	<b>-</b>	<b>-</b>	<b>160,116</b>

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**20 ASSOCIATES (CONTINUED)**

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

Group - 2022	Sentral REIT RM'000	UEMB- MRCB JV Sdn Bhd RM'000	Sentral REIT Management Sdn Bhd RM'000	Bukit Jalil Sentral Property Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount</b>						
<b>As at 31 December</b>						
Group's share of net assets	319,251	806	2,189	282,148	(277)	604,117
Goodwill	-	1	3,078	-	-	3,079
Elimination of unrealised profit	(149,099)	-	-	(5)	-	(149,104)
Carrying amount in the statement of financial position	170,152	807	5,267	282,143	(277)	458,092
<b>Group's share of results</b>						
<b>Year ended 31 December</b>						
Group's share of profit/(loss) after taxation						
- current financial year	13,145	55	1,663	(748)	(45)	14,070
- (over)/under recognition in prior financial year	-	(3,983)	43	-	-	(3,940)
	13,145	(3,928)	1,706	(748)	(45)	10,130
Group's share of associate's other comprehensive gain	-	-	-	-	-	-
Group's share of total comprehensive income/(loss)	13,145	(3,928)	1,706	(748)	(45)	10,130

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### 20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

Group - 2021	Sentral REIT RM'000	UEMB- MRCB JV Sdn Bhd RM'000	Sentral REIT Management Sdn Bhd RM'000	Bukit Jalil Sentral Property Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Summarised financial information</b>						
Percentage of ownership interest and voting interest	27.9%	49.0%	41.0%	20.0%		
<b>As at 31 December</b>						
Non-current assets	1,981,860	206	3,588	1,478,066	-	3,463,720
Current assets	99,153	9,810	12,342	909	126	122,340
Non-current liabilities	(688,482)	(206)	(544)	-	-	(689,232)
Current liabilities	(161,896)	(149)	(2,460)	(64,499)	(42)	(229,046)
Net assets	1,230,635	9,661	12,926	1,414,476	84	2,667,782
<b>Year ended 31 December</b>						
Profit/(loss) after taxation	57,730	81	4,331	(3,081)	(78)	58,983
Over recognition in prior financial year	-	15	(312)	-	-	(297)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss)	57,730	96	4,019	(3,081)	(78)	58,686
Included in total comprehensive income is:						
Revenue	159,603	-	13,270	-	389	173,262

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**20 ASSOCIATES (CONTINUED)**

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

Group - 2021	Sentral REIT RM'000	UEMB- MRCB JV Sdn Bhd RM'000	Sentral REIT Management Sdn Bhd RM'000	Bukit Jalil Sentral Property Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount</b>						
<b>As at 31 December</b>						
Group's share of net assets	326,966	4,733	5,300	282,896	25	619,920
Goodwill	-	1	3,078	-	-	3,079
Elimination of unrealised profit	(149,099)	-	-	(3)	-	(149,102)
Carrying amount in the statement of financial position	177,867	4,734	8,378	282,893	25	473,897
<b>Group's share of results</b>						
<b>Year ended 31 December</b>						
Group's share of profit/(loss) after taxation						
- current financial year	16,130	40	1,775	(616)	(9)	17,320
- over recognition in prior financial year	-	7	(128)	-	-	(121)
	16,130	47	1,647	(616)	(9)	17,199
Group's share of associate's other comprehensive gain	-	-	-	-	-	-
Group's share of total comprehensive income/(loss)	16,130	47	1,647	(616)	(9)	17,199

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### 20 ASSOCIATES (CONTINUED)

Sentral REIT is a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of Sentral REIT includes the acquisition of and investment in commercial properties, primarily in Malaysia. The Group's 41% equity interest associate, Sentral REIT Management Sdn Bhd is the Manager of Sentral REIT.

UEMB-MRCB JV Sdn. Bhd. is a strategic partnership for the Group to undertake the RM1.4 billion PLUS contract awarded to construct a fourth lane from Shah Alam to Rawang/Jalan Duta Toll Plaza interchanges and from Nilai Utara to Seremban, enhancing the Group's involvement in the construction of highway.

Bukit Jalil Sentral Property Sdn. Bhd. is the property developer for three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres. The development will be carried out with the Employee Provident Fund, the Company's shareholder.

The results of associates are accounted for using the equity method.

The Group and the Company had the following dividend from associates recognised during the financial year:

	Group and Company	
	2022 RM'000	2021 RM'000
Sentral REIT	22,014	21,119
Sentral REIT Management	4,817	-
	<b>26,831</b>	21,119

The Group and the Company do not have any capital commitments or contingent liabilities in relation to its interest in the associates as at 31 December 2022 (2021: Nil).

### 21 JOINT VENTURES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>In Malaysia</b>				
Unquoted investments at cost	311,017	311,017	60,990	60,990
Share of post-acquisition reserves	(28,457)	(23,891)	-	-
	<b>282,560</b>	287,126	<b>60,990</b>	60,990

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**21 JOINT VENTURES (CONTINUED)**

The following table summarises the information of the Group's joint ventures and reconcile the information to the carrying amount of the Group's interest in the joint ventures.

**Summarised financial information**

2022	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	<b>50%</b>	<b>70%</b>	<b>30%</b>	
<b>As at 31 December</b>				
Non-current assets	-	391,976	169,806	561,782
Current assets				
- cash and cash equivalents	-	110	278	388
- other current assets	-	5,469	124,446	129,915
Non-current liabilities				
- financial liabilities (excluding trade payables)	-	-	(28,715)	(28,715)
Current liabilities				
- financial liabilities (excluding trade payables)	(9)	(80,031)	-	(80,040)
- other current liabilities	(2)	(26,149)	(4,008)	(30,159)
Net (liabilities)/assets	(11)	291,375	261,807	553,171
<b>Year ended 31 December</b>				
Loss after taxation	(3)	(5,815)	(1,579)	(7,397)
Over recognition in prior financial year	-	-	(72)	(72)
Total comprehensive loss	(3)	(5,815)	(1,651)	(7,469)

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**21 JOINT VENTURES (CONTINUED)**

The following table summarises the information of the Group's joint ventures and reconcile the information to the carrying amount of the Group's interest in the joint ventures. (continued)

**Summarised financial information (continued)**

2022	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	70%	30%	
Included in total comprehensive income are as follows:				
Depreciation	-	-	(56)	(56)
Interest income	-	-	49	49
Interest expense	-	(5,562)	-	(5,562)
<b>Reconciliation of net assets to carrying amount</b>				
<b>As at 31 December</b>				
Group's share of net assets	-	204,192	78,368	282,560
Carrying amount in statements of financial position	-	204,192	78,368	282,560
<b>Group's share of results</b>				
<b>Year ended 31 December</b>				
Group's share of loss after taxation	(1)	(4,070)	(473)	(4,544)
Over recognition in prior financial year	-	-	(22)	(22)
Group's share of total comprehensive loss	(1)	(4,070)	(495)	(4,566)



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**21 JOINT VENTURES (CONTINUED)**

The following table summarises the information of the Group's joint ventures and reconcile the information to the carrying amount of the Group's interest in the joint ventures. (continued)

**Summarised financial information (continued)**

2021	Setia Utama LRT 3 Sdn Bhd RM'000	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	50%	70%	30%	
<b>As at 31 December</b>					
Non-current assets	-	-	391,976	169,322	561,298
Current assets					
- cash and cash equivalents	-	-	139	5,059	5,198
- other current assets	-	-	5,469	121,100	126,569
Non-current liabilities					
- financial liabilities (excluding trade payables)	-	-	-	(28,505)	(28,505)
Current liabilities					
- financial liabilities (excluding trade payables)	-	(7)	(78,957)	-	(78,964)
- other current liabilities	-	(2)	(21,436)	(3,517)	(24,955)
Net (liabilities)/assets	-	(9)	297,191	263,459	560,641
<b>Year ended 31 December</b>					
Profit/(loss) after taxation	37,362	(2)	(5,767)	(701)	30,892
Under/(over) recognition in prior financial year	329	-	(665)	(13)	(349)
Total comprehensive income/(loss)	37,691	(2)	(6,432)	(714)	30,543

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31 DECEMBER 2022

**21 JOINT VENTURES (CONTINUED)**

The following table summarises the information of the Group's joint ventures and reconcile the information to the carrying amount of the Group's interest in the joint ventures. (continued)

**Summarised financial information (continued)**

2021	Setia Utama LRT 3 Sdn Bhd RM'000	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	50%	70%	30%	
Included in total comprehensive income are as follows:					
Revenue	1,784,739	-	-	-	1,784,739
Depreciation	(12,196)	-	(1)	-	(12,197)
Interest income	1,521	-	-	1	1,522
Interest expense	(3,942)	-	(5,453)	-	(9,395)
Income tax expenses	(11,094)	-	-	-	(11,094)
<b>Reconciliation of net assets to carrying amount</b>					
<b>As at 31 December</b>					
Group's share of net assets	-	-	208,262	78,864	287,126
Carrying amount in statements of financial position	-	-	208,262	78,864	287,126
<b>Group's share of results</b>					
<b>Year ended 31 December</b>					
Group's share of profit/(loss) after taxation	18,681	(1)	(4,037)	(210)	14,433
Under/(over) recognition in prior financial year	165	-	(466)	(4)	(305)
Group's share of total comprehensive income/(loss)	18,846	(1)	(4,503)	(214)	14,128

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 21 JOINT VENTURES (CONTINUED)

Setia Utama LRT 3 Sdn Bhd (“SULSB”), formerly known as MRCB George Kent Sdn. Bhd. (“MRCBGK”), is a 50%:50% joint venture between MRCB Builders Sdn. Bhd., a wholly owned subsidiary of the Company, and George Kent (Malaysia) Berhad (“The JV”). The principal activity of the JV is to undertake the design and construction work of the Light Rail Transit Line 3 from Bandar Utama to Johan Setia.

On 13 October 2021, SULSB became a wholly owned subsidiary of MRCB Builders Sdn Bhd following the acquisition of 50% equity interest in the company for a consideration of RM53 million.

CSB Development Sdn. Bhd. (“CSB”) is a 70% equity interest owned joint venture between MRCB Land Sdn. Bhd., a wholly owned subsidiary of the Company and Cyberview Sdn. Bhd.. The purpose of setting up the joint venture is to undertake the development of Cyberjaya City Centre. CSB has been treated as a joint venture as all substantive matters concerning the development of Cyberjaya City Centre require unanimous approval by both shareholders.

59 INC Sdn. Bhd. (“59 INC”) is a 30% equity interest owned joint venture between the Company and TH Properties Sdn. Bhd.. The purpose of the setting up of the joint venture is to undertake the development of Semarak City. 59 INC has been treated as a joint venture as all the substantive matters concerning the development of Semarak City require unanimous approval by both shareholders.

The results of joint ventures are accounted for by using equity method.

There were no dividend received from joint ventures during the financial year ended 31 December 2022 (2021: Nil).

In the previous year, the Group did not have any capital commitments or performance guarantee extended to third party in relation to its interest in the joint ventures except that the Company had issued a joint and several corporate guarantees to guarantee the due performance and obligations of MRCBGK in relation to the design and construction works of the Light Rail Transit Line 3.

### 22 LONG TERM RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables	2,069	2,069	-	-
Less: Loss allowances	(2,069)	(2,069)	-	-
	-	-	-	-
Prepayment for infrastructure cost *	212,424	218,536	-	-
Deposit	6,958	7,117	-	-
Others	20,257	-	-	-
	<b>239,639</b>	225,653	-	-

\* The prepayment for the infrastructure cost is in relation to the Kwasa Sentral development at the Kwasa Damansara Town.

## NOTES TO THE FINANCIAL STATEMENTS

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### 23 LEASE RECEIVABLES

On 2 March 2020, the Group has sub-leased the office space at Level 11, Block 3A, Plaza Sentral, having an area measuring approximately 8,060 square feet to a tenant.

The nature of the leasing activities shall be used solely as an office space only. The length of lease term entered into is 3 years. The effective interest rate of lease receivables is 4.32% per annum.

On 1 April 2020, the Group leased the office space at Plaza Sentral, having an area measuring approximately 5,080 square feet ("Demised premises") to a tenant.

	Group	
	2022 RM'000	2021 RM'000
Non-current	-	1,637
Current	136	1,257
	<b>136</b>	2,894

Lease income from lease contracts in which the Group acts as a lessor:

	2022 RM'000	2021 RM'000
<b>Finance lease</b>		
Finance income from the net investment in the lease	37	65

During the financial year, the decrease of finance lease receivables is due to the following reasons:

	2022 RM'000	2021 RM'000
As at 1 January	2,894	4,128
Finance income on the lease	37	65
Lease payments received during the financial year	(340)	(538)
Lease modification	-	(143)
Reclassification to trade and other receivables	(561)	(618)
Termination of lease (Note 9)	(1,894)	-
As at 31 December	<b>136</b>	2,894

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## 24 INTANGIBLE ASSETS

The carrying amounts of goodwill, order book and patents are as follows:

	Group	
	2022 RM'000	2021 RM'000
<b>Goodwill</b>		
As at 1 January/31 December (net of accumulated impairment loss of RM71,723,000 (2021: RM69,209,000))	<b>82,378</b>	84,892
<b>Order Book</b>		
As at 1 January	<b>122,615</b>	125,127
Amortisation charge (Note 9)	<b>(6,451)</b>	(2,274)
Written off	<b>(8,057)</b>	-
Reversal of amortisation capitalised in		
- investment properties under construction	<b>(1,162)</b>	(80)
- property development costs	<b>(92)</b>	(158)
As at 31 December	<b>106,853</b>	122,615
<b>Patents</b>		
As at 1 January	<b>8,154</b>	9,377
Adjustment of purchase consideration	<b>(1,424)</b>	-
Amortisation charge (Note 9)	<b>(1,165)</b>	(1,223)
As at 31 December	<b>5,565</b>	8,154
<b>Total</b>	<b>194,796</b>	215,661

### Goodwill - Gapurna group of companies (RM79,454,993)

Goodwill mainly comprises goodwill of RM71,949,000 arising from the acquisition of Gapurna group of companies which is allocated to the engineering & construction business segment (i.e. Cash Generating Units ("CGU")) and is tested for impairment using the value in use ("VIU") method.

Based on the impairment assessment performed by the Group, no impairment is required for the goodwill.

Cash flow projections used in these calculations were based on financial budgets approved by the Board of Directors covering a three (3) year period.

Key assumptions used in the VIU calculations for the goodwill impairment assessment are as follows:

	2022	2021
Average gross margin	<b>8%</b>	8%
Discount rate (pre-tax)	<b>9.28%</b>	11.51%
Terminal growth rate	<b>1.00%</b>	1.00%

A reasonable possible change in the key assumptions in respect of gross margin, discount rate and terminal growth rate would not result in any impairment.

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**25 DEFERRED TAX**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	<b>85,240</b>	97,293	<b>234</b>	18
Deferred tax liabilities	<b>(62,841)</b>	(73,703)	-	-
	<b>22,399</b>	23,590	<b>234</b>	18
The movements during the financial year relating to deferred tax are as follows:				
At start of the financial year	<b>23,590</b>	24,543	<b>18</b>	177
Credited/(charged) to statements of comprehensive income (Note 13)				
Property, plant and equipment	<b>(847)</b>	(1,001)	-	-
Investment properties	<b>950</b>	166	-	-
Right-of-use assets	<b>(5,778)</b>	9,409	<b>246</b>	2,947
Contract assets	<b>5,290</b>	4,717	-	-
Receivables	<b>8,055</b>	(5,618)	-	-
Provisions	<b>2,941</b>	(894)	-	-
Lease liabilities	<b>5,651</b>	(9,803)	<b>(264)</b>	(3,106)
Payables	<b>71</b>	2,122	-	-
Order book	<b>3,525</b>	589	-	-
Tax losses	<b>(20,251)</b>	1,218	-	-
Others	<b>(791)</b>	(2,448)	<b>234</b>	-
	<b>(1,184)</b>	(1,543)	<b>216</b>	(159)
Acquisition of a subsidiary (Note 5(iii))	-	745	-	-
Exchange differences	<b>(7)</b>	(155)	-	-
At end of the financial year	<b>22,399</b>	23,590	<b>234</b>	18

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25 DEFERRED TAX (CONTINUED)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Subject to income tax</b>				
<b>Deferred tax assets (before offsetting)</b>				
Property, plant and equipment	7,509	9,772	-	-
Contract assets	27,811	31,265	-	-
Receivables	663	-	-	-
Provisions	34,865	31,924	-	-
Payables	2,193	2,122	-	-
Lease liabilities	14,300	8,649	-	264
Tax losses	11,029	31,287	-	-
Investment properties	14,480	13,559	-	-
Others	1,443	2,630	234	-
	<b>114,293</b>	131,208	<b>234</b>	264
Offsetting	<b>(29,053)</b>	(33,915)	-	(246)
Deferred tax assets (after offsetting)	<b>85,240</b>	97,293	<b>234</b>	18
<b>Deferred tax liabilities (before offsetting)</b>				
Property, plant and equipment	(7,650)	(9,066)	-	-
Investment properties	(11,212)	(11,241)	-	-
Right-of-use assets	(13,408)	(7,630)	-	(246)
Contract assets	(20,271)	(29,015)	-	-
Receivables	(17,938)	(25,330)	-	-
Order book	(17,118)	(20,643)	-	-
Provisions	(76)	(76)	-	-
Others	(4,221)	(4,617)	-	-
	<b>(91,894)</b>	(107,618)	-	(246)
Offsetting	<b>29,053</b>	33,915	-	246
Deferred tax liabilities (after offsetting)	<b>(62,841)</b>	(73,703)	-	-

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**25 DEFERRED TAX (CONTINUED)**

The amounts of deductible temporary differences and unused tax losses for which no deferred tax assets are recognised in the statements of financial position are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deductible temporary differences	<b>414,100</b>	296,076	<b>199,001</b>	189,404
Tax losses	<b>214,062</b>	226,432	<b>8,396</b>	11,595
<b>Unutilised tax losses</b>				
- expiring in 2028	<b>114,377</b>	121,462	-	1,540
- expiring in 2029	<b>29,669</b>	33,330	-	-
- expiring in 2030	<b>34,882</b>	36,655	<b>8,396</b>	10,055
- expiring in 2031	<b>19,725</b>	34,971	-	-
- expiring in 2032	<b>15,409</b>	14	-	-
	<b>214,062</b>	226,432	<b>8,396</b>	11,595
<b>Deductible temporary differences</b>				
- no expiry period	<b>414,100</b>	296,076	<b>199,001</b>	189,404
	<b>628,162</b>	522,508	<b>207,397</b>	200,999

**26 TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables	<b>1,049,923</b>	1,055,407	<b>112,327</b>	96,026
Less: Loss allowance	<b>(59,942)</b>	(58,885)	<b>(30,800)</b>	(30,800)
	<b>989,981</b>	996,522	<b>81,527</b>	65,226
Contract cost assets (Note 27)	<b>25,048</b>	37,770	-	-
Amounts due from related parties	<b>19,769</b>	26,256	-	-
Deposits	<b>39,760</b>	47,516	<b>963</b>	4,721
Prepayments	<b>18,567</b>	2,959	-	-
Other receivables*	<b>260,690</b>	339,230	<b>13,552</b>	7,558
Less: Loss allowance	<b>(25,548)</b>	(25,617)	<b>(988)</b>	(988)
	<b>293,469</b>	364,088	<b>13,527</b>	11,291
	<b>1,328,267</b>	1,424,636	<b>95,054</b>	76,517

\* Includes an amount to be billed to a related party of RM26,872,000 (2021: RM39,172,000).



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## 26 TRADE AND OTHER RECEIVABLES (CONTINUED)

### (i) Trade receivables

#### Exposure to credit risk, credit quality and collateral

Given the varied nature of the Group and of the Company's customer base, the following analysis of trade receivables by type of customer is considered the most appropriate disclosure of credit concentration.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property development	156,252	115,534	-	-
Property investment	18,899	22,846	-	-
Engineering, construction & environment	867,783	909,619	112,327	96,026
Facilities management & parking	3,917	4,560	-	-
Others	3,072	2,848	-	-
	<b>1,049,923</b>	1,055,407	<b>112,327</b>	96,026
Retention sum included in trade receivables under engineering, construction & environment	<b>663,867</b>	688,329	<b>65,423</b>	83,857

#### (a) Property development

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk.

The Group experiences a low risk of default from its property development activities as sale of development units are made to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default.

As at 31 December 2022, an accumulated loss allowance of RM1.6 million (2021: RM1.6 million) had been recorded at the Group level.

#### (b) Property investment

Property investment entails the rental property sub-segment which poses a certain degree of collection risk. The segment also includes hospitality sub-segment for which sales are generally cash settled.

Credit risk arising from the Group's rental property sub-segment is limited as all tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental.

Credit granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits. Credit risk arising from the Group's hospitality sub-segment is limited and are subjected to the collateral of cash deposits/advances.

## NOTES TO THE FINANCIAL STATEMENTS

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### 26 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (i) Trade receivables (continued)

##### Exposure to credit risk, credit quality and collateral (continued)

#### (c) Engineering, construction & environment

The Group and the Company are exposed to significant concentration of credit risk to a few customers, mainly consisting of Government-linked Companies ("GLCs"). The expected credit loss rate on the amounts outstanding from GLCs are determined subsequent to considering the capacity of the GLCs in meeting their contractual cash flow obligations in the near term and the economic and business conditions in the longer term.

During the financial year ended 31 December 2022, after the Group and the Company had assessed the economic and business conditions of certain of the Engineering, Construction and environment employers, which had been impacted by the Covid-19 pandemic, an accumulated impairment loss of RM42.8 million (2021: RM41.8 million) and RM30.8 million (2021: RM30.8 million) had been recorded at the Group and the Company level respectively.

The allowances for trade receivables of engineering, construction and environmental segment as at 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	41,820	35,565	30,800	30,800
Impairment loss recognised	1,029	6,255	-	-
As at 31 December	42,849	41,820	30,800	30,800

#### (d) Facilities management & parking

Credit risk with respect to trade receivables of this segment is also limited as a result of the nature of business, as it is primarily rental related and cash-based. Historically, the Group's experience in the collection of trade receivables falls within the recorded allowances and are subjected to the collateral of cash deposits/advances.

The Group and the Company apply MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables of property investment and facilities management & parking segments.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. In arriving at the expected loss rates, forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables have been considered.

On that basis, the loss allowance at the end of the reporting date was determined as follows for trade receivables of property investment and facilities management & parking segments are reflected in the table below.

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**26 TRADE AND OTHER RECEIVABLES (CONTINUED)**

**(i) Trade receivables (continued)**

**Impairment losses**

The ageing of trade receivables arising from property investment and facilities management and parking segments as at the end of the financial year were as follows:

Group	Gross RM'000	Individual impairment RM'000	Expected loss rate %	Collective impairment RM'000	Net RM'000
<b>2022</b>					
Not past due	438	-	-	-	438
Past due					
- less than three months	370	-	-	-	370
- between three to six months	-	-	-	-	-
- between six months and one year	-	-	-	-	-
- more than one year	22,008	(13,401)	-	-	8,607
	<b>22,816</b>	<b>(13,401)</b>	-	-	<b>9,415</b>
<b>2021</b>					
Not past due	512	-	-	-	512
Past due					
- less than three months	4,277	(201)	-	-	4,076
- between three to six months	4,100	(381)	-	-	3,719
- between six months and one year	4,503	(568)	-	-	3,935
- more than one year	14,014	(12,220)	-	-	1,794
	27,406	(13,370)	-	-	14,036

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 26 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (i) Trade receivables (continued)

##### Impairment losses (continued)

The closing allowances for trade receivables of property investment and facilities management & parking segments as at 31 December 2022 reconcile to the opening loss allowances as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	13,370	8,876	-	-
Impairment loss recognised	987	4,906	-	-
Impairment loss reversed	(124)	(362)	-	-
Impairment loss written off	(832)	(50)	-	-
As at 31 December	13,401	13,370	-	-

#### (ii) Other receivables

##### Exposure to credit risk, credit quality and collateral

Credit risk on non-trade receivables are mainly arising from amounts recoverable from subcontractors on back charges or liquidated ascertained damages claimable from subcontractors for specific construction and engineering contracts. The expected credit loss rate is expected to be low in connection to these amounts as the amounts are owed by the existing subcontractors which are managed on a regular basis.

The amounts due from related parties relate to amounts outstanding from subsidiaries of the Employee Provident Fund for construction and engineering contracts for which credit risk is considered low.

As at 31 December 2022, an accumulated loss allowance of RM25.5 million (2021: RM25.6 million) and RM1.0 million (2021: RM1.0 million) had been recorded at the Group level and the Company level respectively. An amount of reversal of loss allowance of RM0.1 million (2021: RM6.0 million) and RM Nil (2021: RM Nil) have been recognised in the statement of comprehensive income of the Group and the Company level respectively in the current financial year.

##### Amounts due from subsidiaries

The Company provides interest free, unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Loans and advances are only provided to the subsidiaries by the Company.

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**26 TRADE AND OTHER RECEIVABLES (CONTINUED)**

**(ii) Other receivables (continued)**

**Amounts due from subsidiaries (continued)**

The total amounts due from subsidiaries and impairment provided are as follows:

	Company	
	2022 RM'000	2021 RM'000
Non-current		
Amounts due from subsidiaries	2,411,687	2,136,229
Less: Provision for impairment of amounts due from subsidiaries	(1,249)	(1,249)
	<b>2,410,438</b>	2,134,980
Current		
Amounts due from subsidiaries	64,182	246,621
Less: Provision for impairment of amounts due from subsidiaries	(20,901)	(19,066)
	<b>43,281</b>	227,555

**Amounts due from joint ventures and associates**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Amounts due from joint ventures	80,793	80,010	-	-
<b>Current</b>				
Amounts due from joint ventures	7,503	7,510	7,500	7,500
Amounts due from associates	14,092	12,890	-	-
	<b>21,595</b>	20,400	<b>7,500</b>	7,500

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 26 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (ii) Other receivables (continued)

##### Amounts due from joint ventures and associates (continued)

The amount due from a joint venture of RM77,250,000 (2021: RM77,257,000) is unsecured and carries interest as a rate of 7% (2021: 7%) per annum. The remaining amounts due from joint ventures and amounts due from associates are unsecured and interest free.

##### Impairment losses - amounts due from subsidiaries

As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loans or advances to be impaired when:

- The subsidiary is unlikely to repay its loans and advances to the Company in full;
- The subsidiary is in a net tangible liabilities position; or
- The subsidiary is a dormant entity or has a history of default.

As at the end of the financial year, there was no indication that the loans and advances to the subsidiaries are not recoverable other than those which have already been impaired. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

The loss allowance for intercompany balances as at 31 December 2022 as follows:

	Company	
	2022 RM'000	2021 RM'000
As at 1 January	20,315	15,157
Impairment loss recognised	3,072	5,313
Impairment loss reversed	(1,237)	(155)
As at 31 December	22,150	20,315
Non-current	1,249	1,249
Current	20,901	19,066
As at 31 December	22,150	20,315

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FINANCIAL STATEMENTS  
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**26 TRADE AND OTHER RECEIVABLES (CONTINUED)**

**(ii) Other receivables (continued)**

**Impairment losses - amounts due from subsidiaries (continued)**

The loss allowance for intercompany loans/advances using the general 3-stage approach as at 31 December 2022 reconciles to the opening loss allowance for that provision as follows:

	Performing Stage 1 RM'000	Under performing Stage 2 RM'000	Not performing Stage 3 RM'000	Total RM'000
As at 1 January 2022	-	20,270	45	20,315
Current year movements	-	1,488	347	1,835
As at 31 December 2022	-	21,758	392	22,150
As at 1 January 2021	-	15,141	16	15,157
Current year movements	-	5,129	29	5,158
As at 31 December 2021	-	20,270	45	20,315

The impact on the carrying value of the intercompany loans/advances presented by the stages are as follows:

	Performing Stage 1 RM'000	Under performing Stage 2 RM'000	Not performing Stage 3 RM'000	Total RM'000
<b>As at 31 December 2022</b>				
Gross carrying amount	2,162,000	313,477	392	2,475,869
Less: Loss allowance	-	(21,758)	(392)	(22,150)
Net carrying amount	2,162,000	291,719	-	2,453,719
<b>As at 31 December 2021</b>				
Gross carrying amount	2,333,058	49,747	45	2,382,850
Less: Loss allowance	-	(20,270)	(45)	(20,315)
Net carrying amount	2,333,058	29,477	-	2,362,535

**Impairment losses - amounts due from joint ventures and associates**

The credit risk on amounts due from joint ventures and associates are mainly arising from amounts recoverable from 59 INC Sdn. Bhd. and CSB Development Sdn. Bhd.. The expected credit loss rate is expected to be low after considering the quality of assets being owned by these companies.

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**27 CONTRACT COST ASSETS**

Group	Agent fee & sales commission RM'000	Stamp duty RM'000	Total RM'000
<b>2022</b>			
As at 1 January 2022	20,385	17,385	37,770
Additions during the financial year	9,896	-	9,896
Amortised during the financial year	(22,590)	(28)	(22,618)
As at 31 December 2022	7,691	17,357	25,048
<b>2021</b>			
As at 1 January 2021	25,351	17,398	42,749
Additions during the financial year	4,326	-	4,326
Amortised during the financial year	(9,292)	(13)	(9,305)
As at 31 December 2021	20,385	17,385	37,770

**28 CONTRACT ASSETS AND CONTRACT LIABILITIES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Contract assets</b>				
Property development contracts (a)	383,478	311,488	-	-
Accrued billing	12,804	25,056	-	-
Construction contracts (b)	409,327	306,843	271,503	205,940
	805,609	643,387	271,503	205,940
<b>Contract liabilities</b>				
<b>Current</b>				
Construction contracts (b)	26,945	118,952	468	1,443
Collection not probable (c)	8,657	4,135	-	-
Deferred income	5,398	5,431	-	-
	41,000	128,518	468	1,443
<b>Non-current</b>				
Deferred income (d)	140,258	140,258	-	-



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## 28 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

### Property development and construction contracts

The Group and the Company are entitled to a percentage of payment over the sale price based on the construction milestones stipulated in the sale and purchase agreements and issue of progress billings to purchasers when the construction milestones are satisfied.

The aggregate of the costs incurred and the attributable profit or loss recognised over property development and construction contracts is compared against the progress billings up to the end of the financial year. Where the revenue recognised in profit or loss exceeds billings to purchasers, the balance is presented as contract assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is presented as contract liabilities.

#### (a) Property development contracts

The movement of contract assets and contract liabilities in relation to property development contracts are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	311,488	309,950	-	-
Property development revenue recognised during the financial year	540,989	318,510	-	-
Progress billings during the financial year	(468,999)	(316,972)	-	-
As at 31 December	383,478	311,488	-	-
Represented by:				
Contract assets	383,478	311,488	-	-
Contract liabilities	-	-	-	-
	383,478	311,488	-	-

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**28 CONTRACT ASSETS AND CONTRACT LIABILITIES(CONTINUED)****Property development and construction contracts (continued)****(b) Construction contracts**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Aggregate costs incurred to date	11,355,829	8,817,086	2,188,195	2,001,766
Attributable profits on contract works performed to date	890,566	725,228	32,040	30,166
	12,246,395	9,542,314	2,220,235	2,031,932
Less: Progress billings	(11,732,547)	(9,226,793)	(1,818,534)	(1,699,805)
Less: Loss allowance	(131,466)	(127,630)	(130,666)	(127,630)
	382,382	187,891	271,035	204,497
Represented by:				
Contract assets	409,327	306,843	271,503	205,940
Contract liabilities	(26,945)	(118,952)	(468)	(1,443)
	382,382	187,891	271,035	204,497

**(c) Contract liabilities-collection not probable**

This represents partial cash consideration received from the customer but no revenue was recognised as the Group has determined that the collection of full consideration is not probable.

The increase is mainly due to additional collection from the customers, for which no revenue was recognised.

**(d) Deferred income**

This represents consideration received in advance in respect of a project pursuant to a Privatisation Agreement entered by a wholly owned subsidiary of the Company, Rukun Juang Sdn. Bhd., with the Ministry of Youth and Sports and Syarikat Tanah and Harta Sdn. Bhd. for the refurbishment and upgrading facilities located at the National Sports Complex in Bukit Jalil.

**(e) Unsatisfied long-term contracts**

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied as at the reporting date was approximately RM4.19 billion (2021: RM6.39 billion), of which the Group expects to recognise as revenue from FY2023 to FY2040 (2021: FY2022 to FY2040). The Company's unsatisfied performance obligations as at the reporting date was RM509 million (2021: RM318 million) which is expected to be recognised as revenue from FY2023 to FY2027 (2021: FY2022 to FY2023).

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## 28 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

### Impairment losses of contract assets

The remaining contractual billings to customers from property development and construction activities will be billed progressively upon the fulfilment of contractual milestones. In the previous financial year, subsequent to considering the financial condition of certain employers of the engineering, construction and environment segment which had been impacted by the Covid-19 pandemic, the Group and the Company recognised a loss allowance of RM131,466,000 (2021: RM127,630,000) and RM130,666,000 (2021: RM127,630,000) respectively. There are additional in the loss allowance of RM3,836,000 and RM3,036,000 recognised by the Group and the Company respectively in the current financial year.

## 29 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2022 RM'000	2021 RM'000
Unit trusts	59,060	100,999
Shares in corporations, quoted in Malaysia	1,567	1,660
	<b>60,627</b>	102,659

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other income' or 'other operating expenses' in the profit or loss.

### Level 1 fair value

The fair value of all equity securities is based on their current bid prices in an active market.

## 30 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with licensed banks	142,490	170,096	11,574	32,626
Cash held under Housing Development Accounts	101,183	50,607	-	-
Cash and bank balances	289,967	358,004	94,903	100,529
	<b>533,640</b>	578,707	<b>106,477</b>	133,155

Included in the Group's and the Company's cash and bank balances and deposits with licensed banks are restricted monies amounting to RM68,042,000 (2021: RM98,844,000) and RM18,655,000 (2021: RM39,443,000) respectively, representing collateral pledged with licensed banks and/or licensed financial institutions by the Group and the Company for credit facilities granted and bank guarantee facilities issued to third parties.

Cash held under Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

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**30 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)**

Cash and cash equivalents of the Group and of the Company comprise:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits, cash and bank balances	533,640	578,707	106,477	133,155
Less:				
Cash and bank balances and fixed deposits held as security value	(68,042)	(98,844)	(18,655)	(39,443)
	<b>465,598</b>	479,863	<b>87,822</b>	93,712

The currency denomination of the deposits, cash and bank balances of the Group and the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	529,088	514,751	106,477	133,155
Australian Dollar	1,242	60,587	-	-
Thai Baht	949	967	-	-
Hong Kong Dollar	267	278	-	-
United States Dollar	1,508	1,404	-	-
New Zealand Dollar	586	720	-	-
	<b>533,640</b>	578,707	<b>106,477</b>	133,155

The weighted average period effective interest rates per annum of deposits with licensed banks that are effective at the end of the financial year are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Deposits with licensed banks	1.29	1.36	2.28	1.76

The maturity periods of deposits with licensed banks as at the financial year end were as follows:

	Group		Company	
	2022 days	2021 days	2022 days	2021 days
Deposits with licensed banks	1 - 92	1 - 92	30 - 90	30 - 90

Bank balances are held at call except for the restricted monies.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 30 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

#### Impairment losses

For deposits, cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions.

While deposits, cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss is immaterial.

### 31 SHARE CAPITAL

#### Issued and fully paid at no par value:

	Group and Company	
	Number of shares '000	Amount RM'000
<b>2022</b>		
As at 1 January / 31 December	<b>4,467,509</b>	4,356,106
<b>2021</b>		
As at 1 January	<b>4,412,046</b>	4,331,702
Issuance of shares:		
- Dividend Reinvestment Plan*	<b>55,463</b>	24,404
As at 31 December	<b>4,467,509</b>	4,356,106

\* In the previous year, 55,463,239 new ordinary shares amounting to RM24,403,825 were issued pursuant to the Dividend Reinvestment Plan ("DRP") at a rate of RM0.44 per share for the electable portion of the single-tier dividend of 1.00 sen in respect of the financial year ended 31 December 2020.

The issued ordinary shares of the Company as at 31 December 2022 is 4,467,509,508 units (31 December 2021: 4,467,509,508 units).

#### Long-Term Incentive Plan

The Group implemented a Long-Term Incentive Plan ("LTIP or the Plan") of up to 10% of the issue and paid up share capital of the Company (excluding treasury shares), to eligible employees of the Group and eligible executive directors of the Company who fulfil the eligibility criteria. The LTIP was approved by the shareholders at an Extraordinary General Meeting held on 30 November 2016.

The LTIP is intended to allow the Group and the Company to attract, motivate, reward and/or retain the eligible persons through the grant/award of the Company ordinary shares as determined by the LTIP committee in accordance with the by-laws. The LTIP committee shall have the discretion to determine and change any criteria or basis of making the offers of share awards from time to time.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 31 SHARE CAPITAL (CONTINUED)

#### Long-Term Incentive Plan (continued)

The LTIP will allow the Company to award ordinary shares to eligible persons by means of a Restricted Share Plan ("RSP") and a Performance Share Plan ("PSP") as follows;

- (i) RSP - a restricted share plan designed to reward selected employees of the Group; and
- (ii) PSP - a performance share plan designed to reward selected senior management employees of the Group and the Executive Directors of the Company.

The share awards to the eligible persons will not require any payment to the Company by the eligible persons.

Details of the LTIP are contained in the by-laws and the salient features thereof are as follows:

- (a) The aggregate maximum number of ordinary shares made available under the LTIP shall not exceed ten percent (10%) of the issued and paid up shares (excluding treasury shares) of the Company at any point of time during the duration of the LTIP, which shall be in force for a period of five (5) years commencing 28 November 2017. The LTIP was further extended for a period of five (5) years on 8 November 2022.
- (b) Eligible employees (including Executive Directors) are those who are confirmed full time employees within our Group.
- (c) The LTIP is administered by a LTIP committee which consists of such persons duly appointed by the Board from time to time.
- (d) The LTIP may be terminated by the Board at any time before the date of expiry provided that the Company makes an announcement to Bursa Malaysia Securities Berhad.
- (e) The LTIP committee may (but shall not be obliged) establish a trust to be administered by the Trustee(s), if required, to enable the Trustee to subscribe for new ordinary shares and/or acquire existing ordinary shares for the purpose of the LTIP and to pay expenses in relation to the administration of the Trust.
- (f) All new ordinary shares, upon allotment and issue, shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no new grant upon the expiry of the 2019 Tranche during the financial year.

#### Warrants B

Pursuant to a renounceable right issue undertaken by the Company during the financial year ended 31 December 2017, 438,518,657 warrants B of the Company were issued. On 3 November 2017, the Company listed and quoted the warrants B. The warrants B are constituted by a deed poll dated 19 September 2017.

At the financial year end, the outstanding warrants B included 438,518,157 units which are exercisable. No warrants B were exercised during the financial year (2021: Nil) and the warrants outstanding at the financial year end have a remaining contractual life until 29 October 2027.

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### 31 SHARE CAPITAL (CONTINUED)

#### Warrants B (continued)

The salient terms of the warrant B are as follows:

- (a) Each warrant B entitles the registered holder to subscribe for one (1) new ordinary share of the Company at any time during the ten (10) years period commencing on and including 30 October 2017 (“First Issue Date”), to 29 October 2027 (“Exercise Period”) at RM1.25 per new share of the Company (“Exercise Price”) subject to adjustments in accordance with the provisions of the deed poll dated 19 September 2017 constituting the warrants;
- (b) Any warrants B not exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose; and
- (c) The new shares of the Company allotted and issued upon exercise of the warrants B shall rank equally in all aspects with the existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

The movement of the warrants B are as follows:

	No. of ordinary shares of RM1.00 each covered under warrants B			
	As at 1.1.2022	Granted	Exercised	As at 31.12.2022
Number of unexercised warrants B	438,518,157	-	-	438,518,157

### 32 OTHER LIABILITIES AND CHARGES

	Group	
	2022 RM'000	2021 RM'000
As at 1 January	38,863	36,593
Charge to profit or loss	-	26,017
Utilised during the financial year	-	(182)
Unutilised amount reversed	(31,320)	(23,565)
As at 31 December	7,543	38,863

Other liabilities and charges represents liquidated ascertained damages (“LAD”) which is recognised for expected LAD claims based on the contracts with customers which indicate the daily LAD rates and estimated completion dates of the respective projects and recent laws and regulations.

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### 33 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group and the Company provide for unfunded retirement benefits to eligible employees, those permanent employees who joined before 1 September 2002, and have been in the service of the Group and of the Company for a continuous period of at least ten (10) years.

The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the statements of financial position. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified actuary on the basis of a triennial valuation and after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 31 December 2020.

The defined benefit plan exposes the Group and the Company to actuarial risk such as interest rate risk and salary inflation risk.

#### Defined benefit plan

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	17,406	18,540	4,595	5,975
Charged to profit or loss (Note 10)	1,777	2,310	346	377
Utilised during the financial year	(1,403)	(3,444)	(61)	(1,757)
As at 31 December	17,780	17,406	4,880	4,595
Non-current	17,780	17,406	4,880	4,595

The amounts recognised in the Group's and the Company's statements of financial position are analysed as follows based on the valuation carried out on 31 December 2020:

	Group RM'000	Company RM'000
<b>Present value of unfunded obligations</b>		
As at 31 December 2022	17,780	4,880
As at 31 December 2021	17,406	4,595

The expenses recognised in the Group's and the Company's profit or loss are analysed as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current service cost	1,017	1,330	193	204
Interest cost	760	980	153	173
As at 31 December	1,777	2,310	346	377

The above charge to the profit or loss was included in administrative expenses in the statement of comprehensive income.



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### 33 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

As at 31 December 2022, the weighted average duration of the defined benefit obligation was 6.0 years (2021: 6.0 years).

The principal actuarial assumptions used by the valuer in the valuation carried out on 31 December 2020 in respect of the Group's and the Company's defined benefit plan is as follows:

	Group and Company	
	2022 %	2021 %
Discount rate	3.1	3.1
Expected rate of salary increases	6.0	6.0

There is no material effect to the defined benefit obligations should there be a 1% (2021: 1%) movement in the above assumed discounted rate and expected rate of salary increases.

### 34 BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Sukuk Murabahah (a)	955,987	1,207,070	955,987	1,207,070
Secured term loans due after 12 months (b)	259,959	246,555	224,548	217,381
Total non-current	<b>1,215,946</b>	1,453,625	<b>1,180,535</b>	1,424,451
<b>Current</b>				
Sukuk Murabahah (a)	455,023	201,644	455,023	201,644
Secured term loans due within 12 months (b)	9,513	32,015	-	-
Secured short term borrowings and other credit facilities	226,244	94,913	-	-
Unsecured short term borrowings	150,000	150,000	150,000	150,000
Total current	<b>840,780</b>	478,572	<b>605,023</b>	351,644
Total borrowings	<b>2,056,726</b>	1,932,197	<b>1,785,558</b>	1,776,095

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**34 BORROWINGS (CONTINUED)****(a) Sukuk Murabahah**

The reconciliation of movement of Sukuk to cash flows arising from financing activities are as follows:

	2022 RM'000	2021 RM'000
<b>Group</b>		
As at 1 January	1,408,714	606,994
Nominal amount drawdown (net of transaction cost)	200,000	794,922
Finance costs (Note 12)	64,338	35,494
Repayment of interest	(62,042)	(28,696)
Repayment of principal	(200,000)	-
As at 31 December	1,411,010	1,408,714
<b>Company</b>		
As at 1 January	1,408,714	606,994
Nominal amount drawdown (net of transaction cost)	200,000	794,922
Finance costs (Note 12)	30,992	35,494
Finance costs recharged to subsidiaries	33,346	-
Repayment of interest	(62,042)	(28,696)
Repayment of principal	(200,000)	-
As at 31 December	1,411,010	1,408,714

In the previous financial year, the Company established a Perpetual Islamic Medium Term Note programme of up to RM5,000,000,000 in nominal value under the Shariah principle of Murabahah (via a Tawarruq arrangement) ("Sukuk Murabahah Programme") based on the terms and conditions in the Programme Agreement dated 22 July 2020.

The Sukuk Murabahah Programme has been accorded a preliminary credit rating of AA<sup>-IS</sup> by the Credit Rating Agency and constituted by a Sukuk Musharakah Trust Deed dated 22 July 2020.

The Sukuk Murabahah Programme serves as a funding platform for the Group and the Company to fund business growth and to meet future funding requirements including working capital, capital expenditure and other general corporate expenses, as and when required.

The Sukuk Murabahah is secured by the following security:

- a first party assignment and charge over the Finance Service Reserve Account ("FSRA") which shall include the monies standing to the credit of the FSRA, in favour of the Sukuk Trustee (for the benefit of the Sukukholders); and
- such other security as may be required by the Joint Lead Arrangers and acceptable to the Joint Shariah Advisers.

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### 34 BORROWINGS (CONTINUED)

#### (a) Sukuk Murabahah (continued)

The Group and the Company have issued the following Sukuk Murabahah in nominal value:

##### The Group and the Company - Non-current

Issuance no.	Series no.	Nominal amount drawdown	Issuance date	Maturity date	Coupon rate (%)	Effective interest rate (%)
1	2	RM200,000,000	14.08.2020	13.08.2027	4.25	4.29
1	3	RM150,000,000	14.08.2020	14.08.2030	4.45	4.48
3	1	RM200,000,000	18.10.2021	16.10.2026	4.66	4.81
3	2	RM300,000,000	18.10.2021	18.10.2028	5.09	5.24
3	3	RM100,000,000	18.10.2021	17.10.2031	5.20	5.35

##### The Group and the Company - Current

Issuance no.	Series no.	Nominal amount drawdown	Issuance date	Maturity date	Coupon rate (%)	Effective interest rate (%)
1	1	RM250,000,000	14.08.2020	14.08.2023	3.85	3.93
4	1	RM200,000,000	13.04.2022	13.04.2023	3.75	3.75

#### (b) Secured term loans

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Term loans	272,768	281,293	227,611	219,611
Less: Unamortised cost of issue	(3,296)	(2,723)	(3,063)	(2,230)
	269,472	278,570	224,548	217,381
Less: Due within 12 months	(9,513)	(32,015)	-	-
	259,959	246,555	224,548	217,381
Term loans	272,768	281,293	227,611	219,611
Less: Issuance expenses	(11,600)	(9,720)	(6,496)	(4,615)
Net proceeds	261,168	271,573	221,115	214,996
Accumulated amortisation of issuance expenses	8,304	6,997	3,433	2,385
	269,472	278,570	224,548	217,381
Less: Due within 12 months	(9,513)	(32,015)	-	-
	259,959	246,555	224,548	217,381

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**34 BORROWINGS (CONTINUED)****(b) Secured term loans (continued)**

The repayment period of the secured term loans (before issuance cost) are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Analysis of term loans:				
Payable within one year	9,630	32,274	-	-
Payable between one and two years	159,371	11,260	-	-
Payable between two and five years	101,933	232,255	227,611	219,611
Payable after five years	1,834	5,504	-	-
	<b>272,768</b>	281,293	<b>227,611</b>	219,611
Representing term loans:				
Due within 12 months	9,630	32,274	-	-
Due after 12 months	263,138	249,019	227,611	219,611
	<b>272,768</b>	281,293	<b>227,611</b>	219,611

As at the reporting date, the weighted average year end effective interest rates per annum for the bank borrowings, other than the Sukuk Murabahah disclosed above, of the Group and of the Company are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Secured term loans	4.23	3.88	4.18	3.85
Secured short term borrowings and other credit facilities	4.24	3.53	-	-
Unsecured short term borrowings	4.56	3.29	3.25	3.29

The borrowings are denominated in Ringgit Malaysia.

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**34 BORROWINGS (CONTINUED)**

**A. Effective interest rate and maturity profile of borrowings**

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows:

The Group	Effective Interest rate as at year end % p.a	Total carrying amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			<b>Floating interest rate</b>			
<b>2022</b>						
<b>Secured</b>						
Revolving credit 1	5.50	144,304	144,304	-	-	-
Revolving credit 2	3.95	42,000	42,000	-	-	-
Short Term Loan	5.21	39,940	39,940	-	-	-
<b>Unsecured</b>						
Revolving credit and short term credit facilities 3	4.61	150,000	150,000	-	-	-
		<b>376,244</b>	<b>376,244</b>	-	-	-
<b>Secured</b>						
Term loan 1	3.85	224,550	-	-	224,550	-
Term loan 3	4.15	17,417	2,880	5,760	6,943	1,834
Term loan 4	4.68	27,505	6,633	10,883	9,989	-
		<b>269,472</b>	<b>9,513</b>	<b>16,643</b>	<b>241,482</b>	<b>1,834</b>
		<b>645,716</b>	<b>385,757</b>	<b>16,643</b>	<b>241,482</b>	<b>1,834</b>

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**34 BORROWINGS (CONTINUED)****A. Effective interest rate and maturity profile of borrowings (continued)**

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows:  
(continued)

The Group	Effective Interest rate as at year end % p.a	Total carrying amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			Floating interest rate			
<b>2021</b>						
<b>Secured</b>						
Revolving credit 1	3.50	63,913	63,913	-	-	-
Revolving credit 2	3.44	31,000	31,000	-	-	-
<b>Unsecured</b>						
Revolving credit and short term credit facilities 3	3.29	150,000	150,000	-	-	-
		244,913	244,913	-	-	-
<b>Secured</b>						
Term loan 1	3.85	217,381	-	-	217,381	-
Term loan 2	3.92	26,731	26,731	-	-	-
Term loan 3	3.75	19,819	2,401	5,760	6,154	5,504
Term loan 4	4.46	14,639	2,883	5,383	6,373	-
		278,570	32,015	11,143	229,908	5,504
		523,483	276,928	11,143	229,908	5,504

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### 34 BORROWINGS (CONTINUED)

#### A. Effective interest rate and maturity profile of borrowings (continued)

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows:  
(continued)

The Company	Effective interest rate as at year end % p.a	Total carrying amount RM'000	<1 years RM'000	1 - 2 years RM'000	2 - 5 years RM'000
		<b>Floating interest rate</b>			
<b>2022</b>					
<b>Unsecured</b>					
Revolving credit and short term credit facilities 3	3.25	150,000	150,000	-	-
<b>Secured</b>					
Term loan 1	4.18	224,548	-	224,548	-
		<b>374,548</b>	<b>150,000</b>	<b>224,548</b>	<b>-</b>
<b>2021</b>					
<b>Unsecured</b>					
Revolving credit and short term credit facilities 3	3.29	150,000	150,000	-	-
<b>Secured</b>					
Term loan 1	3.85	217,381	-	-	217,381
		<b>367,381</b>	<b>150,000</b>	<b>-</b>	<b>217,381</b>

#### B. Principal features of borrowings

##### Term Loan 1

Term loan 1 of RM224,550,000 (2021: RM217,381,000) is secured by way of:

- (i) Open all monies third party legal charge over two pieces of freehold land and a hotel with total carrying amount of RM234,943,000 (2021: RM293,297,000) (Note 15);
- (ii) Open all monies first party legal charge over units in an associate ("the Pledged Shares");
- (iii) Assignment of all dividends and distributions from the Pledged Shares; and
- (iv) Charge and assignment over Designated Accounts;

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### 34 BORROWINGS (CONTINUED)

#### B. Principal features of borrowings (continued)

##### Term Loan 2

Term loan 2 of RM Nil (2021: RM26,731,000) is secured by way of:

- (i) First party legal charge over the leasehold land with a carrying value of RM Nil (2021: RM171,521,000) of the subsidiary;
- (ii) First fixed and floating charges over existing and future assets of the subsidiary;
- (iii) A corporate guarantee from the Company;
- (iv) Assignment over sale proceeds of the project;
- (v) Assignment over all takaful plan / insurance policies; and
- (vi) Irrevocable Letter of Undertaking from the Company to fund any cost overrun during the construction, development and until completion of the development project.

Term loan 2 was settled during the financial year.

##### Term Loan 3

Term loan 3 of RM17,417,000 (2021: RM19,818,000) is secured by way of:

- (i) First party legal charge over the Proceed Account opened by the subsidiary;  
A minimum balance of 3 months of profit payment (on the amount disbursed) and the next principal payment ("Minimum Required Balance") due shall be maintained at all times during the entire tenure of the facility;  
In the event there is a shortfall from the Minimum Required Balance, the subsidiary must top up within 10 business days of the shortfall to maintain the Minimum Required Balance;
- (ii) First party legal charge over the Operating Account open by the subsidiary;
- (iii) Third party legal charge over the Operating Account opened by another subsidiary; and
- (iv) Corporate guarantee of the Company.

##### Term Loan 4

Term loan 4 of RM27,505,000 (2021: RM14,639,000) is secured by way of:

- (i) Third party legal charge over a piece of vacant commercial land with a carrying value of RM45,314,000 (2021: RM45,314,000);
- (ii) Fixed and floating charges over existing and future assets of the subsidiary;
- (iii) Corporate guarantee of the Company;
- (iv) Assignment over sales proceeds of the Housing Development Accounts (to the extent where legally and practically possible);
- (v) Assignment over Designated Accounts;
- (vi) Assignment over the construction contract with the main contractor and its related takaful plan/insurance policies;
- (vii) Irrevocable Letter of Undertaking from the Company to:
  - (a) fund any cost overrun during the construction, development and until completion of the project;
  - (b) to meet any financial obligations during the Grace Period of Principal and throughout the tenure of the loan; and
  - (c) to complete the project.and
- (viii) Letter of Undertaking from the subsidiary to forward the subdivided titles and strata titles for the project for safe keeping by the Bank upon its issuance.



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### 34 BORROWINGS (CONTINUED)

#### B. Principal features of borrowings (continued)

##### Term Loan 5

Term loan 5 of RM39,940,000 (2021: RM Nil) is secured by way of:

- (i) First party legal charge over the leasehold lands with a total carrying value of RM48,199,000 (2021: RM Nil) of the subsidiary;
- (ii) Corporate guarantee of the Company;
- (iii) Assignment of surplus proceeds or profit for the amount of not less than the minimum required balance from the development of the project of the subsidiary;
- (iv) Assignment over Designated Accounts;
- (v) Assignment over all takaful plan/insurance policies; and
- (vi) Assignment of 30% of all sales proceed of the commercial units under the projects of the subsidiary.

The reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

Group	Short term borrowings RM'000	Long term borrowings RM'000	Total RM'000
Balance as at 1 January 2022	276,928	246,555	523,483
<b>Changes from financing cash flows</b>			
Proceed from borrowings	477,719	100,000	577,719
Repayment of borrowings	(372,134)	(81,651)	(453,785)
Issuance cost paid	(1,500)	(1,881)	(3,381)
Total changes from financing cash flows	104,085	16,468	120,553
<b>Other changes of liabilities - related</b>			
Amortisation of issuance cost (Note 12)	514	1,166	1,680
Total other changes of liabilities – related	514	1,166	1,680
Reclassification from long term to short term	4,230	(4,230)	-
Balance as at 31 December 2022	385,757	259,959	645,716

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### 34 BORROWINGS (CONTINUED)

The reconciliation of movement of liabilities to cash flows arising from financing activities are as follows: (continued)

Company	Short term borrowings RM'000	Long term borrowings RM'000	Total RM'000
Balance as at 1 January 2022	150,000	217,381	367,381
<b>Changes from financing cash flows</b>			
Proceeds from borrowings	-	85,000	85,000
Repayment of borrowings	-	(77,000)	(77,000)
Issuance cost paid	-	(1,881)	(1,881)
Total changes from financing cash flows	-	6,119	6,119
<b>Other changes of liabilities - related</b>			
Amortisation of issuance cost (Note 12)	-	1,048	1,048
Total other changes of liabilities - related	-	1,048	1,048
Balance as at 31 December 2022	150,000	224,548	374,548

Group	Short term borrowings RM'000	Long term borrowings RM'000	Total RM'000
Balance as at 1 January 2021	601,737	724,029	1,325,766
<b>Changes from financing cash flows</b>			
Proceed from borrowings	435,569	1,404	436,973
Repayment of borrowings	(767,158)	(474,221)	(1,241,379)
Issuance cost paid	-	(65)	(65)
Total changes from financing cash flows	(331,589)	(472,882)	(804,471)
<b>Other changes of liabilities - related</b>			
Amortisation of issuance cost (Note 12)	1,148	1,040	2,188
Total other changes of liabilities - related	1,148	1,040	2,188
Reclassification from long term to short term	5,632	(5,632)	-
Balance as at 31 December 2021	276,928	246,555	523,483

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### 34 BORROWINGS (CONTINUED)

The reconciliation of movement of liabilities to cash flows arising from financing activities are as follows: (continued)

Company	Short term borrowings RM'000	Long term borrowings RM'000	Total RM'000
Balance as at 1 January 2021	150,000	310,608	460,608
<b>Changes from financing cash flows</b>			
Repayment of borrowings	-	(94,150)	(94,150)
Total changes from financing cash flows	-	(94,150)	(94,150)
<b>Other changes of liabilities - related</b>			
Amortisation of issuance cost (Note 12)	-	923	923
Total other changes of liabilities – related	-	923	923
Balance as at 31 December 2021	150,000	217,381	367,381

### 35 LONG TERM LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
<b>Non-current</b>		
Guaranteed return to a non-controlling interest	<b>386,962</b>	366,789
<b>Current</b>		
Guaranteed return to a non-controlling interest (Note 37)	<b>45,000</b>	42,654
	<b>45,000</b>	42,654
	<b>431,962</b>	409,443

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### 35 LONG TERM LIABILITIES (CONTINUED)

The guaranteed return is a contractual obligation made by the Company to a non-controlling interest in Kwasa Sentral Sdn. Bhd. ("KSSB"), a 70% owned subsidiary of the Company to guarantee the minimum return to their investment in the development project undertaken by KSSB which is payable based on certain milestone of the development project. As at the financial year end, the net present value of this guaranteed sum is RM431,962,000 (2021: RM409,443,000). The repayment period of the guaranteed return is as follows:

	Group	
	2022 RM'000	2021 RM'000
Payable within one year	45,000	42,654
Payable between one and two years	-	-
Payable between two and five years	89,419	84,758
Payable after five years	297,543	282,031
	<b>431,962</b>	409,443

### 36 GOVERNMENT GRANT

	Group	
	2022 RM'000	2021 RM'000
<b>Facilitation fund</b>		
As at 1 January	130,063	130,919
Amortised during the financial year (Note 9)	(1,135)	(856)
As at 31 December	<b>128,928</b>	130,063

The facilitation fund represents grant received from the Malaysian Government for the planning, designing, financing, development, construction, equipping, installation, completion, testing and commissioning of the Penang Sentral transport terminal currently being constructed by a subsidiary of the Company.

The Group did not receive any disbursement of the grant during the current financial year (2021: RM Nil). The remaining balance would be received over the construction period of Phase 2 of the Penang Sentral Development. The amount received is classified as non-current and will be amortised or credited to profit or loss over 50 years based on the useful life of the transport terminal.

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**37 TRADE AND OTHER PAYABLES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	1,269,449	876,600	328,752	352,834
Amounts due to related parties	10,200	10,200	-	-
Other payables	123,602	423,338	6,103	9,860
Accruals	316,795	419,743	11,876	7,807
	<b>1,720,046</b>	1,729,881	<b>346,731</b>	370,501
Guaranteed return to a non-controlling interest (Note 35)	45,000	42,654	-	-
	<b>1,765,046</b>	1,772,535	<b>346,731</b>	370,501

	Company	
	2022 RM'000	2021 RM'000
Amounts due to subsidiaries	220,042	101,436

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Credit terms of the trade and other payables for the Group and the Company range from 14 days to 90 days (2021: 14 days to 90 days) as at 31 December 2022.

Included in accruals balance as at 31 December 2022 is interest payable of RM2,400,000 (2021: RM1,338,000) and RM1,095,000 (2021: RM709,000) in respect of the term loans of the Group and the Company, respectively.

The currency exposure profile of the trade and other payables is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	1,760,275	1,766,503	346,731	370,501
Australian Dollar	3,674	4,795	-	-
New Zealand Dollar	1,061	1,216	-	-
Thai Baht	22	10	-	-
Hong Kong Dollar	14	11	-	-
	<b>1,765,046</b>	1,772,535	<b>346,731</b>	370,501

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**38 PROVISION FOR RESTORATION COSTS**

	Group	
	2022 RM'000	2021 RM'000
At 1 January	1,003	-
Acquisition of a subsidiary (Note 5(iii))	-	1,229
Reversal	(13)	(243)
Finance costs (Note 12)	50	17
Utilisation during the year	(150)	-
At 31 December	890	1,003
<b>Provision for restoration costs:</b>		
Current	-	163
Non-current	890	840
	890	1,003

The Group has a legal obligation to restore office building and land to their original condition upon expiry of expected lease period. On 26 November 2021, management had reassessed the provision for restoration costs of the office building upon discontinuance of its extension option, giving rise to a reversal amounting to RM243,000.

**39 RELATED PARTY DISCLOSURES**

The related parties with whom the Group and the Company transacted with during the financial year include the followings:

Related parties	Nature of relationship
Kumpulan Wang Simpanan Berhad ("KWSP")	KWSP has significant influence over the Company.  Significant shareholder of the Company and related by virtue of Dato' Mohamad Nasir Ab Bin Latif, Datuk Seri Amir Hamzah Azizan, Mohamad Hafiz Kassim and Puan Rohaya Binti Mohammad Yusof, the Directors of the Company being the nominees of KWSP.  KWSP is also an Agency of the Government of Malaysia.
59 INC Sdn. Bhd. ("59 INC")	Related by virtue of the Company owning 30.00% equity interest in 59 INC.
Sentral REIT	Related by virtue of the Company owning 27.94% equity interest in Sentral REIT.

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**39 RELATED PARTY DISCLOSURES (CONTINUED)**

The related party transactions were carried out based on terms and conditions negotiated and agreed upon between the parties. The significant related party transactions and balances other than mentioned elsewhere in the financial statements are as follows:

(a) Transactions with related parties

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Legal fee charged by a legal firm of which its partner is also a director of the Company	-	40	-	40
Management fees from subsidiaries	-	-	<b>85,367</b>	80,024
Management fees charged to an associate	<b>5,370</b>	6,669	-	-
<b>Provision of auxiliary police services charged to:</b>				
- associates	<b>223</b>	1,393	-	-
Security service fees charged to an associate	<b>156</b>	14	-	-
Supply of chilled water charged to an associate	<b>2,584</b>	2,444	-	-
Progress billings charged to the Directors and key management of the Group and of the Company	<b>989</b>	658	-	-
<b>Progress billings charged by a subsidiary</b>				
- MRCB Builders Sdn. Bhd.	-	-	<b>205,367</b>	105,445
Repayment of advances by subsidiaries	-	-	<b>109,340</b>	86,724
Advances to subsidiaries	-	-	<b>(208,879)</b>	(835,812)

As at 31 December 2022 the outstanding amount arising from the progress billings to the Directors and key management was RM83,975 (2021: RM150,596).

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**39 RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Key management compensation (including Executive Directors)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other short term employee benefits	20,938	19,444	16,391	16,001
Post-employment benefits	2,461	2,445	1,919	2,066

(c) The Group's and the Company's significant transactions with the government and government-related entities based on terms and conditions negotiated and agreed upon between the parties are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Progress billings charged to/(from) customers on contracts:</b>				
- Desaru Estate Sdn. Bhd.	-	409	-	409
- Johor Land Berhad	2,564	4,206	2,564	4,206
- Perbadanan PR1MA Malaysia	67,043	26,411	67,043	25,163
- Jabatan Kerja Raya	1,332	8,065	1,332	8,065
- Tenaga Nasional Berhad	1,219	7,719	-	2,007
- Turnpike Synergy Sdn. Bhd.	20,220	49,745	20,220	49,745
- Kwasa Utama Sdn. Bhd.	121,125	105,004	-	-
- Kwasa Land Sdn. Bhd.	(6,078)	(3,731)	-	-
- Prasarana Malaysia Berhad	1,722,010	752,503	-	-
<b>Progress billings charged to purchasers</b>				
- MBSB Bank Berhad	-	78	-	-
- Perbadanan Harta Intelek Berhad	7	654	-	-
<b>Rental income received from:</b>				
- Jabatan Penilaian dan Perkhidmatan Harta	220	2,312	220	2,312
<b>Project management and building maintenance service fees received from:</b>				
- Keretapi Tanah Melayu Berhad	2,990	2,813	-	-
<b>Rental charged by:</b>				
- Lembaga Tabung Haji	2,578	15,165	1,143	13,716
- Pertubuhan Keselamatan Sosial	4,999	4,710	-	-
- Suruhanjaya Komunikasi dan Multimedia Malaysia	2,044	2,274	-	-



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#### 40 CONTINGENT LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Performance guarantees extended to third parties *	<b>963,215</b>	972,924	<b>364,733</b>	379,035

\* Included in the performance guarantees extended to third parties is an amount of RM31.3 million (2021: RM31.3 million) that had been called on previously by third parties. The Group has instituted injunction proceedings against the third parties. In the previous financial year, the Group and the third parties entered into a Dispute Resolution Agreement whereby the third parties agreed to an interim injunction to preserve status quo on the performance guarantees pending determination of the dispute between the parties via Arbitration. On this basis, the performance guarantees have not been provided for in the financial statements.

Certain entities within the Group have the normal contractor's liability in relation to construction contracts. This liability may include litigation by or against the Group and/or joint arrangements in which the Group has an interest. It is not possible to estimate the financial effect of these claims should they be successful.

#### 41 CAPITAL COMMITMENT

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Authorised capital expenditure for property, plant and equipment				
- contracted for	<b>6,441</b>	3,771	<b>6,441</b>	3,771
- not contracted for	<b>16,508</b>	71,272	<b>2,966</b>	3,203
	<b>22,949</b>	75,043	<b>9,407</b>	6,974
Profit guarantee to corporate shareholder	-	-	<b>45,000</b>	45,000

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**42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

The Group's effective equity interest in the subsidiaries, joint ventures and associates as at 31 December 2022, their respective principal activities and country of incorporation are as follows:

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
<b>SUBSIDIARIES</b>				
348 Sentral Sdn. Bhd.	Operation of service residence units	Malaysia	<b>100.00</b>	100.00
<b>Held through 100% ownership by 348 Sentral Sdn. Bhd.</b>				
- 348 Sentral Service Residence Sdn. Bhd. <sup>^</sup>	Pre-operating	Malaysia	-	100.00
Country Annexe Sdn. Bhd.	Construction and property development	Malaysia	<b>100.00</b>	100.00
Cosy Bonanza Sdn. Bhd.	Property development	Malaysia	<b>65.70</b>	65.70
Excellent Bonanza Sdn. Bhd.	Property development, leasing of office space and provision of interior design fit out consultancy work and services	Malaysia	<b>100.00</b>	100.00
MRCB Spectrum Sdn. Bhd.	Construction and development of property	Malaysia	<b>100.00</b>	100.00
MRCB Global Solutions Sdn. Bhd.	Property and investment holding	Malaysia	<b>100.00</b>	100.00
MRCB Seputeh Land Sdn. Bhd.	Property development	Malaysia	<b>100.00</b>	100.00
Kuala Lumpur Sentral Sdn. Bhd.	Sale of land, property development and property management	Malaysia	<b>100.00</b>	100.00
<b>Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.</b>				
- Unity Portfolio Sdn. Bhd.	Provision of management and maintenance services	Malaysia	<b>100.00</b>	100.00

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FINANCIAL STATEMENTS  
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**42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
Kwasa Sentral Sdn. Bhd.	Property development and investment holding	Malaysia	70.00	70.00
MRCB Builders Sdn. Bhd.	Engineering, construction services and investment holding	Malaysia	100.00	100.00
<b>Held through 100% ownership by MRCB Builders Sdn. Bhd.</b>				
- Setia Utama LRT 3 Sdn. Bhd.	Engineering and construction services	Malaysia	100.00	100.00
- Milmix Sdn. Bhd.	Engineering and Construction services	Malaysia	100.00	100.00
- Region Resources Sdn. Bhd.	Engineering and construction services	Malaysia	100.00	100.00
- Sanjung Sepang Sdn. Bhd.	Trading in construction material	Malaysia	100.00	100.00
- Transmission Technology Sdn. Bhd.	Engineering, construction and commissioning of transmission lines and substations	Malaysia	100.00	100.00
- MRCB Environmental Services Sdn. Bhd.	Provision of project management and consultancy services and engaged in the design, construction, operation, management and maintenance of beaches and rivers for rehabilitation and improvement purposes	Malaysia	100.00	100.00
- MRCB Engineering Sdn. Bhd.	Engineering and construction services	Malaysia	100.00	100.00
<b>Held through 100% ownership by MRCB Environmental Services Sdn. Bhd.</b>				
- MRCB Environment Sdn. Bhd.	Infrastructure and environmental engineering	Malaysia	100.00	100.00

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42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
<b>Held through 100% ownership by MRCB Engineering Sdn. Bhd.</b>				
- MRCB (Thailand) Co.,Ltd. β	Pre-operating	Thailand	100.00	100.00
MRCB Land Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
<b>Held through 100% ownership by MRCB Land Sdn. Bhd.</b>				
- Rukun Juang Sdn. Bhd.	Construction and property development	Malaysia	100.00	100.00
- Efficient Class Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Esquire Moments Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Crystal Hallmark Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Legasi Azam Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Nilaitera Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Pinnacle Paradise Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Subang Sentral Sdn. Bhd. *	Pre-operating	Malaysia	100.00	100.00
- Stigma Tiara Sdn. Bhd. *	Pre-operating	Malaysia	100.00	100.00
- Lot F Residence Sdn. Bhd. ^	Pre-operating	Malaysia	-	100.00
- Lot F Hotel Sdn. Bhd. ^	Pre-operating	Malaysia	-	100.00
- Ipoh Sentral Development Sdn. Bhd. *	Pre-operating	Malaysia	100.00	100.00
- MRCB Ventures Sdn. Bhd. *	Pre-operating	Malaysia	100.00	100.00
- Metro Spectacular Sdn. Bhd.	Property development	Malaysia	100.00	100.00
<b>Held through 49% ownership by MRCB Land Sdn. Bhd.</b>				
- ZM Property Management Sdn. Bhd.	Property development	Malaysia	49.00	49.00
MRCB Prasarana Sdn. Bhd.	Operation, management and maintenance of the EDL Expressway and investment holding	Malaysia	100.00	100.00

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**42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
<b>Held through 100% ownership by MRCB Prasarana Sdn. Bhd.</b>				
- MRCB Lingkaran Selatan Sdn. Bhd.*	Design, development, construction, project management, operations and maintenance of EDL Expressway	Malaysia	<b>100.00</b>	100.00
<b>Held through 100% ownership by MRCB Lingkaran Selatan Sdn. Bhd.</b>				
- MRCB Southern Link Berhad *	Design, development, construction, project management and financing of expressway and infrastructure related project	Malaysia	<b>100.00</b>	100.00
MRCB Putra Sdn. Bhd.	Property development, property management and investment holding	Malaysia	<b>100.00</b>	100.00
Malaysian Resources Development Sdn. Bhd.	Property development and investment holding	Malaysia	<b>100.00</b>	100.00
<b>Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.</b>				
- MRCB International Sdn. Bhd.	Investment holding	Malaysia	<b>100.00</b>	100.00
<b>Held through 100% ownership by MRCB International Sdn. Bhd.</b>				
- MRCB Australia Holding Company Pty. Ltd. β	Investment holding	Australia	<b>100.00</b>	100.00
<b>Held through 100% ownership by MRCB Australia Holding Company Pty. Ltd.</b>				
- MRCB Project Carnegie Pty. Ltd. β	Property development	Australia	<b>100.00</b>	100.00
- MRCB Land (Australia) Pty. Ltd. β	Property development	Australia	<b>100.00</b>	100.00
- MRCB Project Incorporated Pty. Ltd. β*	Property development	Australia	<b>100.00</b>	100.00
- MRCB Project Vista Pty. Ltd. β *	Property development	Australia	<b>100.00</b>	100.00

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42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
<b>Held through 100% ownership by MRCB Australia Holding Company Pty. Ltd. (continued)</b>				
- MRCB New Zealand Holdings Ltd. β *	Investment holding	New Zealand	100.00	100.00
<b>Held through 100% ownership by MRCB New Zealand Holdings Ltd.</b>				
- MRCB Aotea Central Limited β *	Property development	New Zealand	100.00	100.00
- MRCB Bledisloe House Limited β *	Property development	New Zealand	100.00	-
<b>Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.</b>				
- Golden East Corporation Sdn. Bhd.*	Property development and management	Malaysia	100.00	100.00
- Sunrise Properties Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
- MRCB Property Development Sdn. Bhd. *	Investment holding	Malaysia	100.00	100.00
- Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Malaysian Resources Sentral Sdn. Bhd.	Provision of facility management	Malaysia	100.00	100.00
MRCB Sentral Properties Sdn. Bhd.	Property development and property management	Malaysia	100.00	100.00
MRCB Utama Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Onesentral Park Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
Penang Sentral Sdn. Bhd.	Property development and management of a transport terminal	Malaysia	100.00	100.00
P.J Sentral Development Sdn. Bhd.	Construction and property development	Malaysia	100.00	100.00

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**42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)**

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
Prema Bonanza Sdn. Bhd.@	Property development	Malaysia	-	51.00
Puncak Wangi Sdn. Bhd.	Property investment and property management	Malaysia	100.00	100.00
Semasa Sentral Sdn. Bhd.	Operation, management and maintenance of the Kuala Lumpur Sentral Station	Malaysia	100.00	100.00
Semasa Parking Sdn. Bhd.	Operation and management of car park and parking areas	Malaysia	100.00	100.00
MRCB Sentral Securities Sdn. Bhd. (formerly known as Semasa Sentral (Penang) Sdn. Bhd.) *	Provision of auxiliary police and related services	Malaysia	100.00	100.00
Sooka Sentral Sdn. Bhd.	Provision of management services	Malaysia	100.00	100.00
Synargym Sdn. Bhd.	Leasing of office space and sub-lease to tenants and also leasing of machinery	Malaysia	100.00	100.00
Landas Utama Sdn. Bhd.*	Investment holding	Malaysia	100.00	100.00
Mafira Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
MRCB Services Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	100.00	100.00
MRCB Green Energy Sdn. Bhd. *	Pre-operating	Malaysia	100.00	100.00
Platinum Property (MM2H) Sdn. Bhd. *	Property investment and management	Malaysia	100.00	100.00
MR Securities Sdn. Bhd.*	Investment holding	Malaysia	100.00	100.00
<b>Held through 100% ownership by MR Securities Sdn. Bhd.</b>				
- Semasa Security Sdn. Bhd.	Security guard services	Malaysia	100.00	100.00
Seleksi Untung Sdn. Bhd.	Modular building design system	Malaysia	100.00	100.00
Malaysian Resources Construction System Sdn. Bhd.	Develop modular construction system	Malaysia	100.00	100.00

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42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
<b>Held through 100% ownership by Malaysian Resources Construction System Sdn. Bhd.</b>				
- MRCS (Singapore) Pte. Ltd. β	Pre-operating	Singapore	100.00	100.00
MRCB Innovations Sdn. Bhd.	Investment holding	Malaysia	100.00	70.00
<b>Held through 100% ownership by MRCB Innovations Sdn. Bhd.</b>				
- MRCB Innovations (HK) Pte Limited β	Investment Holding	Hong Kong	100.00	70.00
MRCB DCS Holding Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
<b>Held through 100% ownership by MRCB DCS Holding Sdn. Bhd.</b>				
- Semasa District Cooling Sdn. Bhd.	Supply chilled water	Malaysia	100.00	100.00
- DCS Operation & Maintenance Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- KL Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- PJ Sentral DCS Sdn. Bhd.	Provision of cooling system services	Malaysia	100.00	100.00
- Penang Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- KD District Cooling System Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Geometrik Dinamik Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Inovasi Kristal Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Iris Nova Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Superview Development Sdn. Bhd. α	Property development, management and shares trading	Malaysia	100.00	100.00
<b>ASSOCIATES</b>				
Sentral REIT β	Acquisition of land investment in commercial properties	Malaysia	27.94	27.94
Sentral REIT Management Sdn. Bhd. β	Manage real estate investment trust	Malaysia	41.00	41.00



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#### 42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2022 %	2021 %
Suasana Sentral Two Sdn. Bhd.	Property development	Malaysia	30.00	30.00
UEMB-MRCB JV Sdn. Bhd. β	Project management	Malaysia	49.00	49.00
<b>Held through 20% ownership by Rukun Juang Sdn. Bhd.</b>				
- Bukit Jalil Sentral Property Sdn. Bhd.	Property development and property investment	Malaysia	20.00	20.00
<b>JOINT VENTURES</b>				
<b>Held through 70% ownership by MRCB Land Sdn. Bhd.</b>				
- CSB Development Sdn. Bhd.	Property development	Malaysia	70.00	70.00
59 INC Sdn. Bhd. β	Property development	Malaysia	30.00	30.00
MRCB Gamuda Sdn. Bhd. *	Pre-operating	Malaysia	50.00	50.00

\* Dormant

^ The subsidiary was under members' voluntary liquidation and dissolved

α The subsidiaries are under creditors' voluntary liquidation

β Companies not audited by PricewaterhouseCoopers PLT

@ The subsidiary was disposed during the financial year

#### 43 SEGMENT REPORTING

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions.

The reportable operating segments derive their revenue primarily from the property development and investment, engineering, construction and environment, facilities management and parking and others.

Segment results are defined as operating income before unallocated corporate expenses, finance income, finance cost and share of results from joint ventures and associates.

Segment assets consist primarily of current and non-current assets.

Segment liabilities comprises of current and non-current liabilities.

The Group is domiciled in Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

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### 43 SEGMENT REPORTING (CONTINUED)

Geographical information:

	Revenue from external customers RM'000	Non-current assets* RM'000
<b>2022</b>		
Malaysia	3,200,098	5,196,494
Australia	4,894	57,225
Hong Kong	69	-
New Zealand	-	21,919
	<b>3,205,061</b>	<b>5,275,638</b>
<b>2021</b>		
Malaysia	1,348,886	5,134,562
Australia	98,991	53
Hong Kong	575	-
New Zealand	-	16,442
	<b>1,448,452</b>	<b>5,151,057</b>

\* Excluding deferred tax assets and financial instruments

Revenue is based on the country in which the customers are located. Non-current assets are determined according to the country where these assets are located.

Revenue of RM1,901,243,000 (2021: RM604,570,000) was derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue for the financial year. This revenue was derived from the engineering, construction and environment segment.

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43 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Group RM'000
<b>Year ended 31 December 2022</b>					
<b>Revenue</b>					
Total revenue	967,193	2,655,043	55,489	237,625	3,915,350
Inter-segment revenue	(52,548)	(421,441)	(9,080)	(227,220)	(710,289)
External revenue	914,645	2,233,602	46,409	10,405	3,205,061
<b>Results</b>					
Segment results	176,650	69,920	(515)	(5,404)	240,651
Unallocated corporate expenses					(11,088)
Finance income					18,266
Finance costs					(99,057)
Share of results of joint ventures and associates	9,491	(3,928)	-	-	5,563
Profit before income tax					154,335
Income tax expense					(100,789)
Profit after tax					53,546
Non-controlling interests					11,302
Net profit for the financial year attributable to the equity holders of the Company					64,848

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43 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
<b>As at 31 December 2022</b>					
<b>Assets</b>					
Segment assets	6,058,492	1,765,366	237,410	329,220	8,390,488
Joint ventures and associates	739,845	807	-	-	740,652
Tax recoverable and deferred tax assets					97,500
Total assets					9,228,640
<b>Liabilities</b>					
Segment liabilities	911,933	1,494,812	24,388	106,670	2,537,803
Interest bearing instruments					2,056,726
Current and deferred tax liabilities					97,399
Total liabilities					4,691,928
<b>Other disclosures</b>					
Capital expenditure	64,560	2,481	42,457	37,810	147,308
Depreciation and amortisation	43,677	23,800	2,601	12,829	82,907
Provision for impairment	1,442	1,029	(645)	3,036	4,862
Gain on acquisition of leasehold land	(18,233)	-	-	-	(18,233)

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**43 SEGMENT REPORTING (CONTINUED)**

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Group RM'000
<b>Year ended 31 December 2021</b>					
<b>Revenue</b>					
Total revenue	515,851	1,246,474	37,945	162,824	1,963,094
Inter-segment revenue	(17,759)	(342,914)	(3,325)	(150,644)	(514,642)
External revenue	498,092	903,560	34,620	12,180	1,448,452
<b>Results</b>					
Segment results	153,384	(40,746)	(1,335)	5,938	117,241
Unallocated corporate expenses					(8,602)
Finance income					10,035
Finance costs					(88,698)
Share of results of joint ventures and associates	12,435	18,892	-	-	31,327
Profit before income tax					61,303
Income tax expense					(54,585)
Profit after tax					6,718
Non-controlling interests					9,116
Net profit for the financial year attributable to the equity holders of the Company					15,834

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

### 43 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
<b>As at 31 December 2021</b>					
<b>Assets</b>					
Segment assets	5,925,261	1,832,498	191,592	375,068	8,324,419
Joint ventures and associates	756,289	4,734	-	-	761,023
Tax recoverable and deferred tax assets					120,016
Total assets					9,205,458
<b>Liabilities</b>					
Segment liabilities	915,469	1,280,675	18,525	420,866	2,635,535
Interest bearing instruments					1,932,197
Current and deferred tax liabilities					97,236
Total liabilities					4,664,968
<b>Other disclosures</b>					
Capital expenditure	35,035	227	13,208	11,514	59,984
Depreciation and amortisation	32,103	7,916	2,541	21,208	63,768
Provision for impairment	6,492	3,593	2,193	1,512	13,790
Negative goodwill and loss on remeasurement of a joint venture	-	(9,848)	-	-	(9,848)
Gain on acquisition of leasehold land	(123,767)	-	-	-	(123,767)

Capital expenditure consists of additions to property, plant and equipment, investment properties, right-of-use assets and intangible assets (Notes 15, 16, 17 and 24).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

#### 44 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 7 June 2022, Stigma Tiara Sdn. Bhd. (“STSB”), a wholly owned subsidiary of MRCB, entered into a sale and purchase agreement with Richmond Assets Sdn. Bhd. (“RASB”) to acquire a leasehold land situated in Muara Tuang Land District, measuring approximately 22.07 acres, for a purchase consideration amounting to RM30.0 million.
- (b) MRCB Spectrum Sdn Bhd (“MSSB”), a wholly owned subsidiary of MRCB, had on 6 December 2022 entered into a Sale and Purchase Agreement with Nature Century Development Sdn Bhd (“NCDSB”), for the disposal of all that parcel of freehold land held under Geran 163848, Lot 50700, Bandar Subang Jaya, Daerah Petaling, Negeri Selangor measuring approximately 12,947 square metres in area and bearing postal address of Lot 50700, Jalan SS 16, 47500 Subang Jaya, Selangor by MSSB to NCDSB for the total consideration of RM90.3 million. The transaction completed on 30 December 2022.

#### 45 DIVIDENDS

	2022		2021	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
Proposed first and final single tier dividend	1.00	44,675	1.00	44,120

The Directors approved and declared the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share, amounting to approximately RM44,675,095. The payment will be made on 17 May 2023.

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# MRCB

**MALAYSIAN RESOURCES  
CORPORATION BERHAD**  
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